FRANCHISE DISCLOSURE DOCUMENT

Monarch & Misfits Inc
an Ontario corporation
44 Upjohn Rd
Toronto, Ontario M3B 2W1
(416) 385-7705
www monarchandmisfits com

SWEET JESUS

LA CARNITA STASH HOUSE

Under this Disclosure Document, we offer franchises for (1) a quick-serve food service business operating under the name "Sweet Jesus", (2) a full-service restaurant operating under the name "La Carnita Stash House", and (3) a dual-branded single location restaurant concept, operating under both the "Sweet Jesus" and "La Carnita Stash House" names The Sweet Jesus branded portion of the concept is a quick-serve ice cream shoppe, offering a variety of beverages, pastries, and frozen desserts, including soft-soft serve ice cream with toppings The La Carnita Stash House branded portion of the concept is a full-service restaurant offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer Sweet Jesus shoppes and La Carnita Stash House restaurants operate using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos

The total investment necessary to establish a "Sweet Jesus" shoppe ranges from $370,000 to $920,500 This includes between $43,500 and $56,000 that must be paid to the franchisor and/or its affiliate The total investment necessary to establish a "La Carnita Stash House" restaurant ranges from $668,500 to $3,243,500 This includes between $48,500 and $71,000 that must be paid to the franchisor and/or its affiliate The total investment necessary to establish a dual-branded shoppe and restaurant ranges from $958,500 to $3,790,500 This includes between $88,500 and $111,000 that must be paid to the franchisor and/or its affiliate

We may enter into a Multi-Unit Development Agreement under which the developer will pay a development fee and commit to open at least three shoppes and/or restaurants within an agreed timeframe The amount of the development fee will vary depending on the number of Sweet Jesus shoppes and/or La Carnita Stash House restaurants to be developed The development fee only grants you the right to develop shoppes and/or restaurants in a specific area and is not credited toward any other fees owed to us

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Jeff Young at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 or jeff@monarchandmisfits com

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

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

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

Issuance Date August 14, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit I for information about the franchisor, about other franchisors, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR ARBITRATION ONLY IN THE PROVINCE OF ONTARIO, CANADA OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATE THAT THE PROVINCE OF ONTARIO, CANADA THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISOR HAS LIMITED FRANCHISE OPERATING HISTORY

4 FRANCHISE OWNERS MUST EXECUTE A PERSONAL GUARANTY MAKING SUCH INDIVIDUALS JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	Pending
Connecticut	
Florida	November 16, 2017
Hawaii	Pending
Illinois	Pending
Indiana	
Kentucky	
Maine	Exempt
Maryland	Exemption – November 27, 2017
Michigan	August 20, 2018
Minnesota	Pending
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EXHIBITS

ITEM 1
FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

We are Monarch & Misfits Inc (referred to in this Franchise Disclosure Document as "Monarch & Misfits", "we," "us," or "our"), formed as an Ontario corporation on February 27, 2013 Our principal place of business is 44 Upjohn Rd , Toronto, Ontario M3B 2W1 We do business under our corporate name and the Marks as described below In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you," "your," or "franchisee," which includes all franchise owners and partners, if you are a corporation, partnership or other entity

We do not own or operate any businesses of the type being franchised We have not offered franchises in any other line of business and we do not engage in any other business activity We began offering franchises in Canada in 2013 We began offering franchises in the USA in March 2017

Our agents for service of process are listed in Exhibit I

Our Parents, Predecessors and Affiliates

We have no predecessor or parent companies, but we have three affiliates None of our affiliates has ever offered franchises in the United States, in this or any other line of business Our affiliates may be the only approved suppliers for some products or services you must purchase Our affiliates will not guarantee our performance

Our first affiliate is La Carnita College Street Inc , an Ontario corporation which owns and operates a La Carnita Stash House Restaurant located at 501 College St, Toronto, ON M6G 1A5 La Carnita College Street Inc , has owned and operated a La Carnita Stash House Restaurant in Toronto, Ontario, since 2013

Our second affiliate is Home of the Brave Inc , an Ontario corporation which owns and operates a Home of the Brave restaurant located at 589 King Street West, Toronto, Ontario Home of the Brave Inc has owned and operated a Home of the Brave Restaurant in Toronto, Ontario since 2013

Our third affiliate is La Carnita Restaurants Inc , an Ontario corporation which holds certain leases for Monarch & Misfits La Carnita Restaurants Inc has held certain leases for Monarch & Misfits since 2013

Description of Franchise

We offer franchises for the right to establish and operate (1) a quick-serve food service business operating under the name "Sweet Jesus" ("Shoppe"), (2) a full-service restaurant operating under the name "La Carnita Stash House" ("Restaurant"), and (3) a dual-branded La

Carnita Stash House/Sweet Jesus restaurant ("Combination Restaurant") The term "Franchised Business" as used in this Disclosure Document refers to Shoppes, Restaurants, and Combination Restaurants

Shoppes and restaurants are primarily located in retail shopping centers, malls or urban locations under the Marks and the System in accordance with the terms of the Franchise Agreement The Sweet Jesus Shoppe is a quick-serve ice cream shoppe offering a variety of beverages, pastries, and frozen desserts, including soft-soft serve ice cream with toppings The La Carnita Stash House restaurant is a full-service restaurant offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer

A Sweet Jesus Shoppe will generally occupy between 700 and 1,200 square feet A La Carnita Stash House Restaurant will generally occupy between 2,500 and 4,500 square feet If you purchase a Combination Restaurant, you will need a total of 3,200 to 5,700 square feet of space Both a Shoppe and a Restaurant will offer dine-in services With our prior written consent, you may also offer delivery or catering services

The Franchised Businesses are established and operated under a comprehensive and unique system (the "System") The System includes distinctive signage, interior and exterior design, decor and color scheme, special recipes and menu items, including proprietary products and ingredients, restaurant culture, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, inventory, management and financial control procedures (including point of sale and tracking systems), training and assistance, and advertising and promotional programs, all of which we may change, improve, and further develop, in our discretion Certain aspects of the System are more fully described in this Disclosure Document and the Manuals that are loaned to you as a franchisee and that are periodically updated and changed by us Franchised Businesses operate using the trademarks, trade names, symbols and/or logos that we designate, both now and in the future (the "Marks" or "Proprietary Marks"), and which are further described in Item 13

We offer the right to establish and operate a Franchised Business under the terms of a single unit franchise agreement (the "Franchise Agreement"), attached as Exhibit C to this Franchise Disclosure Document You may be an individual, corporation, partnership or other form of legal entity Under the Franchise Agreement, certain parties are characterized as Franchisee's Principals (referred to in this Disclosure Document as "your Principals") The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements

You must also designate an "Operating Principal" who will be the main individual responsible for your business If you are an individual, you will be the Operating Principal If you are not an individual, the person you designate as your Operating Principal must maintain an equity interest in you The Operating Principal must sign the Franchise Agreement as the Operating Principal and as one of your Controlling Principals The Operating Principal must individually make certain covenants in the Franchise Agreement and must personally guarantee your performance under the Franchise Agreement

In certain circumstances, we will offer to you the right to enter into a multi-unit development agreement (the "Development Agreement"), attached as Exhibit B to this Disclosure Document, to develop at least three Franchised Businesses to be located within a specifically described geographic territory ("Development Area") We will determine the Development Area before you sign the Development Agreement and it will be included in the Development Agreement Under the Development Agreement you commit to establish at least three Franchised Businesses within the Development Area according to a development schedule, and to enter into a separate Franchise Agreement for each Franchised Business established under the Development Agreement The Franchise Agreement for the first Franchised Business developed under the Development Agreement will be in the form attached as Exhibit C to this Disclosure Document For each additional Franchised Business developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees

You must exercise the development rights only by entering into a separate Franchise Agreement with us for each Franchised Business you develop We may, in our discretion, permit you to exercise the development rights through affiliated entities that are either your wholly owned subsidiaries or commonly controlled entities with ownership identical to yours The Franchise Agreement for the first Franchised Business you develop under the Development Agreement must be signed and delivered to us at the same time you sign and deliver the Development Agreement and will be in the form of the Franchise Agreement attached to this Disclosure Document All additional Franchised Businesses developed under this Development Agreement must be established and operated under our form of Franchise Agreement then being used by us for Franchised Businesses under the System The then-current form of Franchise Agreement may differ from the form attached to this Disclosure Document

The person or entity signing the Development Agreement is referred to as the "Developer " The Development Agreement contains concepts similar to the Franchise Agreement involving the Developer's Principals, Controlling Principals of Developer, and an Operating Principal of Developer For purposes of this Disclosure Document, the terms your Principals, Controlling Principals and Operating Principal include those persons having similar obligations identified in both the Development Agreement and Franchise Agreement, and the terms you, your, and franchisee also include the developer under the Development Agreement, unless we have noted otherwise Any reference to the "Agreements" means the Development Agreement and the Franchise Agreement, as applicable

Market and Competition

The market for quick service, full service and fast-casual restaurants is very well developed and intensely competitive You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems We may establish other Shoppes or Restaurants in your area and/or sell or license others to sell products in your area (if permitted under the Franchise Agreement) We may also sell products through the Internet, toll-free telephone numbers or other similar means of distribution to customers at any location, which may be located in your area See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights

Industry Regulations

The restaurant industry is heavily regulated A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Franchised Business, and may include those which (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the premises of your Franchised Business, (b) set standards pertaining to employee health and safety, (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities, employee practices concerning the storage, handling, cooking and preparation of food, restrictions on smoking, availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness, (d) establish requirements for food identification and labeling, and (e) regulate advertisements State and local agencies inspect restaurants to ensure that they comply with these laws and regulations You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and you should consider both their effect and costs of compliance

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants 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 sanitary conditions 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 emissions from commercial food preparation Some areas have also adopted or are considering proposals that would regulate indoor air quality

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required The Food and Drug Administration's *Nutritional Labeling Guide* *for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Franchised Business, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Franchised Business You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments

If you purchase a La Carnita Stash House Restaurant franchise, you must offer beer and other alcoholic beverages for sale from your Restaurant Sweet Jesus Shoppes will not offer beer or other alcoholic beverages You must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Restaurant You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business You must obtain any applicable real estate permits (e g , zoning), real estate licenses, liquor licenses and operational licenses

The difficulty and cost of obtaining a liquor license and the procedures for securing the license vary greatly from area to area There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol

Each of your managers and other employees we designate must be ServSafe (or similar) certified Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or "TIPS" training, if you purchase a Restaurant franchise

ITEM 2
BUSINESS EXPERIENCE

TERRY TSIANOS – Director & President & CEO

Mr Tsianos has been our Director & President since our inception From the year 2007 to the present, he has been the President of Pegasus Group of Restaurants Inc , a hospitality company located in Toronto, Ontario, which oversees the development and operations of a portfolio of hospitality brands

MARY STATHOUKOS - Director, Chief Financial Officer & Treasurer

Ms Stathoukos has been our Director, Chief Financial Officer & Treasurer since our inception From the year 2007 to the present, she has been the Treasurer of our affiliate, Pegasus Group of Restaurants Inc , a hospitality company located in Toronto, Ontario, which oversees the development and operations of a portfolio of hospitality brands

ANDREW RICHMOND - Director & Chief Marketing Officer

Mr Richmond has been our Director & Chief Marketing Officer since our inception From the year 2011 to the present, he has also been Design Director for One Method Digital & Design, located in Toronto, Ontario

AMIN TODAI – Director

Mr Todai has been our Director since our inception From the year 2011 to the present, he has also been Chief Creative Officer for One Method Digital & Design, located in Toronto, Ontario

JEFF YOUNG - Chief Development Officer

Mr Young has been our Chief Development Officer since June 2016 From May 2014 to June 2016, he was Senior Vice President, Real-Estate & Franchise Development for Ricky's Family Restaurants and Fatburger Canada, located in Burnaby, British Columbia From May 2008 to May 2014, he was Vice President Development for OPA! Souvlaki Franchise Group, located in Calgary, Alberta

ANTHONY DEMAS – Director of Operations & Training

Mr Demas has been our Director of Operations and Training since March 2017 From March 2007 to March 2017, he was Director of Operations and Beverages for Oliver & Bonacini, located in Toronto, Ontario

ITEM 3
LITIGATION

Karl Fay Investments Ltd Unifay Investments Ltd, and Fedar Investments Ltd, v The Fox & Fiddle Corporation, Sir Winston Fox Ltd, 1354834 Ontario Inc, 1354908 Ontario Inc, 2147877 Ontario Inc, Terry Tsianos, also known as Terry Tsiamos, Nick Skentzos also known as Nick Skentozos, and Mary Stathoukos (Ontario Superior Court of Justice, Case No 11-CV-24669) The claim arises out of an alleged breach of covenant contained in a lease for the premises located at Units 13, 14 and 15abc, 3055 Dundas Street West, Mississauga, ON and for fraudulent conveyance of "Fox & Fiddle" trademarks The defendant(s) have denied all the allegations Documentary disclosure and discoveries in this action have been completed The defendants Nick Skentzos and Mary Stathoukos brought a motion for summary judgment to dismiss the claim as against them The motion was adjourned to permit the Plaintiffs to seek leave to amend the statement of claim The Plaintiffs brought a motion before a Master and were granted leave to amend the statement of claim The defendants appealed the Master's order to a Judge who dismissed the appeal No date has been set for trial

No other litigation information is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Franchise Agreement You must pay us an initial franchise fee of $40,000 for either a Shoppe or Restaurant franchise, or $80,000 for a Combination Restaurant franchise The initial franchise fee must be paid in a lump sum on the date you sign the Franchise Agreement or, if you are developing multiple Franchised Businesses, then according to the terms of the Development Agreement The initial franchise fee is used in part for working capital and in part for profit

The initial franchise fee is fully earned and non-refundable when paid, in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement

Development Agreement If you qualify to develop and operate multiple Franchised Businesses and we offer you a Development Agreement, then you will pay to us a development fee equal to $30,000 for each Franchised Business you commit to develop For example, if you commit to develop the minimum of three Franchised Businesses, you must pay to us a development fee equal to $90,000 when you sign the Development Agreement

The development fee must be paid in a single, lump sum on the date you sign the Development Agreement The development fee is fully earned and non-refundable when paid, in consideration of administrative and other expenses incurred by us in entering into the Development Agreement The development fee is not credited against any other fees you must pay to us

Each time you sign the Franchise Agreement for a Franchised Business, you must pay a reduced initial franchise fee in a lump sum as follows $10,000 for a Shoppe or Restaurant, or $50,000 for a Combination Restaurant We expect that you will sign the Franchise Agreement for your first Franchised Business and pay the applicable reduced initial franchise fee at the same time you sign the Development Agreement For each additional Franchised Business you develop under the Development Agreement, you must sign a Franchise Agreement and pay the applicable reduced initial franchise fee immediately upon either (i) the date you sign a lease or purchase agreement for the space in which the Franchised Business will operate and that we have accepted, or (ii) 90 days before the scheduled opening of the Franchised Business, whichever occurs first

Initial Training Fee We do not charge a training fee for the initial training of your Operating Principal, General Manager, and one additional employee—for a total of three trainees At your request, and subject to space availability, we will provide initial training to additional members of your personnel, but we may charge a fee for that initial training The initial training fee we currently charge is $1,750 per additional trainee This fee represents our cost of providing the training, including our administrative costs of making personnel available for training purposes, and the cost of materials You must pay the initial training fee for the additional personnel before training begins and it is nonrefundable You must pay all lodging, travel, meals and incidental expenses for your trainees and additional trainees The initial training fee is charged uniformly to all franchisees under this Disclosure Document, although actual dollar amounts may vary depending on how many additional persons are trained

On-Site Evaluations We will conduct an on-site evaluation of the location you propose for your Franchised Business, and you must reimburse our expenses in conducting the evaluation, which we estimate to be between $1,000 and $5,000 This amount is not refundable

Initial Inventory- Before your Franchised Business opens, you must purchase from us your initial inventory of logoed merchandise, such as t-shirts, pins and mugs We expect that the cost of your initial inventory of these items will be between $500 and $1,000 This amount is not refundable

Grand Opening Advertising Campaign We have the right to require you to give us the money for your grand opening advertising campaign and we will conduct this campaign on your behalf If we do this, you must pay to us the budget approved by us for the grand opening advertising campaign, which is not refundable

Opening Assistance We will provide you with up to two weeks of opening assistance, and you must reimburse our costs related to providing you with opening assistance For a Sweet Jesus Shoppe, we estimate the reimbursable costs to be between $2,000 and $10,000, and for a La Carnita Stash House Restaurant or a Combo Restaurant, we estimate the reimbursable costs to be between $7,000 and $25,000 These amounts are not refundable

There are no other purchases from or payments to us or any affiliate of ours that you must make before your Restaurant opens for business

ITEM 6
OTHER FEES

Fees (1)	Amount	Due Date	Remarks
Royalty Fee (2)	6% of Gross Sales for Sweet Jesus Shoppe and 5% Gross Sales for La Carnita Stash House Restaurant If you purchase a Combination Restaurant, you will pay Royalty Fees at both levels	Payable on the 5th day of each month, or the next business day, if the 5th is not a business day	Royalty Fees are calculated based on Gross Sales for the previous month Amounts due will be withdrawn by EFT from your designated bank account

Fees (1)	Amount	Due Date	Remarks
Brand Development Fee (3)	1 5% of Gross Sales	Payable together with the Royalty Fee	You must pay this fee when we establish the Brand Development Fund With 30 days' prior written notice, we may increase this fee to 2% of Gross Sales
Local Advertising	1% of Gross Sales	Must be spent monthly	Payable to your local advertising suppliers Any advertising you wish to use must first be approved by us If we request it, you must provide written proof of this expenditure
Advertising & Promotional Materials	Varies, depending on your advertising needs	When billed	We may occasionally offer prepared marketing materials to you
Interest	18% or highest rate allowed by applicable law	On demand	Interest may be charged on all overdue amounts Interest accrues from the original due date until payment is received in full
Prohibited Product or Service Fine	$500 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Initial Training of Additional or Replacement and Successor Personnel	Our then-current per person training fee, plus expenses Current per person training fee = $1,750	Before Training	We will train three people at no additional charge One of the three must be your Operating Principal, and another must be your General Manager If you request that we train any additional employees, or to new employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages Maximum two weeks of additional training

Fees (1)	Amount	Due Date	Remarks
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses Current per diem rate = $400	When billed	If you request that we provide additional training at your Restaurant, you must pay our daily fee for each trainer we send to your Restaurant, and you must reimburse each trainer's expenses, including travel, lodging and meals If we determine that you need remedial training, the per diem fee will be waived, but we may charge you for our trainer's expenses
Transfer Fee (Franchise Agreement)	25% of the then current initial franchise fee for a single unit franchise, or 5% of the purchase price, whichever is greater, plus $2,500 for our review of the request for transfer and legal fees of $4,000 plus disbursements for preparation of all transfer documents	Upon completion of the transfer	There may also be costs and expenses payable to the landlord for its review of the request for transfer of the lease and reimbursement of the landlord's legal fees for preparation of any documents The transfer fee is calculated based on the initial franchise fee for a single unit franchise of the type being transferred (Shoppe, Restaurant or Combination Restaurant)
Renewal Fee (Franchise Agreement)	25% of the then current initial franchise fee	Upon renewal	The renewal fee is calculated based on the initial franchise fee for a single unit franchise of the type being transferred (Shoppe, Restaurant or Combination Restaurant)

Fees (1)	Amount	Due Date	Remarks
Transfer Fee (Development Agreement)	50% of the then-current initial franchise fee for the first Franchised Business transferred, plus 10% of the then-current initial franchise fee for each additional Franchised Business developed by you in the Development Area	Upon completion of the transfer	The transfer fee is calculated based on the initial franchise fee for a single unit franchise of the type being transferred (Shoppe, Restaurant or Combination Restaurant)
Transfer Between Owners (Franchise Agreement and Development Agreement)	$1,000	With request for approval of transfer	For any transfer of ownership interests or shares between the owners of the franchise, or if you are adding a new owner (as long as majority ownership does not change)
Development Period Extension (Development Agreement)	$10,000	With request for extension	If you are unable to meet any Development Period designated in the Development Schedule, you may, subject to our approval, purchase from us up to two extensions of the Development Period as may be necessary to complete construction and open the Restaurant Each extension will be for an additional 90-day period beginning on the expiration of the applicable Development Period, including any previous extensions
Product and Supplier Evaluation Fee	$1,000	With request for approval of product or supplier	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Franchised Business

Fees (1)	Amount	Due Date	Remarks
Quality Assurance Evaluation Fee	$150 per month	When billed	Payable if we choose to implement a third-party quality assurance program Payable to supplier
Audit Fee	Cost of audit (estimated to be between $1,000 and $5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more You must also pay the understated amount plus interest
Late Reporting Fee	$100 per day for each occurrence of late report owed to us This fee is payable daily until the required report is received	If incurred	If you fail to submit reports as required, we may charge you $100 per day, per occurrence Three reporting failures in any 12-month period constitutes a default of your Franchise Agreement
Manual or Training Video Replacement Fee	$1,000	When billed	If you request additional or replacement copies of the Manual or any Training Video
Liquidated Damages (4)	See note 4		
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement

Fees (1)	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Marks in an unauthorized manner
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances	As incurred	Payable to approved suppliers You must regularly clean and maintain your Franchised Business and its equipment We may require you to remodel or redecorate your Franchised Business to meet our then-current image for all Sweet Jesus Shoppes and/or La Carnita Stash House Restaurants
ServSafe, TIPS and other Certifications	$150 per person or the then-current market rate	As needed	Each of your managers and other employees we designate must be TIPS and ServSafe or similarly certified Payable to an approved supplier
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf

Fees (1)	Amount	Due Date	Remarks
Management Fee	15% of Gross Sales, plus expenses	If incurred	We may step in and manage your Franchised Business in certain circumstances, such as death, disability or prolonged absence We will charge a management fee if we manage your Franchised Business, and you must reimburse our expenses
Gift Cards (5)	To be determined	As incurred	We reserve the right to develop a gift card and/or loyalty card program for all Franchised Businesses If we develop this program, you must participate in it
Purchase of Branded Products	Will vary as inventory is sold	As incurred	You must purchase your continuing supply of logoed items (such as t-shirts and aprons) from us
Mystery Shopper	Will vary under the circumstances	On demand, if incurred	Payable to approved supplier If implemented, you must participate in our mystery shopper program
Relocation Fee	$2,500, plus out-of-pocket expenses	As incurred	This fee is payment for time expended and administrative and operational modifications attributable to your relocation
Computer System Maintenance	$500	Annually	Payable to approved supplier
On-line Ordering Program	Currently, no fee	As incurred	You must participate in our on-line ordering program, which allows your customer to order certain items on-line from your Franchised Business There may be fees related to this in the future

Notes

1 All fees and described in this Item 6 are non-refundable Except as otherwise indicated in the preceding chart, we uniformly impose all fees and expenses listed and you must pay them to us Except as specifically stated above, the amounts given may increase based on changes in market conditions, our cost of providing services and future policy changes

2 For the purposes of determining the Royalties and Brand Development Fees to be paid under the Franchise Agreement, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Franchised Business), whether for cash or credit and regardless of collection in the case of credit If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic cash register system and any cash shortage will not be considered in the determination Gross Sales expressly excludes the following

(a) Receipts from the operation of any public telephone installed in the Franchised Business or products from pre-approved vending machines located at the Franchised Business, except for any amount representing your share of the revenues,

(b) Sums representing sales taxes collected directly from customers, based on present or future laws of federal, state or local governments, collected by you in the operation of the Franchised Business, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that the taxes are actually transmitted to the appropriate taxing authority, and

(c) Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Franchised Business nor having any material effect on the ongoing operation of the Franchised Business required under the Franchise Agreement

We may authorize certain other items to be excluded from Gross Sales Any exclusion may be revoked or withdrawn at any time by us You must provide us with a report of your Gross Sales not later than the 3rd day of each month for the previous calendar month

The Royalty Fee and Brand Development Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") on the 5th day of each month (or the next business day) based on Gross Sales for the preceding calendar month If you do not report Gross Sales by the 3rd day of each month, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month

We reserve the right to change how often you must pay Royalty Fees, Brand Development Fees and any other continuing fees payable to us from monthly to weekly, semi-monthly, or another timeframe we designate We will provide you with 60 days' prior written notice of any change in the frequency of required payments

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you

If a state or local law applicable to your La Carnita Stash House Restaurant or Combination Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales For example, if you generated $1,000 in Gross Sales, of which $200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is $50 (5% x $1,000) If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee In our example, we must deduct $200 from the Gross Sales and raise your royalty percentage to 6 25% so that we may collect the same $50 Royalty Fee ($1,000 - $200 = $800 x 6 25% = $50)

3 We intend to establish and administer a national Brand Development Fund on behalf of the System (see Item 11) to provide national or regional creative materials for the benefit of the System and to promote Sweet Jesus Shoppes and La Carnita Stash House Restaurants

4 If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher

5 You must participate in our Gift Card program, which allows a Gift Card that is purchased at any Franchised Business to be redeemed at any other Franchised Business in the System

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT SWEET JESUS SHOPPE				
Column 1 **Type of Expenditure**	**Column 2** **Amount**	**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
Initial Franchise Fee (1)	$40,000	Lump Sum	On Signing Franchise Agreement	Us
On-Site Evaluation (1)	$1,000 to $5,000	As Incurred	As Incurred	Us
Opening Assistance (1)	$2,000 to $10,000	As Incurred	As Incurred	Us
Leasehold Improvements, Construction Cost (2)	$100,000 to $300,000	As Incurred	As Agreed	Independent Contractors
Blueprints & Design Fees (3)	$10,000 to $40,000	As Arranged	As Arranged	Architect, Engineer
Lease Payments/ Rental Expenses (4)	$10,000 to $60,000	As Arranged	As Arranged	Landlord
Furnishings, Equipment & Signage Installed (5)	$75,000 to $125,000	As Arranged	As Incurred	Suppliers
Point of Sale System (6)	$12,500 to $25,000	As Arranged	As Arranged	Approved Supplier
Point of Sale Service and Maintenance	$500	As Arranged	As Arranged	Approved Supplier
Travel & living expenses while training (7)	$7,000 to $25,000	Lump Sum	As Incurred	Supplier
Security Deposits (8)	$4,000 to $15,000	As Incurred	As Incurred	Landlord and Utility Companies
Professional Fees (9)	$8,000 to $50,000	As Arranged	As Arranged	Attorney, Accountant, Business Advisors
Licenses and Permits (10)	$5,000 to $10,000	As Arranged	As Incurred	Government Agencies
Grand Opening Advertising (11)	$10,000 to $20,000	As Incurred	As Incurred	Suppliers
Opening Inventory (12)	$10,000 to $15,000	As Incurred	As Incurred	Us and Approved Suppliers
Additional Funds – 3 Months (13)	$75,000 to $180,000	As Incurred	As Incurred	Third Parties
TOTAL (14)	**$370,000 to $920,500**			

YOUR ESTIMATED INITIAL INVESTMENT LA CARNITA STASH HOUSE RESTAURANT				
Column 1 **Type of Expenditure**	**Column 2** **Amount**	**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
Initial Franchise Fee (1)	$40,000	Lump Sum	On Signing Franchise Agreement	Us
On-Site Evaluation (1)	$1,000 to $5,000	As Incurred	As Incurred	Us
Opening Assistance (1)	$2,000 to $10,000	As Incurred	As Incurred	Us
Leasehold Improvements, Construction Cost (2)	$300,000 to $2,400,000	As Incurred	As Agreed	Independent Contractors
Blueprints & Design Fees (3)	$10,000 to $40,000	As Arranged	As Arranged	Architect, Engineer
Lease Payments/ Rental Expenses (4)	$15,000 to $50,000	As Arranged	As Arranged	Landlord
Furnishings, Equipment & Signage Installed (5)	$125,000 to $255,000	As Arranged	As Incurred	Suppliers
Point of Sale System (6)	$25,000 to $40,000	As Arranged	As Arranged	Approved Supplier
Point of Sale Service and Maintenance	$500	As Arranged	As Arranged	Approved Supplier
Travel & living expenses while training (7)	$7,000 to $25,000	Lump Sum	As Incurred	Supplier
Security Deposits (8)	$5,000 to $18,000	As Incurred	As Incurred	Landlord and Utility Companies
Professional Fees (9)	$8,000 to $50,000	As Arranged	As Arranged	Attorney, Accountant, Business Advisors
Licenses and Permits (10)	$5,000 to $35,000	As Arranged	As Incurred	Government Agencies
Grand Opening Advertising (11)	$10,000 to $20,000	As Incurred	As Incurred	Suppliers
Opening Inventory (12)	$35,000 to $60,000	As Incurred	As Incurred	Us and Approved Suppliers
Additional Funds – 3 Months (13)	$75,000 to $180,000	As Incurred	As Incurred	Third Parties
TOTAL (14)	**$668,500 to $3,243,500**			

YOUR ESTIMATED INITIAL INVESTMENT COMBINATION RESTAURANT				
Column 1 **Type of Expenditure**	**Column 2** **Amount**	**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
Initial Franchise Fee (1)	$80,000	Lump Sum	On Signing Franchise Agreement	Us
On-Site Evaluation (1)	$1,000 to $5,000	As Incurred	As Incurred	Us
Opening Assistance (1)	$2,000 to $10,000	As Incurred	As Incurred	Us
Leasehold Improvements, Construction Cost (2)	$450,000 to $2,700,000	As Incurred	As Agreed	Independent Contractors
Blueprints & Design Fees (3)	$20,000 to $70,000	As Arranged	As Arranged	Architect, Engineer
Lease Payments/ Rental Expenses (4)	$20,000 to $85,000	As Arranged	As Arranged	Landlord
Furnishings, Equipment & Signage Installed (5)	$200,000 to $375,000	As Arranged	As Incurred	Suppliers
Point of Sale System (6)	$25,000 to $40,000	As Arranged	As Arranged	Approved Supplier
Point of Sale Service and Maintenance	$500	As Arranged	As Arranged	Approved Supplier
Travel & living expenses while training (7)	$7,000 to $25,000	Lump Sum	As Incurred	Supplier
Security Deposits (8)	$5,000 to $25,000	As Incurred	As Incurred	Landlord and Utility Companies
Professional Fees (9)	$8,000 to $50,000	As Arranged	As Arranged	Attorney, Accountant, Business Advisors
Licenses and Permits (10)	$5,000 to $35,000	As Arranged	As Incurred	Government Agencies
Grand Opening Advertising (11)	$10,000 to $20,000	As Incurred	As Incurred	Suppliers
Opening Inventory (12)	$45,000 to $75,000	As Incurred	As Incurred	Us and Approved Suppliers
Additional Funds – 3 Months (13)	$75,000 to $180,000	As Incurred	As Incurred	Third Parties
TOTAL (14)	**$958,500 to $3,790,500**			

In general, none of the expenses lısted ın the above chart are refundable, except any securıty deposıts you must make may be refundable We do not finance any portıon of your ınıtıal investment

Notes

1 *Inıtıal Franchıse Fee, On-Sıte Evaluatıon, Openıng Assıstance* These fees and costs are dıscussed ın detaıl ın Item 5

2 *Leasehold Improvements and Constructıon Costs* Leasehold ımprovement and constructıon costs vary sıgnıficantly dependıng on the condıtıon, locatıon, sıze and configuratıon of the premıses, the layout of the mall or retaıl center, and other factors relatıng to the geographıc locatıon of the busıness, supplıers, government regulatıons, labor costs and other consıderatıons You wıll contract dırectly wıth the constructıon contractor and possıbly other constructıon supplıers on terms negotıated by you Leasehold ımprovements do not ınclude exterıor costs

A Sweet Jesus Shoppe wıll generally occupy between 200 square feet (kıosk model) and 1,200 square feet A La Carnıta Stash House Restaurant wıll generally occupy between 2,500 and 4,500 square feet If you purchase a Combınatıon Restaurant, you wıll need a total of 3,200 to 5,700 square feet of space In some ınstances, the Franchısed Busıness may be larger dependıng on the sıze of avaılable sıtes and/or franchısee preferences Leasehold ımprovements and constructıon costs generally ınclude electrıcal, plumbıng, HVAC, ınterıor and exterıor renovatıons, patıo constructıon and draft servıces equıpment If you are able to locate a sıte that prevıously operated as a restaurant, your estımated cost for leasehold ımprovements may be sıgnıficantly lower

3 *Blueprınts & Desıgns* We wıll provıde you wıth prototype or protostyle plans for the buıld-out of a Franchısed Busıness You must hıre your own archıtect to adapt our plans to the specıfic shape and dımensıons of the approved locatıon for your Franchısed Busıness You may not use your archıtect's plans untıl they have been approved by us Our approval only relates to how well the buıld-out plans ımplement our prototype plans and ımplementatıon and presentatıon of the Proprıetary Marks You and your archıtect must make sure that the plans comply wıth all applıcable laws, rules, regulatıons, ordınances and buıldıng codes, ıncludıng any relatıng to accommodatıons for dısabled persons If you are able to locate a sıte that prevıously operated as a restaurant, your estımated cost for blue prınts & desıgn may be sıgnıficantly lower

4 *Lease Payments and Other Rental Expenses* The figures are for the ınıtıal phase (three months) of busıness for rent and assume that the premıses of the Franchısed Busıness wıll be ın a strıp shoppıng center or urban locatıon Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales In addıtıon to base rent, the lease may requıre you to pay common area maıntenance charges ("CAM Charges"), your pro rata share of the real estate taxes and ınsurance, and your pro rata share of other charges The actual amount you pay under the lease wıll vary dependıng on the sıze of the Franchısed Busıness, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region

If you choose to purchase real property on which to build your Franchised Business, your initial investment will probably be higher than what we estimate above If you purchase real property, we cannot estimate how this purchase will affect your total initial investment

5 ***Furnishings, Equipment and Signage Installed*** You must lease or purchase, as arranged by you, the following restaurant equipment, tables & chairs, millwork, electrical fixtures, audio visual systems, smallwares, signage, draft towers, phone systems, interior decor and office furniture Signs include exterior and interior signs Local code restrictions may restrict the signage available for a certain restaurant and affect the costs If you are able to locate a site that previously operated as a restaurant, your estimated cost for furnishings and equipment may be significantly lower

6 ***Point of Sale System*** You must purchase or lease the point of sale system that we specify Our estimate assumes that you will purchase the point of sale system and not lease it Additional information regarding the required point of sale system is included in Item 11

7 ***Travel & Living Expenses While Training*** These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first three trainees These amounts do not include any fees or expenses for training any other personnel Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation

8 ***Security Deposits*** Your landlord and local utility companies may require you to pay security deposits

9 ***Professional Fees*** We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise Your costs may vary depending on how much you rely on your chosen advisors Our estimate also includes loan fees or loan broker fees that you may incur in applying for financing

10 ***Licenses and Permits*** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business Our estimate does not include tap-in, fixture or similar fees which, depending on the municipality, can be several thousand dollars We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement

Our estimate does not include the cost of a liquor license, which you must have if you are purchasing a Restaurant or Combination Restaurant (unless you are prohibited from offering alcoholic beverages based on local law) Since the availability and expenses of acquiring a liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement The cost of a liquor license can range from under $1,000 to over $500,000, depending on the location and jurisdiction, but can be even higher in some states We strongly recommend that you verify the cost and availability of a liquor license in your jurisdiction before signing the Franchise Agreement

11 ***Grand Opening Advertising*** You must submit to us your grand opening advertising plan and budget for our approval and your grand opening advertising campaign must be conducted in the 60 day period that includes 30 days before and 30 days after your opening We have the right to require you to give us the money for your grand opening advertising campaign and we will conduct this campaign on your behalf If we do this, you must pay to us the budget approved by us for the grand opening advertising campaign, which is not refundable

12 ***Opening Inventory*** Our estimate includes the cost of your initial inventory of food items, beverage items, paper goods, cleaning supplies, uniforms, logoed merchandise and other supplies, which you must purchase from us and our approved suppliers You must purchase from us your initial inventory of logoed merchandise, such as t-shirts, pins and mugs We expect that the cost of your initial inventory of these items will be between $500 and $1,000 The amount of your initial inventory will vary depending on the size of your Franchised Business, the sales volume you anticipate for your Franchised Business and current market prices

13 ***Additional Funds*** The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses This amount is the minimum recommended for your first three months of operations Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction or delivery and installation of leasehold improvements and equipment, or possible recession If you begin operating your Franchised Business with inadequate cash, you may experience a total loss of your investment

This category includes estimated payroll, utilities, vendor, marketing, promotion, bank fees, insurance and similar costs during the initial phase of a new Franchised Business, which we estimate will be three months We cannot guarantee that you will not have additional expenses starting your business Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period

14 ***Total*** We relied on our affiliates' experience in owning and operating restaurants in Canada since 2007 when preparing these estimates Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert

to a Franchised Business, your management skill, experience, and business acumen, local economic conditions, the local market for products, the prevailing wage rate, competition, and the sales level reached during the start-up phase These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes

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YOUR ESTIMATED INITIAL INVESTMENT DEVELOPMENT OF THREE FRANCHISED BUSINESSES UNDER THE DEVELOPMENT AGREEMENT				
Column 1 **Type of Expenditure**	**Column 2** **Amount**	**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is Made**
Development Fee (1)	$90,000	Lump Sum	On signing Development Agreement	Us
Initial Franchise Fee (1)	$10,000 to $50,000	Lump Sum	On signing Franchise Agreement	Us
Vehicle (2)	$2,000 to $2,500	As agreed	As agreed	Suppliers
Other Expenses for Franchised Business (3)	$327,000 to $3,680,500	As Per Charts Above	As Per Charts Above	As Per Charts Above
Total	**$429,000 to $3,823,000**			

Notes

1 ***Development Fee, Initial Franchise Fee*** These fees are described in Item 5 Our estimate assumes that the develop will develop three Franchised Businesses

2 ***Vehicle*** We anticipate that you will need a vehicle to view potential sites and to oversee the build-out of the Franchised Business Our estimate includes three months of expenses for gas, maintenance and vehicle payments

3 *Other Expenditures for Franchised Business* These are the estimates to build-out your first Franchised Business Your costs will depend on whether your first Franchised Business will be a Shoppe, Restaurant or Combination Restaurant Costs associated with building out additional Franchised Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Operating Standards

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sale system hardware and software), decor items, signs and related items we require, all of which must conform to the standards and specifications in our Confidential Operations Manuals (the "Manuals") or otherwise in writing, unless you have first obtained our written consent to do otherwise You may not install or permit to be installed on the premises of the Franchised Business any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications If you lease any of the fixtures or equipment described above from a third party, we must approve the lease in writing before it is signed We will not approve the lease unless it permits your interest in the lease to be assigned to us if the Franchise Agreement terminates or expires and that prohibits the lessor from imposing an assignment or related fee on assignment

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards and specifications that we prescribe in the Manuals or otherwise in writing You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications All menu items must be prepared using the recipes and procedures specified in the Manuals or other written materials You must not deviate from these standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without obtaining our written consent first We can, and expect to, modify our standards and specifications as we deem necessary We will provide you notice of any changes in the Manuals or otherwise in writing, which may include e-mail

You must permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Business free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications In addition to any other remedies we may have, we may require you to pay our then-current fee ($1,000) for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications

Except for logoed products provided by us (or delivery vehicles that you may use in the operation of the Franchised Business), you must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system hardware and software), and other products used or offered for sale at the Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications Our criteria for supplier approval may be found in the Manuals, but we are not required to provide you or any supplier with the approval criteria that we deem confidential If you wish to purchase, lease or use any unapproved products or you wish to purchase or lease items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so, together with payment of our then-current evaluation fee ($1,000) We must approve any product or supplier in writing before you make any purchases of that product or from that supplier We can require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or to an independent laboratory for testing We reserve the right to re-inspect any approved product and/or the facilities and products of any approved supplier and to revoke our approval if the product or supplier fails to continue to meet any of our then-current standards Our approval procedure does not obligate us to approve any particular product or supplier

We will notify you in writing (which may include e-mail and/or updates to the Manuals) within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier We may also revoke our prior approval of any product or supplier at any time upon written notice to you If we revoke a previously approved product or supplier, you must immediately stop purchasing that product and/or stop purchasing from that supplier

Vehicles

If we authorize you to conduct delivery and/or catering services, we anticipate that your employees will use their personal vehicles to provide any delivery and/or catering services from your Franchised Business We reserve the right to require you to have temporary signage placed on each delivery vehicle We expect that all delivery vehicles will be kept clean, in good working order and properly insured You must have each person providing those services comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use

Proprietary Products and Logoed Merchandise

We have and may continue to develop for use in the System and for sale at Franchised Businesses certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks, including salts, sauces, seasonings and dressings Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products You must purchase your entire supply of proprietary food products from the supplier we designate

In addition, we have developed for use in the System and for sale at Franchised Businesses certain logoed products and merchandise, including custom t-shirts, pins and mugs

Currently we are the sole approved supplier for these logoed items We will sell these items to our franchisees at cost plus a small administrative fee While we do not anticipate earning a profit from the sale of these items to our franchisees, we reserve the right to do so in the future During the fiscal year ended December 31, 2017, we did not earn any revenue from the sale of these items to franchisees in the United States

The following officers listed in Item 2 have an ownership interest in us, and we are an approved supplier Terry Tsianos, Mary Stathoukos, Andrew Richmond, Amin Todai None of our officers has an ownership interest in any other approved supplier

Advertising and Promotional Materials

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business) and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manuals or otherwise Before you use them, you must obtain our approval of any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use You must include certain language in your advertising materials as we require, such as "Franchises Available" and our website address and telephone number

Site Acceptance, Lease Rider and Build-Out

You must obtain our acceptance of the site for the Franchised Business before you acquire the site You must also obtain our approval of any purchase contract or lease for the accepted site before you sign the contract or lease We will not approve any lease unless a rider to the lease, prepared by us, is signed by you, by us and by the landlord The rider must contain the following provisions

1 During the term of the Franchise Agreement, the premises will be used only for the operation of the Franchised Business

2 The landlord consents to your use of the Marks, signs, decor items, color schemes and related components of the System (and specific reference is made to our exterior signage requirements)

3 The landlord agrees to give us copies of any and all letters and notices sent to you related to the lease and the premises, at the same time that these letters and notices are sent to you

4 We may enter the premises to make any modification necessary to protect the System and Marks or to cure any default under the Franchise Agreement or under the lease, without being guilty of trespass or any other crime or tort The landlord will not be responsible for any expenses or damages owing from our conduct of those activities

5 If we exercise our option to obtain your lease, you must assign the lease to us when the Franchise Agreement expires or terminates, and the landlord will consent to this assignment and will not charge any assignment fee or accelerate rent under the lease

6 If the lease is assigned, we will agree to assume from the date of assignment only all of your obligations remaining under the lease, and we will assume your occupancy rights, and the right to sublease the premises, for the remainder of the term of the lease We will not pay any amounts owed by you that you incurred before the date of assignment

7 You will not assign the lease or renew or extend the lease's term without obtaining our written consent first

8 The landlord and you will not amend or otherwise modify the lease in any manner that could materially affect any of the above requirements without obtaining our written consent first

9 The terms of the lease rider will supersede any conflicting terms of the lease

We also reserve the right to require you and your landlord sign our form of Collateral Assignment of Lease, attached as Attachment B to the Franchise Agreement

You must build-out your Franchised Business according to our specifications We will provide you with a sample layout and our requirements for the build-out of a Franchised Business You must arrange for blueprints to be prepared to construct your Franchised Business We must review and approve your blueprints before you may begin construction Our review is only meant to verify that the plans meet our requirements for layout of the Franchised Business and presentation of the Proprietary Marks You and your architect must make sure that the blueprints meet all local laws, ordinances and building code requirements Your blueprints and the build-out of your Franchised Business must also meet all requirements of the Americans with Disabilities Act

Insurance

Before you begin construction of the Franchised Business, you must obtain the insurance coverage for the Franchised Business specified below This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers acceptable to us

1 Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and fire damage coverage, in the amount of $2,000,000 combined single limit

2 "All Risks" coverage for the full cost of replacement of the premises and all other property in which you may have an interest with no coinsurance clause

3 Crime insurance for employee dishonesty in the amount of $10,000 combined single limit

4 Business Interruption insurance to cover expenses for a period of at least 365 days

5 Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $2,000,000 combined single limit

6 Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions stated in the Franchise Agreement

7 Liquor liability in the amount of $5,000,000, if you are purchasing a Restaurant or Combination Restaurant,

8 Other insurance required by the state or locality in which the Franchised Business is located and operated, as may be required by your lease, or as we may require in the future

You may, after obtaining our written consent, elect to have reasonable deductibles under the coverage required under paragraphs 1 - 7 described above Also, related to any construction, renovation or remodeling of the Franchised Business, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us All of the policies must name us, our affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and must include a waiver of subrogation in favor of all those parties Also, all insurance policies shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Franchised Business begins and upon each policy's renewal We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes If you do not maintain the insurance coverages that we require we may, but are not obligated to, obtain insurance coverage on your behalf You must reimburse the premium costs that we incur, plus a 10% administrative fee

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System As of the date of this Disclosure

Document, there are no purchasing or distribution cooperatives for any of the items described above in which we require you to participate When determining whether to grant new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Businesses in our System We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor) We may also contribute any Allowances we receive to the Brand Development Fund, but this does not reduce or eliminate your obligation to pay the Brand Development Fee During the fiscal year ending December 31, 2017, we had no revenue from Allowances

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 57% to 85% of your total purchases in establishing the Franchised Business, and approximately 28% to 30% of your total purchases in the continuing operation of the Franchised Business

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/ lease	Section 2 of Franchise Agreement	Items 8 and 11

Obligation		Section in Agreement	Disclosure Document Item
b	Pre-opening purchases/leases	Sections 2, 6, 7 and 8 of Franchise Agreement	Items 5, 7, 8 and 11
c	Site development and other pre-opening requirements	Section 2 of Franchise Agreement	Items 1, 8 and 11
d	Initial and ongoing training	Section 6 of Franchise Agreement	Items 5, 6 and 11
e	Opening	Section 2 of Franchise Agreement	Item 11
f	Fees	Sections 4, 8 and 14 of Franchise Agreement and Section 2 of Development Agreement	Items 5 and 6
g	Compliance with standards and policies/ operating manual	Sections 2, 6, 7, 8, 9, 10, 11 and 12 of Franchise Agreement	Items 8, 11, 14 and 16
h	Trademarks and proprietary information	Sections 9 and 10 and Attachment D of Franchise Agreement	Items 13 and 14
i	Restrictions on products/services offered	Section 7 of Franchise Agreement	Item 16
j	Warranty and customer service requirements	Section 7 of Franchise Agreement	Not applicable
k	Territorial development and sales quotas	Section 3 and Attachment C of Development Agreement	Item 12
l	Ongoing product/service purchases	Section 7 of Franchise Agreement	Items 6 and 8
m	Maintenance, appearance and remodeling requirements	Section 7 of Franchise Agreement	Items 6 and 11
n	Insurance	Section 12 of Franchise Agreement	Items 6, 7 and 8
o	Advertising	Section 8 of Franchise Agreement	Items 6, 8 and 11
p	Indemnification	Section 15 of Franchise Agreement and Section 10 of Development Agreement	Item 6
q	Owner's participation/ management/staffing	Section 6 of Franchise Agreement and Section 6 of Development Agreement	Items 1, 11 and 15

Obligation	Section in Agreement	Disclosure Document Item
r Records and Reports	Sections 4 and 11 of Franchise Agreement	Item 6
s Inspections and audits	Sections 2, 7 and 11 of Franchise Agreement	Items 6 and 11
t Transfer	Section 14 of Franchise Agreement and Section 8 of Development Agreement	Items 6 and 17
u Renewal	Section 3 of Franchise Agreement	Items 6 and 17
v Post-termination obligations	Section 18 of Franchise Agreement and Section 7 of Development Agreement	Items 6 and 17
w Non-competition covenants	Section 10 and Attachment D of Franchise Agreement, Section 9 and Attachment D of Development Agreement	Item 17
x Dispute resolution	Section 19 of Franchise Agreement and Section 15 of Development Agreement	Item 17
y Liquidated damages	Section 18 of Franchise Agreement	Item 6

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you We do not guarantee your notes, leases or other obligations

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

Except as listed below, Monarch & Misfits Inc is not required to provide you with any assistance

Pre-Opening Obligations

Before you open the Franchised Business, we will provide the following assistance and services

1 Our written site selection guidelines and the site selection assistance we deem advisable (Franchise Agreement, Section 5 1, Development Agreement, Section 4 4) If you cannot obtain possession of an accepted location for your Franchised Business within six months after you have signed the Franchise Agreement, we may choose to terminate the Franchise Agreement, and will not refund the initial franchise fee

2 On-site evaluations at your expense (Franchise Agreement, Section 5 2, Development Agreement, Section 4 5)

3 On loan, one set of prototypical architectural and design plans and specifications for a Franchised Business for adaptation by you, at your expense (Franchise Agreement, Section 5 3, Development Agreement, Section 4 9)

4 On loan, one set of the Manuals and Training Video Series (as described below) which we may revise (Franchise Agreement, Section 5 4)

5 A list of our approved suppliers, which includes us (Franchise Agreement, Section 5 9)

6 An initial training program for your Operating Principal, General Manager and one additional trainee at no additional charge to you If you wish to have additional personnel trained you must pay our then-current training fee (Franchise Agreement, Sections 5 10 and 6 5)

7 Up to two weeks of additional training and opening assistance, including the week before and the week after your soft opening The amount of time provided for opening assistance will be determined by us You must reimburse the expenses our representative incurs, including travel, lodging and meals If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day our representative provides, in addition to expenses If you are opening your second (or later) Franchised Business, we reserve the right to not provide opening assistance or to reduce the amount of opening assistance provided (Franchise Agreement, Sections 5 11 and 6 5)

Post-Opening Obligations

We are obligated by the Franchise Agreement to provide the following services and assistance after the opening of your Franchised Business

1 As we reasonably determine necessary, visits to and evaluations of the Franchised Business and the products and services provided there to make sure that our high standards of quality, appearance and service of the System are maintained (Franchise Agreement, Section 5 5)

2 Advertising and promotional materials for in-store marketing and Local Advertising for the Franchised Business at a reasonable cost to you (Franchise Agreement, Section 5 6)

3 Advice and written materials (including updates to the Manuals) concerning techniques of managing and operating the Franchised Business, including new developments and improvements in equipment, food products, packaging and preparation (Franchise Agreement, Section 5 7)

4 Certain logoed merchandise for use in the Franchised Business and for resale to your customers, in quantities sufficient to meet your reasonable customer demand, at a reasonable cost and as are made available to franchisees in the System

5 Training programs and seminars and other related activities regarding the operation of the Franchised Business as we may conduct for you or your personnel generally, which your Operating Principal, General Manager and/or other personnel may be required to attend (Franchise Agreement, Section 6 5)

6 Certain on-site remedial training for your personnel when you reasonably request it or as we find appropriate If you request on-site assistance, you must pay our then-current per diem fee for each trainer providing the training and you must reimburse each trainer's expenses in providing the training If we determine that you need additional on-site assistance our per diem fee will be waived, but we may charge you for our representative's expenses (Franchise Agreement, Section 6 5)

7 Administration of the Brand Development Fund (Franchise Agreement, Section 8 3)

8 Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that you and your Controlling Principals have fully complied with the terms of the Franchise Agreement (Franchise Agreement, Section 9 4)

9 Set the maximum prices you may charge your customers, where permitted by applicable law (Franchise Agreement, Section 7 15) We do not guarantee that by following our required pricing you will earn any level of sales or profitability

We are not required to provide any other service or assistance to you for the continuing operation of the Franchised Business

We have no obligations to perform any duties under the Development Agreement

Site Selection and Opening

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Franchised Business and for constructing and equipping the Franchised Business at the accepted site You will select the site for the Franchised Business subject to our approval The Franchised Business may not be relocated without first obtaining our written consent

Before you lease or purchase the site for the Franchised Business, you must locate a site that satisfies our site selection guidelines You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site You must submit information and materials for the proposed site to us for approval within 30 days after you have signed the Franchise Agreement We will have 15 days after we receive this information and materials from you to accept or not accept the proposed site as the location for the Franchised Business Our acceptance of a site for your Franchised Business is not a guarantee that you will be successful at that site Our acceptance only indicates that the site meets our minimum criteria for a Shoppe, Restaurant or Combination Restaurant

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, shopping mall, tenant mix, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic We will conduct an on-site evaluation of your proposed site, at your expense

We may make available for sublease to you locations for a Shoppe, Restaurant or Combination Restaurant We do not need to obtain a site for you If you choose to sublease a location from us, you must sign the form of sublease agreement attached as Attachment M to the Franchise Agreement Generally, we will make the locations available on the same terms as we have leased them from the Master Lessor Under those circumstances, you will not need to follow the procedures for site selection described above

If you are unable to locate a suitable site for your Franchised Business within 180 days after you sign the Franchise Agreement, and if you are developing your first Franchised Business, we may choose to terminate the Franchise Agreement and we will not refund the initial franchise fee

We estimate that the time from the signing of the Franchise Agreement to the opening of the Franchised Business will be approximately six to nine months This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing inventory and supplies You must open the Franchised Business and begin business within nine months after you sign the Franchise Agreement, we may provide you with an extension of this timeframe or we may terminate the Franchise Agreement without providing you a refund

Under the Development Agreement, the Franchised Businesses you develop must be opened according to the dates on your Development Schedule, subject to any extensions of time you may purchase

Advertising

Grand Opening Advertising You must spend between $10,000 and $20,000 on a grand opening advertising campaign announcing the grand opening of your Restaurant Your grand opening advertising campaign must be conducted in the 60-day period comprising 30 days before and 30 days following the opening of your Franchised Business We may designate a different time period for you to conduct the grand opening advertising We must approve of your grand opening advertising campaign before it is conducted At our request, you must give the grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf

Brand Development Fund We reserve the right to establish and administer a Brand Development Fund (the "Brand Development Fund") to advertise the System and the products offered by Shoppes and Restaurants on a regional or national basis You must contribute to the Brand Development Fund an amount equal to 1 5% of the Franchised Business's Gross Sales, to be paid at the same time and in the same manner as the Royalty Fee We have the right to increase this amount to 2% of Gross Sales upon 30 days' notice to you As described in Item 8, we may contribute Allowances we receive to the Brand Development Fund, but this does not diminish or eliminate your obligation to pay the Brand Development Fee Since the Brand Development Fund was not established during the fiscal year ending December 31, 2017, no monies have been spent by the Brand Development Fund

The Brand Development Fund is maintained and administered by us or our designee as follows

1 We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation Advertising materials may be developed in-house by us or we may employ one or more advertising agencies to develop advertising The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System We may use monies from the Brand Development Fund to support development and maintenance of our website, website and e-mail hosting, social media initiatives, and menu and product development Any Franchised Businesses operated by us or our affiliates will contribute to the Brand Development Fund generally on the same basis as you In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or make sure that any particular franchisee benefits directly or pro rata from the placement of advertising

2 All sums you pay to the Brand Development may be commingled with our general funds but will be accounted for separately by us We may reimburse ourselves out of the Brand Development Fund for the total costs that we may incur (including indirect costs such as

salaries for our employees who devote time and effort to Brand Development Fund related activities and overhead expenses) in the administration or direction of the Brand Development Fund and advertising programs for you and the System, and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee) The Brand Development Fund and its earnings will not otherwise benefit us The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year No portion of the Brand Development Fund will be used for advertising that is primarily a solicitation of franchise sales

3 We will prepare an annual statement of the operations of the Brand Development Fund that will be made available to you if you request it We are not required to have the Brand Development Fund statements audited

4 Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis If we terminate the Brand Development Fund, we have the option to reinstate it at any time and it will be operated as described above

5 Money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Franchised Business and use in local advertising, at your expense The Brand Development Fund may also develop new menus and table tents for use by all Shoppes and/or Restaurants in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used

Local Advertising You must conduct local advertising in your Territory, and at a minimum you must spend 1% of Gross Sales each month on local advertising for your Franchised Business Within 30 days of our request, you must provide us with proof of your local advertising expenditures, including verification copies of the advertisements

We must approve all advertising before you use it You must not advertise or use our Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our website address and phone number

Advertising Cooperatives We do not anticipate creating or approving the creation of advertising cooperatives in which you must participate

Advisory Council We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Shoppes and Restaurants, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision-making authority The advisory council will include franchisee representatives and our representatives The franchisee representatives may be chosen by us or may be elected by other franchisees in the System If you participate in an advisory council, you will pay for any costs or expenses you incur related to your participation, such as travel and living expenses related to attending council meetings We will have the right to form, change, merge or dissolve any advisory council

Websites, Intranet We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your "click through" subpage We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products or services available at Sweet Jesus Shoppes and La Carnita Stash House Restaurants – also be devoted in part to offering Sweet Jesus and La Carnita Stash House franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done You may not maintain your own website, otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business, establish a link to any website we establish at or from any other website or page, or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Sweet Jesus" or "La Carnita Stash House" names or any name confusingly similar to the Proprietary Marks

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, FourSquare, Instagram, LinkedIn or Twitter, without our prior written consent We will control all social media initiatives

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage

Training

Not later than 30 days before the date the Franchised Business is scheduled to begin operation, your Operating Principal, General Manager and one additional trainee must attend and complete, to our satisfaction, our initial training program We will provide training for three trainees at no additional charge If you wish to send additional trainees to our initial training program, you must pay our then-current training fee for each additional trainee You must also pay all expenses your trainees incur while attending our initial training program, including travel, lodging, meals and applicable wages Our initial training program is mandatory

Our initial training program will be conducted at our corporate headquarters and at one of our affiliate's Shoppes and/or Restaurants in Toronto, Ontario The initial training program will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, the number of new Franchised Businesses being opened and the timing of the scheduled openings of Franchised Businesses to be operated by our franchisees generally We do not currently have a set schedule for providing our initial training program The initial training program will generally last approximately two weeks

We will determine whether the Operating Principal and/or General Manager has completed the initial training program to our satisfaction If the Operating Principal and/or General Manager does not satisfactorily complete the initial training program or if we determine that the Operating Principal and/or General Manager cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training, at your expense (including payment of our training fee) Any Operating Principal or General Manager subsequently designated by you must also receive and complete the initial training We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor Operating Principal or General Manager if we have not approved you to provide the training

The Operating Principal, General Manager and other personnel must attend the additional training programs and seminars we offer if we designate that attendance at these programs and seminars is mandatory We may also offer optional training programs and seminars For all of these programs and seminars, we will provide the instructors and training materials If the training is mandatory, we will not charge you a fee for attending the training We reserve the right to charge a reasonable fee for the additional training programs and seminars that we provide on an optional basis You must also pay all expenses you, your Operating Principal, General Manager, or other personnel incur in participating in any additional training, including costs of travel, lodging, meals, and wages

For the opening of the Franchised Business, we will provide you with one of our trained representatives The trained representative will provide on-site pre-opening and opening training, supervision, and management assistance to you for up to two weeks, including the week before and the week after your soft opening The amount of time provided for opening assistance will be determined by us You must reimburse the expenses our representative incurs, including travel, lodging and meals If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day our representative provides assistance, in addition to any additional expenses incurred If you are opening your second (or later) Franchised Business, we reserve the right to not provide opening assistance or to reduce the amount of opening assistance provided

The instructional materials used in the initial training program include our Manuals, Training Videos, marketing and promotion materials, programs related to the operation of the point of sale system, videos, and any other materials that we believe will benefit our franchisees during the training process

The following is the initial training program currently in effect

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Bar Training	0	24 hours (4 shifts)	Toronto, Ontario
Busser Training	0	6 hours (3 shifts)	Toronto, Ontario
Kitchen Training	0	30 hours (5 shifts)	Toronto, Ontario
Operator Training	0	28 hours (7 shifts)	Toronto, Ontario
Server Training	0	28 hours (7 shifts)	Toronto, Ontario
Host/Hostess Training	0	4 hours (2 shifts)	Toronto, Ontario

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained

All training will be supervised by our Director of Training The minimum experience of the instructors in the field that is relevant to the subject taught and our affiliates' operations is three years

If you reasonably request it or if we deem it appropriate, we will, during the term of the Franchise Agreement and subject to the availability of personnel, provide you with additional trained representatives who will provide on-site remedial training to your personnel For additional training that you request, you may be required to pay the per diem fee then being charged to franchisees under the System for the services of our trained representatives, plus their costs of travel, lodging, meals, and wages The per diem fee will not be charged if the assistance is provided based on our determination that the training is necessary, but we reserve the right to charge for our reasonable expenses incurred in providing the assistance

We may choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons We may designate that attendance at an annual meeting is mandatory for you, your Operating Principal, General Manager and/or other personnel We do not anticipate charging a fee to attend the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site

In addition to our initial training program, you, your managers and any other personnel we designate must be ServSafe certified or another similar certification If you purchase a Restaurant or Combination Restaurant, you, your managers and any other personnel we designate must also be TIPS (alcohol awareness) or similarly certified The cost of these certifications is not included in the initial franchise fee and we do not provide these certifications You may need to receive periodic additional training and/or certification

Confidential Operations Manual

The Table of Contents for each of our Confidential Operations Manuals are attached as Exhibit F to this Disclosure Document The Confidential Operations Manual for a Sweet Jesus Shoppe includes approximately 172 pages The Confidential Operations Manual for a La Carnita Stash House Restaurant includes approximately 175 pages

Computer / Point of Sale System

You must purchase or lease and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing and credit card processing

The point of sale system must be set up to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain You must install and maintain equipment and a high-speed internet connection in accordance with our specifications to permit us to access the point of sale system (or other computer hardware and software) either electronically or at your premises This will permit us to electronically inspect and monitor information concerning your Gross Sales and any other information that may be contained or stored in the equipment and software There are no limits on our access to the data on your point of sale system You must make sure that we have access at the times and in the manner we specify, at your cost

Unless we designate a different system, you must purchase the Revel computer/point of sale system The approved supplier for the point of sale system, if we designate one, will be included in the Manuals We expect that the point of sale system will cost approximately $25,000 to $40,000 You must maintain a support contract with the approved supplier which we estimate will cost approximately $500 per year You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or the cost of any update and/or upgrade Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale system

You must obtain and maintain high speed Internet access or other means of electronic communication, as specified by us It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement We must have access at all times and in the manner that we specify

You must participate in the on-line ordering program that we designate

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a Franchised Business at a single location that you select and that we have accepted Attachment A to the Franchise Agreement will list the specific street address of the accepted location You must operate the Franchised Business only at this accepted location and may not relocate the Franchised Business without first obtaining our written consent Your Franchise Agreement may also specify a designated territory ("Territory") which is not exclusive The size and scope of the Territory will be contained in the Franchise Agreement and will be determined according to whether the approved location is an urban area or a suburban area We will provide you with information regarding our classification of each portion of your trade area as urban or suburban The minimum area that may be granted in a suburban area is 1 mile The minimum area that may be granted in an urban, densely populated area will be 25 miles The Territory will be described in Attachment A to the Franchise Agreement If your accepted location is a Non-Traditional Site (as described below), you will not receive a designated 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

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Franchised Business in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below There are no circumstances under which the Territory may be altered before your Franchise Agreement expires or is terminated Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement

You may, with our prior written consent, provide delivery and/or catering services from your Franchised Business You may not provide delivery or catering services to any customer outside of your Territory, unless that customer is in an area that has not yet been sold to a franchisee in the System

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, or if the Franchised Business is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Franchised Business You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Sweet Jesus Shoppe, La Carnita Stash House Restaurant or Combination Restaurant (as applicable) and is located within your Territory, and you must sign our then-current form of Franchise Agreement If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement, but you must pay our relocation fee

Nothing in the Franchise Agreement will prohibit us from (1) operating and/or franchising others to operate food service businesses identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Territory that are located in gas stations or convenience stores, transportation facilities, including airports, train stations, subways and rail and bus stations, military bases and government offices, sports facilities, including stadiums and arenas, amusement parks, zoos and convention centers, car and truck rest stops and travel centers, educational facilities, recreational theme parks, hospitals, hotels, business or industrial foodservice venues, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos, or any similar captive market location not reasonably available to you (a "Non-Traditional Site"), (2) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party's trademark, (3) merchandising and distributing products identified by the Proprietary Marks in the Territory through any method or channel of distribution other than through the operation of a Franchised Business, including distribution of products (including any proprietary products) through grocery stores, club stores and similar stores, (4) selling and distributing products identified by the Proprietary Marks in the Territory to food service businesses other than Franchised Businesses identified by the Proprietary Marks, regardless of whether the food service businesses are licensed to use the

Proprietary Marks in connection with their retail sales or not, (5) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog, (6) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks, and (7) purchasing, being purchased by, merging or combining with businesses that we deem to offer direct competition to Franchised Businesses We are not required to pay you any consideration if we exercise any right specified above in the Territory

If any Non-Traditional Site (as described above) is located within the physical boundaries of your Territory, then the premises of this Non-Traditional Site will not be included in your Territory and you will have no rights to this Non-Traditional Site

We and our affiliates are not prohibited from (1) operating and franchising others to operate, during the term of the Franchise Agreement, Franchised Businesses at any location outside of the Territory, (2) operating and franchising others to operate, after the Franchise Agreement terminates or expires, Franchised Businesses at any location, including locations inside the Territory, and (3) operating and franchising others to operate at any location, during or after the term of the Franchise Agreement, any type of food service business other than a Shoppe, Restaurant or Combination Restaurant

The restrictions above do not apply to Shoppes, Restaurants and Combination Restaurants in operation, under lease or construction or other commitment to open in the Territory as of the effective date of the Franchise Agreement The restrictions above also do not apply to establishing a different brand within your Territory after your Franchised Business opens For example, if you purchase a La Carnita Stash House Restaurant franchise, we may not open or franchise someone else to open a La Carnita Stash House Restaurant or a Combination Restaurant within your Territory, but we are not prohibited from opening or franchising someone else to open a Sweet Jesus Shoppe within your Territory Your territorial exclusivity is for the brand of franchise you purchase only

Except as expressly limited above, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to your Franchised Business or the economic effect on your Franchised Business or your activities under the Franchise Agreement

You may sell our proprietary products, menu items and logoed merchandise to customers who live anywhere but who choose to dine at or from your Franchised Business You may not provide delivery or catering services outside of your Territory unless the customer is located in an area that has not yet been sold to another franchisee in the System You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system, through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where there is not another Franchised Business in operation You have no options, rights of first refusal, or similar rights to acquire additional franchises, even if we wish to establish another brand within your Territory You may not sell our proprietary products to any business or other customer at wholesale

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Franchised Business, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, "alternative distribution channels") You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels

We or our affiliates will fulfill all orders placed through the retail portion of our website, and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered to an address in your Territory

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark We describe earlier in this Item 12 what we may do anywhere and at any time

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Shoppe or Restaurant which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent

Development Agreement

Under the Development Agreement, you are assigned a Development Area where you will develop multiple Franchised Businesses in accordance with a specified development schedule which will be listed in Section 3 of the Development Agreement and agreed to before it is signed (the "Development Schedule") The Development Area will include a town or city and may be described in terms of contiguous zip codes and/or counties, or it may be drawn on a map that is attached to the Development Agreement

Except as stated below, if you are in compliance with the Development Agreement, we will not establish or authorize any other person or entity, other than you, to establish a Franchised Business within the Development Area during the term of the Development Agreement However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Development Agreement and all of the Franchise Agreements signed under it Your territorial rights to the Development Area do not include the right to develop Franchised Businesses at any Non-Traditional Site Because we reserve the right to develop Franchised Businesses at Non-Traditional Sites, as described above, your Development Area is not exclusive to you

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

Except as expressly limited by the Development Agreement, we and our affiliates retain all rights with respect to Franchised Businesses, the Marks, and any products and services anywhere in the world including the right (i) to establish, and license others to establish, Franchised Businesses and otherwise sell proprietary products and logoed merchandise under the Marks at or from any location outside of the Development Area, (ii) to establish, and license others to establish, Franchised Businesses and otherwise sell proprietary products and logoed merchandise under the Marks at or from any Non-Traditional Site, wherever located, and (iii) to sell and distribute, directly and indirectly, proprietary products and logoed merchandise under the Marks using any alternative distribution channels

Once the final Franchised Business to be developed under the Development Schedule has opened, your rights to the Development Area will expire and you will have no more rights to develop Franchised Businesses within the Development Area and we will have the right to ourselves develop, or grant rights to others to develop, Franchised Businesses within the Development Area You are not granted a right of first refusal to develop additional Franchised Businesses, but if you are in compliance with your obligations under the Development Agreement and all Franchise Agreements, we will in good faith negotiate a new Development Agreement with you You will maintain the individual designated territories granted to each Restaurant under the Franchise Agreement

The territorial rights granted to you under the Development Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency, but you must develop and open Franchised Businesses according to the Development Schedule Also, except as stated below, the Development Area may not be altered before the Development Agreement expires or is terminated

You must open each Franchised Business according to the Development Schedule, but if you are unable to meet any Development Period designated in the Development Schedule, you may, subject to our approval, purchase from us for $10,000 per extension up to two extensions of the Development Period as may be necessary to complete construction and open the Franchised Business Each extension will be for an additional 90-day period beginning on the expiration of the applicable Development Period, including any previous extensions ("Extension Date") No more than two extensions of any Development Period will be permitted If an extension of a Development Period is granted by us, the Opening Date (as defined in the Franchise Agreement) will be extended to the Extension Date If an extension of any Development Period is granted, it will not change the date of any other Development Period or any of your other development obligations If an extension is requested in the final Development Period, the term of the Development Agreement will be extended to the Extension Date and you will have no further rights under the Development Agreement

You must notify us in writing at least 60 days before the Projected Opening Date (as defined in the Development Agreement) for a Franchised Business that you will be unable to complete construction and begin operating the Franchised Business by the expiration date of the Development Period in which the Franchised Business was to have been opened You must include in the notice a description of the reasons for the failure to develop in a timely manner and the expected date of completion of construction and opening

If you fail to open a Franchised Business in compliance with the Development Schedule or otherwise commit a material event of default under the Development Agreement, we may, in addition to our other remedies, terminate or modify your Development Area, reduce the size of your Development Area, reduce the number of Franchised Businesses that you may develop, or accelerate the Development Schedule under the Development Agreement

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the non-exclusive right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us These Marks may be used only in the manner we authorize and only for the operation of your Restaurant at the location specified in the Franchise Agreement The Development Agreement does not grant you the right to use the Marks

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability In addition, you may not directly or indirectly contest the validity of our ownership of, or our rights in and to, the Marks

We have registered or applied for registration of the following principal Marks with the U S Patent and Trademark Office ("USPTO") on the Principal Register

Title	Status	Date Filed	Application Number	Registration Date	Registration Number
SWEET JESUS (word mark)	Registered	7/12/2016	87/101,097	June 19, 2018	5,498,449
SWEET JESUS (logo) **SWEET JESUS**	Registered	4/12/2016	86/972,951	June 19, 2018	5,498,329
LA CARNITA STASH HOUSE (word mark)	Registered	4/12/2016	86/973,067	June 26, 2018	5,503,613

We intend to file all affidavits and to renew our registrations for the Marks when they become due

There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in a manner material to the franchise

We know of no superior prior rights or infringing uses of any Mark that could materially affect your use of the Marks in this or any other state

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity having an interest in the Marks

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that you and your Controlling Principals have acted in full compliance with the terms of the Franchise Agreement and otherwise according to our instructions regarding any proceeding related to the Marks

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you We have and retain certain rights in the Marks including the following

1 To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees,

2 To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you, and

3 To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an interest in any patents or registered copyrights that are material to the franchise

Confidential Manuals

You must operate the Franchised Business in accordance with the standards and procedures specified in the Manuals One copy of the Manuals will be loaned to you by us for the term of the Franchise Agreement We reserve the right to provide the Manuals to you electronically, including by CD ROM and/or a password protected website

You must treat the Manuals and any other manuals we create or approve for use in your operation of the Franchised Business, and the information contained in them, as confidential You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person The Manuals remain our sole property, must be kept in a secure place on the premises of your Franchised Business, and must be returned to us upon termination or expiration of your Franchise Agreement If you request a replacement copy of the Manuals or any Training Video, you must pay our then-current fee for the replacement copy

We may revise the contents of the Manuals and you must comply with each new or changed standard You must also insure that the Manuals are kept current at all times If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling You must return to us all pages that are replaced in the Manuals

Confidential Information

We claim proprietary rights in certain of our recipes which are included in the Manuals and which are our trade secrets You and each of your Controlling Principals are prohibited, during and after the term of the Franchise Agreement, from communicating or using for the benefit of any other person or entity and, after the term of the Franchise Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business that may be communicated to you or any of your Controlling Principals or that you may learn about, including these trade secrets You and each of your Controlling Principals may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential

Your Controlling Principals, Principals, Operating Principal, General Manager and any of your personnel we designate who have received or will have access to confidential information must sign our Confidentiality and Non-Competition Agreement where they agree to maintain the confidential nature of all confidential information and they agree to not participate in a competing business when their relationship with you ends or the Franchise Agreement expires or is terminated Our form of Confidentiality and Non-Competition Agreement is included as Attachment D to the Franchise Agreement and included as Attachment D to the Development Agreement

If you, your Controlling Principals or any of your employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary information, free of charge You, your Controlling Principals or employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees

Training Video Series

We will loan you, for the term of the Franchise Agreement, one copy of any Training Videos that we may develop in the future In our discretion we may also provide the Training Videos electronically

You must treat the Training Videos and any other videos we create or approve for use in your operation of the Franchised Business, and the information contained in them, as confidential You must also use best efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person The Training Videos remain our sole property, must be kept in a secure place on the premises of the Franchised Business, and must be returned to us upon expiration or termination of the Franchise Agreement

We may revise the contents of the Training Videos and you must return to us any videos that are replaced by updates we issue

ITEM 15
OBLIGATIONS OF FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign the Development and Franchise Agreements, you must designate and retain at all times an individual to serve as the "Operating Principal" under the Agreements If you are an individual, you must perform all obligations of the Operating Principal If you are a corporation, partnership or other form of entity, the Operating Principal must be one of your Controlling Principals and must hold an ownership interest of at least 10% in you or any entity that directly or indirectly controls you, and work on a full-time basis in the Franchised Business Except as otherwise provided in the Agreements, the Operating Principal's interest in you must remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or option In the event that an Operating Principal terminates, is terminated, abandons or otherwise ends its relationship with the Franchised Business, you must replace the Operating Principal within 60 days of the termination with an Operating Principal who meets our approval

The Operating Principal must either serve as the General Manager or may, at his/her option and subject to our approval, designate an individual to perform the duties and obligations of the General Manager described in the Agreements and in this Disclosure Document The Operating Principal must take all necessary action to ensure that the designee conducts and fulfills all of the General Manager's obligations and will remain fully responsible for his performance and compliance with the terms in the Agreements The Operating Principal (or his/her designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Franchised Business under the Agreements The Operating Principal must execute the Agreements as one of your Controlling Principals, and will individually guarantee all of your obligations, and will be jointly and severally bound by all of your obligations and the obligations of the Operating Principal and your Controlling Principals under the Agreements

The Operating Principal and General Manager must meet our standards for these positions, as provided in the Manuals or other written instructions, and must complete our training program to our satisfaction

If, during the term of the Agreements, the Operating Principal or any General Manager cannot serve as Operating Principal or General Manager, or no longer qualifies, you must promptly notify us and designate a replacement within 60 days after the Operating Principal or General Manager stops serving or no longer meets the requirements Any replacement must meet the same qualifications listed above You must provide for interim management of the Franchised Business until you designate a replacement This interim management must be conducted in accordance with the Agreements

As described in Item 1, we have identified certain persons under the Franchise Agreement and Development Agreement that we refer to in this Disclosure Document as your Principals Your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you

If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and Development Agreement, as applicable, and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and to personally guarantee your performance under the Agreements We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate Shoppes, Restaurants or Combination Restaurants as Controlling Principals The franchise owners, partners, members and/or spouses are bound by these same obligations regarding the personal guaranty, confidentiality agreement and non-competition agreement

You must retain at all times a General Manager and the other personnel as are required to operate and manage the Franchised Business The General Manager must satisfy our educational and business criteria as provided to you in the Manuals or other written instructions, must be individually acceptable to us and must complete our training program to our satisfaction In addition, the General Manager must be responsible for the supervision and management of the Franchised Business, and must devote full time and best efforts to this activity If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within the same time period and under the same conditions stated above for the Operating Principal Your General Manager does not have to own an equity interest in the Franchised Business

If you employ any individual as General Manager or in a managerial position who is at the time employed in a managerial position by us, any of our affiliates, or by another of our franchisees, you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your General Manager and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners) who is not designated as a Controlling Principal and does not sign the Franchise Agreement as a Controlling Principal These covenants will be in addition to the confidentiality covenants described above and will be in substantially the same form attached to the Franchise Agreement as Attachment D and the Development Agreement as Attachment D We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that is required to sign an agreement as described in this paragraph

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Franchised Business at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manuals or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to vary the menu items offered at certain Franchised Businesses based on regional or local tastes or ingredients. If we allow a Franchised Business to modify its menu to accommodate regional or local tastes or ingredients, we are not required to grant to you a similar variance or modification.

You must keep the Franchised Business very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and decor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Franchised Business.

We may designate the maximum prices for the goods, products and services offered from your Franchised Business, where permitted by applicable law, and you must comply with our pricing requirements. We make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your Territory.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 3 1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier
b Renewal or extension of the term	Section 3 2	Agreement may be renewed at your option for two additional five year terms
c Requirements for franchisee to renew or extend	Section 3 2	Renewals are automatic Within the last six months of the term of your Franchise Agreement, we will send you any documents that you must sign for the renewal, which may include a renewal Franchise Agreement and a release, and you maintain possession of the premises If you do not wish to renew your agreement, you must provide us with notice of this election no later than 60 days before your agreement expires If you do not sign the documents we require, your agreement will not be renewed You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law

Provision	Section in Franchise Agreement	Summary
e Termination by franchisor without cause	Not applicable	
f Termination by franchisor with "cause"	Sections 17 1 and 17 2	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
g "Cause" defined – curable defaults	Sections 17 1 and 17 2	We may terminate you for cause if you fail to cure certain defaults, including if you or any of your affiliates fail to pay any monies owed to us or our vendors and do not cure within five days after notice (or longer period required), fail to obtain execution of the Confidentiality and Non-Competition Covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice In addition, a default under one agreement with us may result in a termination of all of your other agreements with us This is known as a cross-default provision

Provision	Section in Franchise Agreement	Summary
h “Cause” defined – non-curable defaults	Sections 17 1 2 and 17 1 3	We may terminate you for cause if you fail to cure certain defaults, including if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Franchised Business when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, maintain false books or records, or you or any of your Principals violate any anti-terrorism law
i Franchisee’s obligations on termination/non-renewal	Section 18	Obligations include you must stop operating the Franchised Business and using the Marks and System and completely de-identify the premises, pay all amounts due to us, return all Manuals, Training Videos, software and other proprietary materials, comply with confidentiality requirements, and at our option, sell or assign to us your rights in the premises and the equipment and fixtures used in the business

Provision		Section in Franchise Agreement	Summary
j	Assignment of contract by franchisor	Section 14 1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k	"Transfer" by franchisee – defined	Section 14 2	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Franchised Business or you (if you are not a natural person)
l	Franchisor approval of transfer by franchisee	Section 14 2	You must obtain our consent before transferring any interest We will not unreasonably withhold our consent
m	Conditions for franchisor approval of transfer	Section 14 2	Conditions include you must pay all amounts due us, not otherwise be in default, sign a general release, and pay a transfer fee Transferee must meet our criteria, complete training to our satisfaction and execute current Franchise Agreement
n	Franchisor's right of first refusal to acquire franchisee's business	Section 14 4	We have the option to purchase the interest proposed to be transferred on the same terms and conditions
o	Franchisor's option to purchase franchisee's business	Section 18 12	On termination or expiration of the Franchise Agreement, we have the right to purchase all or a portion of the assets of the Franchised Business
p	Death or disability of franchisee	Section 14 5	If you or a Controlling Principal are a natural person, on death or permanent disability, distributee must be approved by us, or franchise must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disability

Provision		Section in Franchise Agreement	Summary
q	Non-competition covenants during the term of the franchise	Section 10 3	You are prohibited from operating or having an interest in a similar business
r	Non-competition covenants after the franchise is terminated or expires	Section 10 3	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 50 miles of any Franchised Business in the System
s	Modification of the agreement	Section 19 2	Franchise Agreement may not be modified unless mutually agreed to in writing You must comply with Manuals as amended
t	Integration/merger clause	Section 19 2	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 Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 19 7	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at our headquarters or arbitrated in Toronto, Ontario, subject to state law
v	Choice of forum	Section 19 8	Toronto, Ontario
w	Choice of law	Section 19 8	Ontario, Canada

THE DEVELOPER RELATIONSHIP

Provision	Section in Development Agreement	Summary
a Length of the franchise term	Section 5	Term continues until you have completed your development obligations in accordance with the Development Schedule, unless earlier terminated
b Renewal or extension of the term	Section 3 2	We may extend individual Development Periods, but you have no right to renew the Development Agreement
c Requirements for developer to renew or extend	Not applicable	
d Termination by developer	Not applicable	You may terminate the Development Agreement on any grounds available at law
e Termination by franchisor without cause	Not applicable	
f Termination by franchisor with "cause"	Sections 7 1, 7 2 and 7 3	Following certain defaults, we may terminate the Agreement of modify your territorial rights or alter your Development Schedule, rather than terminate the Agreement

Provision	Section in Development Agreement	Summary
g "Cause" defined - curable defaults	Sections 7 2 and 7 3	We may terminate you for cause if you fail to cure certain defaults, including if you or your affiliates fail to pay any monies owed to us, or our vendors, and do not cure within five days after notice (or longer period required), fail to obtain execution of the Confidentiality and Non-Competition Covenants contained in the Agreement within 30 days after a request, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice or fail to cure any other default that is susceptible of cure within 30 days after notice In addition, a default under one agreement with us may result in a termination of all of your other agreements with us This is known as a cross-default provision
h "Cause defined – non-curable defaults	Sections 7 1 and 7 2	We may terminate you for cause based on certain non-curable defaults, including if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws or similar state laws, have outstanding judgments against you for over 30 days, fail to comply with the Development Schedule, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, or you or your Principals violate any anti-terrorism law

Provision	Section in Development Agreement	Summary
i Developer's obligations on termination/non-renewal	Sections 7 5 and 7 8	Obligations include you must stop developing Franchised Businesses or, on a partial termination of territorial or development rights under Section 7 4, must continue to develop only in accordance with any modified Development Schedule, and must comply with all applicable confidentiality and non-competition covenants
j Assignment of contract by franchisor	Section 8 1	We have the right to transfer or assign the Development Agreement to any person or entity without restriction However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k "Transfer" by developer - defined	Section 8 2	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Agreement or you (if you are not a natural person)
l Franchisor approval of transfer by developer	Section 8 2	You must obtain our consent before transferring any interest We will not unreasonably withhold our consent
m Conditions for franchisor approval of transfer	Section 8 2	Conditions include you must pay all amounts due us, not otherwise be in default, execute a general release, remain liable for pre-transfer obligations and pay a transfer fee Transferee must meet our criteria, assume post-transfer obligations, execute our then-standard Agreement and complete training
n Franchisor's right of first refusal to acquire developer's business	Section 8 4	We have the option to purchase the interest proposed to be transferred on the same terms and conditions

	Provision	Section in Development Agreement	Summary
o	Franchisor's option to purchase developer's business	Not applicable	
p	Death or disability of developer	Section 8 5	If you or a Controlling Principal are a natural person, on death or permanent disability, distributee must be approved by us, or interest must be transferred to someone approved by us within 12 months after death or six months after notice of permanent disability
q	Non-competition covenants during the term of the Development Agreement	Section 9 3	Except for Franchised Businesses you operate under Franchise Agreements with us, you and your Controlling Principals are prohibited from operating or having an interest in a similar business in the U S or anywhere else we have used, registered or sought to register the Marks or where we operate or license others
r	Non-competition covenants after the Development Agreement is terminated or expires	Section 9 4	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 50 miles of any Franchised Business in the System
s	Modification of the agreement	Section 15 1	Agreement may not be modified unless mutually agreed to in writing, except we may unilaterally decrease the scope of certain non-competition covenants and if you are in default of the Development Agreement, we can modify your territorial and/or development rights

Provision	Section in Development Agreement	Summary
t Integration/merger clause	Section 15 1	Only the terms of the Development Agreement and other related written agreements are binding (subject to state law) Any representations or promises will be binding outside of the disclosure document and Development Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 15 2	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at our headquarters or arbitrated in Toronto, Ontario, subject to state law
v Choice of forum	Section 15 3	Toronto, Ontario
w Choice of law	Section 15 3	Ontario, Canada

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any 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, other than as set forth in this Item 19 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 Jeff Young at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 and (416)385-7705, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For years 2015, 2016, 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	0	0	0
	2016	0	0	0
	2017	0	0	0

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2015, 2016, 2017

State	Year	Number of Transfers
None	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

Table No 3
Status of Franchised Outlets
For years 2015, 2016, 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
None	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Total	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

Table No 4
Status of Company-Owned Outlets
For years 2015, 2016, 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
None	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Total	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Table No 5
Projected Openings as of December 31, 2017

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

A list of the names of all franchisees and developers and the addresses and telephones numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or developer who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this disclosure document when applicable **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the La Carnita Stash House/Sweet Jesus System

There are no trademark-specific organizations formed by our franchisees that are associated with the La Carnita Stash House/Sweet Jesus System

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financial statements for the periods ending December 31, 2015, December 31, 2016 and December 31, 2017 Also attached are our unaudited financial statements for the period ending June 30, 2018

Our fiscal year end is December 31st

ITEM 22
CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments

1	Multi-Unit Development Agreement	Exhibit B
2	Franchise Agreement	Exhibit C
3	Form of General Release	Exhibit H

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document Please return one signed copy to us and retain the other for your records

Exhibit B to the La Carnita Stash House/Sweet Jesus Disclosure Document

MUTI-UNIT DEVELOPMENT AGREEMENT

MONARCH & MISFITS INC

MULTI-UNIT DEVELOPMENT AGREEMENT

____
DEVELOPER

____
DATE OF AGREEMENT

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MONARCH & MISFITS INC

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into by and between Monarch & Misfits Inc , an Ontario corporation having its principal place of business at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 ("Franchisor", "we", "us" or "our") and ________________, a _________ corporation/limited liability company/partnership, having its principal place of business at ______________________________ ("Developer", "you" or "your") on the date this Agreement is executed by us below (the "Effective Date")

WITNESSETH

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of shoppes operating under the name "Sweet Jesus" and restaurants operating under the name "La Carnita Stash House", as well as a dual-branded single location restaurant concept that includes both a Sweet Jesus shoppe and a La Carnita Stash House restaurant The Sweet Jesus shoppe is a quick-serve ice cream shoppe offering a variety of beverages, pastries, and frozen desserts, including soft- serve ice cream with toppings The La Carnita Stash House restaurant is a full-service restaurant offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer A Sweet Jesus shoppe is referred to herein as a "Shoppe", a La Carnita Stash House restaurant is referred to herein as a "Restaurant", and the combined concept business is referred to herein as the "Combination Restaurant" The term "Franchised Business" as used in this Agreement refers to Shoppes, Restaurants, and Combination Restaurants ,

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings, proprietary products and ingredients, restaurant culture, proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, procedures for inventory, management and financial control, training and assistance, and advertising and promotional programs, all of which may be changed, improved, and further developed by us from time to time,

WHEREAS, 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 "Sweet Jesus" and "La Carnita Stash House", and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks"),

WHEREAS, we grant to qualified persons the opportunity to own and operate Franchised Businesses offering and selling the products and services authorized and approved by us and utilizing the System and Marks, and

WHEREAS, you wish to obtain certain rights to develop Franchised Businesses under our System pursuant to the terms and conditions set forth in this Agreement

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows

1 GRANT

1 1 In reliance on the representations and warranties of you and your Controlling Principals (as defined in Section 14 5) hereunder, we hereby grant to you the right (and you hereby accept the obligation), pursuant to the terms and conditions contained in this Agreement, to develop ____________________ (___) Franchised Businesses ("Development Rights") in the geographic area described in Attachment C (the "Development Area") In this regard, the parties further agree that

1 1 1 The Franchised Businesses shall be developed by you pursuant to the development schedule set forth in Attachment C to this Agreement (the "Development Schedule"),

1 1 2 Each Franchised Business developed under this Agreement shall be established and operated pursuant to a separate Franchise Agreement between us and you or your approved affiliate (each, a "Franchise Agreement") that shall be executed as provided in Section 3 below, and

1 1 3 Each Franchised Business developed under this Agreement shall be located in the Development Area

1 2 Except as provided in this Agreement, and subject to your and the Controlling Principals' full compliance with this Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, we shall not establish or authorize any other person or entity, other than you, to establish a Franchised Business within the Development Area during the term of this Agreement

1 3 Notwithstanding the generality of the foregoing section, we retain all other rights, and therefore we shall have the right (among others) on any terms and conditions we deem advisable, and without granting you any rights therein, to

1 3 1 establish, and license others to establish, Franchised Businesses and otherwise sell proprietary products and logoed merchandise under the Marks at or from any location outside of the Development Area,

1 3 2 establish, and license others to establish, Franchised Businesses and otherwise sell proprietary products and logoed merchandise under the Marks at or from any Non-Traditional Site, wherever located As used herein, a "Non-Traditional Site" includes gas stations or convenience stores, transportation facilities, including airports, train stations, subways and rail and bus stations, military bases and government offices, sports facilities, including stadiums and arenas, amusement parks, zoos and convention centers, car and truck rest stops and travel centers, educational facilities, recreational theme parks, hospitals, business or industrial foodservice venues, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos, or any similar captive market location not reasonably available to you, and

1 3 3 sell and distribute, directly and indirectly, proprietary products and logoed merchandise under the Marks using channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales ("alternative distribution channels") anywhere

1 4 The parties hereto acknowledge and agree that this Agreement is not a Franchise Agreement (as defined in Section 3 below) and does not grant to you any right or license to operate a Franchised Business, distribute any goods or services, or any right to use or interest in the Marks

1 5 You understand and acknowledge that this Agreement does not give you the right to develop a Franchised Business at any Non-Traditional Site

2 DEVELOPMENT FEE

Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating

In consideration of the Development Rights granted herein, you shall pay to us a Development Fee of ______________________________ Dollars ($____________) The Development Fee is calculated as Thirty Thousand Dollars ($30,000) for each Franchised Business to be developed hereunder The Development fee is payable in a lump sum upon execution of this Agreement, is fully earned and non-refundable when paid, in consideration of administrative and other expenses incurred by us in entering into this Agreement, and is not credited against any other fees you must pay to us

As our Developer, you are entitled to pay a reduced initial franchise fee for each Franchised Business you develop pursuant to this Agreement The reduced initial franchise fee for a Sweet Jesus Shoppe or a La Carnita Stash House Restaurant is Ten Thousand Dollars ($10,000) The reduced initial franchise fee for a Combination Restaurant is Fifty Thousand Dollars ($50,000)

The reduced initial franchise fee is payable to us in a lump sum upon execution of each Franchise Agreement We expect that you will execute the Franchise Agreement for the first Franchised Business to be developed hereunder contemporaneously with the execution of this Agreement For each additional Franchised Business you develop under this Agreement, you must sign our then-current Franchise Agreement and pay the applicable reduced initial franchise fee immediately upon either (a) the date you sign a lease or purchase agreement for the space in which the Franchised Business will operate and that we have accepted, or (b) ninety (90) days before the scheduled opening of the Franchised Business, whichever occurs first

3 SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3 1 You shall exercise the Development Rights granted hereunder only by entering into a separate Franchise Agreement with us for each Franchised Business for which a Development Right is granted We may, in our reasonable discretion, permit you to exercise such Development Rights through affiliated entities that are either wholly owned subsidiaries of yours or commonly controlled entities with ownership determined by you, provided you first deliver timely notice of such affiliated entities to us for our review prior to signing the applicable Franchise Agreement The Franchise Agreement to be executed for the first Franchised Business to be developed hereunder shall be executed and delivered to us contemporaneously with the execution and delivery of this Agreement All subsequent Franchised Businesses developed under this Agreement shall be established and operated pursuant to the form of franchise agreement then being used by us for Franchised Businesses The then-current form of Franchise Agreement may differ from the form executed and delivered with this Agreement

3 2 3 2 1 Acknowledging that time is of the essence, and subject to the requirements of Section 4, you agree to exercise your Development Rights according to the Development Schedule

3 2 2 (a) You shall open each Franchised Business developed hereunder and shall commence business in accordance with the time periods set forth in the Development Schedule, *provided*

however, you may, subject to our approval, purchase from us an extension of a development period (each, a "Time Extension") as may be necessary to complete construction and commence operation of a Franchised Business Each Time Extension shall be purchased at a cost of Ten Thousand Dollars ($10,000) (the "Time Extension Fee"), and shall run for an additional ninety (90) day period commencing upon the expiration of the applicable development period, including any previous extensions thereof No more than two (2) Time Extensions of any development period will be permitted If a Time Extension of a development period is granted by us, the "Opening Date" (as such term is used in the Franchise Agreement) of the Franchised Business shall be extended accordingly No Time Extension of any development period shall affect the duration of any other development period or any of your other development obligations hereunder If a Time Extension is requested for the final development period, the term of this Agreement shall be extended accordingly, and you shall have no further rights under this Agreement except as expressly provided in Sections 6 and 7 hereof

(b) In the event that you deem it necessary to request a Time Extension for a Franchised Business, you must notify us of your request in writing at least sixty (60) days prior to the projected opening date for such Franchised Business (an "Extension Request") In an Extension Request, you shall include a description of the reasons for such failure to develop in a timely manner and the expected date of completion of construction and opening Simultaneously with your delivery of an Extension Request, you shall pay the Time Extension Fee, *provided however* no Time Extension Fee shall be charged in cases where you can reasonably prove that such delay is directly related to Force Majeure (as defined below)

3 2 3 Your failure to adhere to the Development Schedule (including any Time Extensions thereof approved by us in writing) shall constitute a material event of default under this Agreement, except when such failure is the direct result of an act of God, strikes, lockouts, or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces reasonably beyond your control (collectively, "Force Majeure"), *provided however,* that Force Majeure shall not include your lack of financing

3 2 4 Following your successful completion of the Development Schedule (including any Time Extensions thereof), which is when the final Franchised Business to be developed hereunder has opened, this Agreement shall expire and you shall have no further rights to the Development Area, subject to any territories granted pursuant to individual Franchise Agreements for your Franchised Businesses You are not granted a right of first refusal to acquire additional Development Rights

4 PREREQUISITES TO OBTAINING FRANCHISES

4 1 You understand and agree that this Agreement does not confer upon you a right or franchise to operate any Franchised Business or to use our Marks or our System, but is rather intended by the parties to set forth the terms and conditions which, if fully satisfied by you, shall entitle you to obtain the right to develop Franchised Businesses within the Development Area

4 2 Each of the following conditions and approvals must have occurred or be obtained before the grant of the right by us to develop each Franchised Business shall become effective You must meet each of the operational, financial, and legal conditions set forth below (collectively, the "Conditions") before such rights shall become effective

4 2 1 <u>Operational</u> You shall be in compliance with the Development Schedule and each other provision of this Agreement You and each entity that is controlled by, controlling or under common control with you (collectively, "your Affiliate") must be in material compliance with any and all

other agreements to which we and/or our affiliates are a party (including, without limitation, the Franchise Agreements and any other Multi-Unit Development Agreements) You must be properly conducting the operation of your existing Franchised Businesses, if any, and must be capable of conducting the operation of the proposed Franchised Business (a) in accordance with the terms and conditions of this Agreement, (b) in accordance with the provisions of the respective Franchise Agreement, and (c) in accordance with the standards, specifications, and procedures set forth and described in the "Manuals" (as such term is defined in the Franchise Agreement), as such Manuals may be amended from time to time, or otherwise in writing

4 2 2 Financial You and your Affiliates shall not then be in default, and for the twelve (12) month period preceding your request for financial approval shall not have been in default, of any monetary obligations owed to us or our affiliates under any other agreement to which we and/or our affiliates are a party (including, without limitation, the Franchise Agreements and any other Multi-Unit Development Agreements) You acknowledge and agree that it is vital to our interest that each of our franchisees is financially sound to avoid failure of a Franchised Business and that such failure would adversely affect the reputation and good name of us and our system of franchisees

4 2 3 Legal You must have submitted to us, in a timely manner and in accordance with all applicable federal and state franchise disclosure laws, all information and documents requested by us prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement, and must have taken such additional actions in connection therewith as may be reasonably requested in writing by us from time to time

If we determine, in our reasonable discretion, that you and your Controlling Principals have met all of the Conditions described above, then we shall grant to you the right to develop such additional Franchised Businesses pursuant to the Development Schedule

4 3 You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Business, and for constructing and equipping the Franchised Business at such site You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site is accepted by us as set forth below You acknowledge that the location, selection, procurement and development of a site for the Franchised Business is your responsibility, that in discharging such responsibility you shall consult with real estate and other professionals of your choosing, and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Franchised Business operated at that site will be profitable or otherwise successful

4 4 You shall locate a site for the Franchised Business that satisfies the site selection guidelines provided to you by us and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site We shall have fifteen (15) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Franchised Business

4 5 We shall provide an on-site evaluation of the proposed location for the Franchised Business and you agree to pay our expenses, such as food, transportation, lodging and incidental costs for each site evaluation we conduct No site may be used for the location of the Franchised Business unless it is first accepted in writing by us You acknowledge and agree that our acceptance of a location for the

Franchised Business is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Franchised Business will be profitable Our acceptance of a location for the Franchised Business only signifies that the location meets our then-current minimum criteria for a Franchised Business We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion

4 6 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within fifteen (15) days after execution If you will occupy the premises of the Franchised Business under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within fifteen (15) days after execution No lease or sublease for the Franchised Business premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment B to the Franchise Agreement, is attached to the lease and incorporated therein We shall have fifteen (15) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution If we do not provide our specific approval of the lease, sublease or contract of sale within this fifteen (15) day period, then it shall be deemed not accepted

4 7 We reserve the right to require a rider to the lease that includes the following provisions

4 7 1 During the term of the Franchise Agreement, the premises will be used only for the operation of the Franchised Business

4 7 2 The landlord consents to your use of the Marks, signs, decor items, color schemes and related components of the System (and specific reference is made to our exterior signage requirements)

4 7 3 The landlord agrees to give us copies of any and all letters and notices sent to you related to the lease and the premises, at the same time that these letters and notices are sent to you

4 7 4 We may enter the premises to make any modification necessary to protect the System and Marks or to cure any default under the Franchise Agreement or under the lease, without being guilty of trespass or any other crime or tort The landlord will not be responsible for any expenses or damages owing from our conduct of those activities

4 7 5 If we exercise our option to obtain your lease, you must assign the lease to us when this Agreement expires or terminates, and the landlord will consent to this assignment and will not charge any assignment fee or accelerate rent under the lease

4 7 6 If the lease is assigned, we will agree to assume from the date of assignment only all of your obligations remaining under the lease, and we will assume your occupancy rights, and the right to sublease the premises, for the remainder of the term of the lease We will not pay any amounts owed by you that you incurred before the date of assignment

4 7 7 You will not assign the lease or renew or extend the lease's term without obtaining our written consent first

4 7 8 The landlord and you will not amend or otherwise modify the lease in any manner that could materially affect any of the above requirements without obtaining our written consent first

4 7 9 The terms of the lease rider will supersede any conflicting terms of the lease

4 8 You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Franchised Business premises Prior to beginning the construction of the Franchised Business, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business, and (ii) certify in writing to us that the insurance coverage required by the Franchise Agreement is in full force and effect (or provide us with a certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications

4 9 You must obtain any architectural, engineering and design services you deem necessary for the construction of the Franchised Business at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld You shall adapt the prototypical architectural and design plans and specifications for construction of the Franchised Business provided to you by us as necessary for the construction of the Franchised Business and shall submit such adapted plans to us for our review If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans If we fail to notify you of an objection to the plans within this time period, you may use such plans If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans You acknowledge that our review of such plans relates only to compliance with the System and presentation of the Proprietary Marks, and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application

4 10 You shall commence and diligently pursue construction or remodeling (as applicable) of the Franchised Business Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Franchised Business Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress

5 TERM

Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by us under this Agreement shall expire on the date on which the final Franchised Business to be developed hereunder has opened for business

6 YOUR DUTIES, REPRESENTATION AND WARRANTIES

You and your Controlling Principals (as defined in Section 14 5), as applicable, make the following representations, warranties and covenants and accept the following obligations

6 1 If you are a corporation, limited liability company, partnership, or other form of legal entity other than an individual, you represent and warrant that

6 1 1 You are duly organized and validly existing under the state law of your formation,

6 1 2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification,

6 1 3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the development and operation of Franchised Businesses as contemplated hereunder, unless otherwise consented to by us in writing,

6 1 4 The execution of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by you and are (i) within your corporate power if you are a corporation, (ii) permitted under your operating agreement if you are a limited liability company, or (iii) permitted under your written partnership agreement if you are a partnership,

6 1 5 The ownership interests in you are accurately and completely described in Attachment B (attached hereto), and

6 1 6 You have provided us with your most recent financial statements and such financial statements (i) present fairly your financial position as of the dates indicated therein, and (ii) have been certified as true, complete and correct and were been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and applied on a consistent basis You further represent to us that no material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement (whether accrued, unliquidated, absolute, contingent or otherwise) which are not reflected as liabilities on the financial statements delivered to us

6 2 6 2 1 If you are a corporation, you shall comply with the following requirements throughout the term of this Agreement

(a) Upon our request, you shall promptly furnish us with your articles of incorporation, bylaws, other governing documents, and any other documents we may reasonably request, together with any amendments thereto,

(b) You shall maintain stop transfer instructions against the transfer on your records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear

> THE TRANSFER OF THIS STOCK IS SUBJECT TO THE TERMS AND CONDITIONS OF A MULTI-UNIT DEVELOPMENT AGREEMENT WITH MONARCH & MISFITS INC REFERENCE IS MADE TO THE PROVISIONS OF SAID MULTI-UNIT DEVELOPMENT AGREEMENT AND TO THE ARTICLES AND BYLAWS OF THIS CORPORATION

(d) You shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of you and shall promptly furnish the list to us upon request, and

(e) Such owners of a beneficial interest in the corporation, as we may designate from time to time, shall execute a guarantee of the performance of your obligations under this Agreement in the form required by us

6 2 2 If you are a partnership, limited liability company, or other limited liability entity of any sort, then you shall comply with the following requirements throughout the term of this Agreement

(a) Upon our request, you shall promptly furnish us with your partnership agreement, operating agreement, and/or organizational documents, as applicable, together with any amendments thereto and such other documents we may reasonably request,

(b) You shall maintain stop transfer instructions against the transfer on your records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear

> THE TRANSFER OF ANY EQUITY INTERESTS IN THIS COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS OF A MULTI-UNIT DEVELOPMENT AGREEMENT WITH MONARCH & MISFITS INC REFERENCE IS MADE TO THE PROVISIONS OF SAID MULTI-UNIT DEVELOPMENT AGREEMENT AND TO THE OPERATING AGREEMENT AND/OR PARTNERSHIP AGREEMENT, AS APPLICABLE, OF THIS COMPANY

(d) You shall prepare maintain a current list of all general and limited partners and/or members, as applicable, in you and shall promptly furnish the list to us upon request,

(e) Such owners of a beneficial interest in the partnership, limited liability company, or other limited liability entity, as we may designate from time to time, shall execute a guarantee of the performance of your obligations under this Agreement in the form required by us

6 3 6 3 1 Upon the execution of this Agreement, you shall designate and retain an individual to assume primary responsibility for your operations (the "Operating Principal") If you are an individual, you shall perform all obligations of the Operating Principal The Operating Principal shall, during the entire period he/she serves as such, meet and maintain the following qualifications

(a) The Operating Principal must maintain a direct or indirect majority ownership interest in you Except as may otherwise be provided in this Agreement, the Operating Principal's interest in you shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options

(b) The Operating Principal shall devote substantial full time and best efforts to the supervision and conduct of the business contemplated by this Agreement Operating Principal shall execute this Agreement as one of the Controlling Principals, and shall be individually, jointly and severally bound by all obligations of you, the Operating Principal and the Controlling Principals hereunder

(c) The Operating Principal (and any such designee) shall meet our reasonable standards and criteria for such individual, as set forth in the Manuals as defined herein or otherwise in writing by us

(d) If, during the term of this Agreement, the Operating Principal or any designee is not able to continue to serve in the capacity of Operating Principal or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the Operating Principal or such designee ceases to serve, such replacement being subject to the same qualifications and restrictions listed above You shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement Any failure to comply with the requirements of this Section 6 3 shall be deemed a material event of default under this Agreement

6 3 2 You and the Controlling Principals understand that compliance by all developers and franchisees operating under the System with our training, development and operational requirements is an essential and material element of the System and that we and developers and franchisees operating under the System consequently expend substantial time, effort and expense in training management personnel for the development and operation of their respective Franchised Businesses Accordingly, you and the Controlling Principals agree that if, during the term of this Agreement, you or any Controlling Principal shall, without our consent, designate or employ in a managerial position any individual who is at the time or was within the preceding six (6) months employed in a managerial position by us or any of our affiliates, including, but not limited to, individuals employed by us to work in our Franchised Businesses, or by any other developer or franchisee operating under the System, then such former employer of such individual shall be entitled to be compensated for the reasonable costs and expenses, of whatever nature or kind, incurred by such employer related to training such employee The parties hereto agree that such expenditures may be uncertain and difficult to ascertain and, therefore, agree that the compensation specified herein reasonably represents such expenditures and is not a penalty An amount equal to the compensation of such employee for the six (6) month period (or such shorter time, if applicable) immediately prior to the termination of his employment with such former employer shall be paid by you or the applicable Controlling Principal, as the case may be, prior to such individual assuming the managerial position, unless otherwise agreed with such former employer In seeking any individual to serve in such managerial position, you and the Controlling Principals shall not discriminate in any manner whatsoever against any individual to whom the provisions of this Section apply on the basis of the compensation required to be paid hereunder if you or any Controlling Principal designates or employs such individual The parties hereto expressly acknowledge and agree that no current or former employee of us, our affiliates, you, or of any other entity operating under the System shall be a third party beneficiary of this Agreement or any provision hereof Notwithstanding the above, solely for purposes of bringing an action to collect payments due under this Section, such former employer shall be a third party beneficiary of this Section 6 3 2 We expressly disclaim any representations and warranties regarding the performance of any employee or former employee of us, our affiliates or any developer or franchisee operating under the System who is designated or employed by you or any Controlling Principal in any capacity, and we shall not be liable for any losses, of whatever nature or kind, incurred by you or any Controlling Principal in connection therewith

6 3 3 You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders

6 4 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment D to this Agreement The Controlling Principals shall, jointly and severally, guarantee your

performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein In addition, you shall require and obtain the execution of similar covenants (including covenants applicable upon the termination of a person's employment with you) from all of your personnel who have received or will have access to confidential information

6 5 You shall comply with all other requirements and perform such other obligations as provided hereunder You and the Controlling Principals acknowledge and agree that the representations and warranties set forth above are continuing obligations of yours and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement You will fully cooperate with us in any efforts taken by us to verify your compliance with such representations, warranties and covenants

7 DEFAULT AND TERMINATION

7 1 You shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to you if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you, if you are adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you, if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against you, if a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless a *supersedeas* bond is filed), if you are dissolved, if execution is levied against your business or property, if suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and not dismissed within sixty (60) days, or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable

7 2 You shall be deemed to be materially in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default except as provided below, effective immediately upon written notice to you, upon the occurrence of any of the following events of default

7 2 1 If you fail to meet your obligations under the Development Schedule,

7 2 2 If you fail to execute each Franchise Agreement in accordance with Section 3 1 (or any extension thereof approved by us in writing),

7 2 3 If you or any of the Controlling Principals are convicted of, or shall have entered a plea of *nolo contendere* to,, a felony, a crime involving moral turpitude or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interests therein,

7 2 4 If a threat or danger to public health or safety results from the construction, maintenance or operation of any Franchised Business developed under this Agreement, following twenty-four (24) hours notice from us,

7 2 5 If you fail to designate a qualified replacement Operating Principal within sixty (60) days after any initial or successor Operating Principal ceases to serve as such, all as required under Section 6 3,

7 2 6 If you or any of the Controlling Principals breach in any material respect any of the representations, warranties and covenants in Section 6,

7 2 7 If you or any of the Controlling Principals transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Section 8,

7 2 8 If you or any of the Controlling Principals fail to comply with the covenants in Sections 9 1, 9 2 or 9 3 or if you fail to obtain the execution of the covenants required under Section 9 2 within thirty (30) days following our request that you obtain the execution of such covenants, provided, however, no such breach shall exist if, within said thirty (30) day period, you have commenced reasonable efforts to cure such breach and continue to reasonably prosecute such cure,

7 2 9 If an approved transfer upon death or permanent disability is not affected within the time period and in the manner prescribed by Section 8 5,

7 2 10 If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or with the System or our rights therein and you do not cure such default within twenty-four (24) hours following notice from us,

7 2 11 If you or any of your Affiliates fail, refuse or neglect promptly to pay when due any monetary obligation owing to us or any of our affiliates or vendors under this Agreement, any Franchise Agreement or any other agreement, and you do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply), and

7 2 12 If you or any Controlling Principal (or any person or entity affiliated with or controlled by you or any Controlling Principal) is determined by you to be either (i) repeatedly in default for failure to comply with the requirements of any Franchise Agreement, other Multi-Unit Development Agreement, or other agreement to which we (or an affiliate of ours) is a party (collectively, and as each may be amended from time to time, "Other Agreements"), whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by us, *or* (ii) in material default for failure to substantially comply with the requirements of any Other Agreement, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of such termination

7 3 Except as provided in Section 7 2 above, if you fail to comply with any other term or condition imposed by this Agreement, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination, *provided, however*, that you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us If any such default is not cured within the specified time, or such longer period as applicable law may require, subject to Section 7 4, your rights under this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require

7 4 Upon your default under Section 7 2 or 7 3, we may elect, in lieu of termination, to reduce or eliminate all or only certain of your rights under this Agreement (including, without limitation, reduce the size of the Development Area, reduce the number of Franchised Businesses which you may establish under the Development Schedule, or accelerate the Development Schedule), and if we exercise said election, we shall not have waived our right to, in the case of future defaults, exercise all other rights and invoke all other provisions (including, without limitation, our option to terminate this Agreement) that are provided in law and/or set out under this Agreement

7 5 Upon termination or expiration of this Agreement, you shall have no right to establish or operate any Franchised Businesses for which a Franchise Agreement has not been executed by us at the time of termination Thereafter, we shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between us and you or your Affiliates) You acknowledge our right under Section 2 1 of this Agreement to retain any and all fees paid by you pursuant to the terms hereof

7 6 No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, unless the default is also a default under the terms of such Franchise Agreement

7 7 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity

7 8 Upon termination or expiration of this Agreement, you and the Controlling Principals shall comply with the restrictions on confidential information contained in Section 9 2 and the covenants against competition contained in Section 9 4 Any other person required to execute similar covenants pursuant to Section 9 2 shall also comply with such covenants

8 TRANSFER OF INTEREST

8 1 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations, and (ii) the assignee shall expressly assume and agree to perform such obligations

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party, may go public, may engage in a private placement of some or all of our securities, may merge, acquire other corporations, or be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Monarch & Misfits Inc " as Franchisor Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement

8 2 8 2 1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the

business skill, financial capacity and personal character of you and the Controlling Principals Accordingly, neither you nor any Controlling Principal, nor any successor or assign of you or any Controlling Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement or in you or in any Controlling Principal that is an entity, in each case without our prior written consent Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement

8 2 2 Subject to the requirements of Section 8 4 hereof, if you wish to transfer all or part of your interest in this Agreement or if you or a Controlling Principal wish to transfer any ownership interest in you or in a Controlling Principal that is an entity, then in each such case, the transferor and the proposed transferee shall apply to us for our consent We shall not unreasonably withhold our consent to such a transfer, *provided however*, we may, in our sole discretion, require any or all of the following as conditions of our approval to any such transfer

(a) All the accrued monetary obligations of you and your Affiliates and all other outstanding obligations to us and our affiliates arising under this Agreement, any Franchise Agreement or other related agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner,

(b) You and your Affiliates are not in material default of any provision of this Agreement or any Other Agreement at the time of transfer (and you shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof),

(c) The transferee, transferor, and their respective principals, as applicable, and shall have executed a general release, in a form reasonably satisfactory to us, of any and all prior claims against us and our affiliates, parents, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, prior claims arising under or related to this Agreement, any Franchise Agreement, and any Other Agreement signed in connection therewith and governed by federal, state or local laws, rules, regulations or orders,

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective developer's application for development rights, including, but not limited to, our educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other development areas with respect to which transferee has been granted development rights or of other Franchised Businesses operated by transferee, if any,

(e) The transferee shall execute a Multi-Unit Development Agreement having material terms (including, without limitation, terms regarding the fees, development area, and development schedule) substantially similar in all material respects to this Agreement, together with such other ancillary agreements substantially similar to the forms attached hereto (and if the transferee is a corporation or partnership, transferee's shareholders, partners, or other investors, as applicable, shall also execute such agreements as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements),

(f) The transferor shall remain liable for all of the obligations to us in connection with this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability,

(g) You shall pay us a transfer fee in an amount equal to fifty percent (50%) of the then-current initial franchise fee for the first Franchised Business transferred, plus ten percent (10%) of the then-current initial franchise fee for each additional Franchised Business developed by you in the Development Area to reimburse us for our reasonable internal and external costs and expenses associated with reviewing the application to transfer including, without limitation, legal and accounting fees You understand and acknowledge that the transfer fee is calculated based upon our then-current initial franchise fee for a single unit franchise (determined according to which concept of Franchised Business was developed – Shoppe, Restaurant or Combination Restaurant) as set forth in our Franchise Agreement, and not any reduced initial franchise fee to which you are entitled hereunder, and

(h) If transferee is a corporation, limited liability company, or partnership, transferee shall provide to us evidence satisfactory to us that the terms of Section 6 have been satisfied and are true and correct on the date of transfer

8 2 3 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder

8 3 In the event the proposed transfer is from one or more individuals to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section 8 2 2, *provided, however*, the requirements in Sections 8 2 2(c), (d), (e) and (g) shall not apply so long as the individuals who originally signed this Agreement remain as the owner(s) of all of the capital stock of such entity A transfer pursuant to this Section 8 3 may occur one (1) time only

8 4 If you wish to transfer any or all of your interest in this Agreement or if a Controlling Principal wishes to transfer a controlling ownership interest in you (in either instance, such transferring party being referred to as the "Seller"), then such Seller shall first notify us in writing of each such intent (the "Offer"), and shall provide such information and documentation relating to the Offer as we may require We shall have the right and option, exercisable within thirty (30) days after receipt of such written Offer and copies of all documentation required by us, to send written notice to the Seller that we intend to purchase the Seller's interest on the terms and conditions stipulated in the written Offer In the event that we elect to purchase the Seller's interest, closing on such purchase must occur within the latter of (a) thirty (30) days from the date of notice to the Seller of our election to purchase, (b) thirty (30) days from the date we receive or obtain all necessary documentation, permits and approvals, or (c) such other date as the parties agree upon in writing

If we reject or otherwise fail to accept the Offer, then Seller shall be free to transfer its interest in you or this Agreement, as applicable, upon the identical terms and conditions offered to us in the Offer ("Third Party Offer"), subject to the requirements set forth in Section 8 2 of this Agreement The closing of any transaction involving a Third Party Offer shall be consummated no later than one hundred and eighty (180) days after the date on which the written Offer was first delivered to us In the event a transaction involving a Third Party Offer is not closed within the foregoing time period, the proposed sale shall again be subject to our right of first offer as described herein, unless such subsequent right is waived by us in writing Any material change in the terms of any Third Party Offer prior to closing shall constitute a new Offer to us, and shall be subject to the same right of first offer restrictions set forth above Our failure or refusal to exercise the option afforded by this Section 8 4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 8 relating to a proposed transfer Failure of you or a Controlling Principal to comply with the provisions of this Section 8 4 prior to the transfer of any interest in this Agreement or a controlling interest in you shall constitute a material event of default under this Agreement

8 5 8 5 1 Upon the death of you (if you are a natural person) or any Controlling Principal who has an interest in this Agreement or you (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer the Deceased's interest to either the beneficiary named in the Deceased's will or, if no such beneficiary has been designated, to the deceased's spouse, heirs, or other blood relatives through operation of law, *provided however*, any such transferee(s) must be approved by us If we, in our sole and absolute discretion, disapprove of such transferee(s), then such transferee(s) shall transfer the Deceased's interest to a third party transferee approved by us within twelve (12) months after the Deceased's 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 us, which approval may not be unreasonably withheld or delayed If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased

8 5 2 Upon the permanent disability of you (if you are a natural person) or any Controlling Principal who has an interest in this Agreement or you, we may, in our reasonable discretion, require such interest to be transferred to a third party approved by us within six (6) months after notice to you (or your authorized representative) "Permanent disability" shall mean 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 the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely Permanent disability shall be determined upon examination of the person by a licensed practicing physician approved by us, or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 8 5 2 The costs of any examination required by this Section shall be paid by us For purposes of clarification, you (or your authorized representative) will have the right to select the licensed physician for such examination We only reserve the right to approve of the physician selected as we will be paying the costs Our approval of a physician that you (or your authorized representative) select will not be unreasonably withheld, delayed, or conditioned Our review and approval process of the selected physician will primarily include (i) whether the physician is in fact licensed to practice and is in good standing, and (ii) whether the costs charged by the physician are commensurate with the costs typically charged by other physicians in his/her field

8 5 3 Upon the death or certification of permanent disability of you or any Controlling Principal, you or a representative of yours must promptly notify us of such death or claim of permanent disability Any transfer upon death or certification of permanent disability shall be subject to the same terms and conditions as described in this Section 8 for any *inter vivos* transfer If an interest is not transferred upon death or permanent disability as required in this Section 8 5, then such failure shall constitute a material event of default under this Agreement

8 6 Our consent to a transfer of any interest in you or in this Agreement as described herein shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material compliance with any of the terms of this Agreement by the transferee

8 7 8 7 1 Notwithstanding the provisions of this Section 8 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and our right of first

refusal described in Section 8 4 shall be inapplicable with respect to such transfers so long as prior written notification and identification of the transferees is timely given to us (not later than thirty (30) days prior to such transfer) In addition, the Controlling Principals may transfer their interests to their respective family members (or trusts created for the benefit of such family members) for estate planning purposes with our prior written consent (which consent shall not be unreasonably withheld)

8 7 2 If any person holding an interest in you or this Agreement (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer, together with payment of One Thousand Dollars ($1,000) Such transferee may not be a competitor of ours Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto as Attachment D We also reserve the right to designate the transferee as one of the Controlling Principals

9 COVENANTS

9 1 You and the Operating Principal covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and the Operating Principal shall devote reasonably sufficient (as determined in our sole discretion) time, energy and best efforts to the management and operation of the development activities contemplated under this Agreement

9 2 You and each of the Controlling Principals shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association or corporation and, following the termination or expiration of this Agreement, shall not use for your or their own benefit any confidential information, knowledge, know-how or trade secrets concerning the methods of development and operation of the Franchised Businesses which may be communicated to you or any of the Controlling Principals or of which you and they may be apprised under this Agreement, except in connection with the operation of Franchised Businesses operating under Franchise Agreements with us You and each of the Controlling Principals shall disclose such confidential information only to the Controlling Principals and your personnel who must have access to it in connection with their employment with you Any and all information, knowledge, know-how, trade secrets, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for the purposes of this Agreement Neither you nor the Controlling Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Controlling Principals

9 3 You and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, you and the Controlling Principals will receive valuable training, trade secrets and confidential information which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees, and that you have the right and the obligation, arising from this Agreement, to develop the Development Area for the benefit of the System You and the Controlling Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Businesses and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason for entering into this Agreement In consideration for such specialized

training, trade secrets, confidential information and rights, you and the Controlling Principals covenant that with respect to you, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as described in Section 14 5 of this Agreement) except as otherwise approved in writing by us, which approval shall not be unreasonably withheld or delayed, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership or corporation

9 3 1 Divert, or attempt to divert, any business or customer of the business described hereunder 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

9 3 2 Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Franchised Business, including a food service business that sells the same or substantially similar products and services (a "Competitive Business")

9 4 With respect to you, and for a continuous uninterrupted period commencing upon the expiration or termination of, or transfer of all of your interest in, this Agreement (or with respect to each of the Controlling Principals, commencing upon the earlier of (i) the expiration, termination of, or transfer of all of your interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as described in Section 14 5 of this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation

9 4 1 Divert, or attempt to divert, any business or customer of the business described hereunder 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

9 4 2 Employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by us or any of our affiliates, or by any other developer or franchisee of ours, or otherwise directly or indirectly induce such person to leave that person's employment, *provided however*, that you may employ such person in a managerial position with respect to your operation of a Franchised Business pursuant to the terms of an existing Franchise Agreement applicable to such Franchised Business

9 4 3 Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business, which business is, or is intended to be, located within a fifty (50) mile radius of the location of any Franchised Business in the System So long as you and the Controlling Principals adhere to the confidentiality restrictions set forth in this Agreement and in each of the other agreements signed in connection with this Agreement, the restrictions contained in this Section 9 4 3 shall also not apply to any Franchised Businesses owned and operated by entities in which you or a Controlling Principal owns a minority, passive, and non-voting equity interest

9 5 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Controlling Principals 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 Section

9 6 You and the Controlling Principals understand and acknowledge that we shall have the right, in our reasonable discretion, to reduce the scope of any covenant set forth in Section 9 2, or any portion thereof, without your consent, effective immediately upon notice to you, and you and the Controlling Principals agree that they shall immediately comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 1

9 7 You and the Controlling Principals expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 9 You and the Controlling Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the successful enforcement of this Section

9 8 Failure to comply with the requirements of this Section shall constitute a material event of default under this Agreement You and the Controlling Principals acknowledge that a violation of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Controlling Principals in violation of the terms of this Section You and the Controlling Principals agree to pay all court costs and reasonable legal fees incurred by us in obtaining specific performance, injunctive relief or any other remedy available to us for any violation of the requirements of this Section

10 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10 1 The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose You understand and agree that you are and will be an independent contractor under this Agreement Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind Your employees are not our employees Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency We will not have the power to hire or terminate the employment of your employees You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your business, and that under no circumstance shall we do so or be deemed to do so You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business

10 2 During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your development operations pursuant to Development Rights granted by us You agree to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place in any Franchised Business established under any Franchise Agreement for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manuals, the content and form of which we reserve the right to specify in writing

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf, participating in depositions or other appearances, or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees

10 3 You understand and agree that nothing in this Agreement authorizes you or any of the Controlling Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of yours or any of the Controlling Principals or any claim or judgment arising therefrom

10 4 10 4 1 You and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us and our affiliates, successors and assigns, their respective partners and affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, independent contractors, servants and employees of each of them ("Indemnitees") from all "losses and expenses" (as defined in Section 10 4 4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following

(a) The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Controlling Principals of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any rights to use the Marks, any copyrights or other proprietary information granted to you under an Franchise Agreement),

(b) The violation, breach or asserted violation or breach by you or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard,

(c) Libel, slander or any other form of defamation of us, the System, or any developer or franchisee under the System, by you or by any of the Controlling Principals,

(d) The vıolatıon or breach by you or by any of the Controllıng Prıncıpals of any warranty, representatıon, agreement or oblıgatıon ın thıs Agreement or ın any Franchıse Agreement or other agreement between you or any of your Affilıates and us or any of our affilıates, theır respectıve partners, or the officers, dırectors, shareholders, partners, agents, representatıves, ındependent contractors and employees of any of them, and

(e) Acts, errors or omıssıons of you, any of your Affilıates and any of the Controllıng Prıncıpals and the officers, dırectors, shareholders, partners, agents, ındependent contractors, servants, employees and representatıves of you and your Affilıates ın connectıon wıth the performance of the development actıvıtıes contemplated under thıs Agreement or the establıshment and operatıon of any Franchısed Busıness pursuant to a Franchıse Agreement

10 4 2 You and each of the Controllıng Prıncıpals agree to gıve us ımmedıate notıce of any such actıon, suıt, proceedıng, claım, demand, ınquıry or ınvestıgatıon At the expense and rısk of you and each of the Controllıng Prıncıpals, we may elect to control (but under no cırcumstance are we oblıgated to undertake), and assocıate counsel of our own choosıng wıth respect to, the defense and/or settlement of any such actıon, suıt, proceedıng, claım, demand, ınquıry or ınvestıgatıon Such an undertakıng by us shall, ın no manner or form, dımınısh the oblıgatıon of you and each of the Controllıng Prıncıpals to ındemnıfy the Indemnıtees and to hold them harmless

10 4 3 In order to protect persons or property or our reputatıon or goodwıll, or the reputatıon or goodwıll of others, we may, upon wrıtten notıce to and wrıtten consent from you (whıch consent shall not be unreasonably wıthheld, delayed, or condıtıoned), consent or agree to settlements or take such other remedıal or correctıve actıon as we deem expedıent wıth respect to the actıon, suıt, proceedıng, claım, demand, ınquıry or ınvestıgatıon ıf, ın our reasonable judgment, there are reasonable grounds to belıeve that

(a) any of the acts or cırcumstances enumerated ın Sectıon 10 4 1 above has occurred, or

(b) any act, error or omıssıon as descrıbed ın Sectıon 10 4 1(e) may result dırectly or ındırectly ın damage, ınjury or harm to any person or any property

10 4 4 (a) All losses and expenses ıncurred under thıs Sectıon 10 shall be chargeable to and paıd by you or any of the Controllıng Prıncıpals pursuant to your and theır oblıgatıons of ındemnıty under thıs Sectıon, regardless of any actıon, actıvıty or defense undertaken by us or the subsequent success or faılure of such actıon, actıvıty or defense

(b) As used ın thıs Sectıon 10, the phrase "losses and expenses" shall ınclude, wıthout lımıtatıon, all losses, compensatory, exemplary or punıtıve damages, fines, charges, costs, expenses, legal fees, court costs, settlement amounts, judgments, compensatıon for damages to our reputatıon and goodwıll, costs of or resultıng from delays, financıng, costs of advertısıng materıal and medıa tıme/space and costs of changıng, substıtutıng or replacıng the same, and any and all expenses of recall, refunds, compensatıon, publıc notıces and other such amounts ıncurred ın connectıon wıth the matters descrıbed

10 4 5 You and each of the Controllıng Prıncıpals shall hold harmless and ındemnıfy the Indemnıtees for all losses and expenses whıch may arıse out of any acts, errors or omıssıons of you, the Controllıng Prıncıpals, your Affilıates, the officers, dırectors, shareholders, partners, agents, representatıves, ındependent contractors and employees of you and your Affilıates and any such thırd partıes unless (and then only to the extent that) the claıms, oblıgatıons, or damages are determıned to be

caused by an Indemnitees' negligence or willful misconduct in a ruling issued by a third party arbitrator or a court with competent jurisdiction pursuant to the procedures set forth in Section 15 of this Agreement For purposes of clarification, any finding by a third party arbitrator or a court with competent jurisdiction that the cause of causes of any of such liability is jointly or partly due to the negligence of both an Indemnitee, on one hand, as well as you (or any affiliate) or any Controlling Principal, on the other hand, shall not relieve you and/or any Controlling Principal from the *pro rata* share of their indemnification obligations as contemplated herein

10 4 6 Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you or any of the Controlling Principals You and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Controlling Principals by the Indemnitees

10 4 7 You and the Controlling Principals expressly agree that the terms of this Section 10 4 shall survive the termination, expiration or transfer of this Agreement or any interest herein

11 APPROVALS

11 1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us and such approval or consent shall be obtained in writing

11 2 By providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement (or by reason of any neglect, delay or denial of any request therefor), we make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject

12 NON-WAIVER AND REMEDIES

12 1 No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Controlling Principals under this Agreement shall constitute our waiver to enforce any such right, option, duty or power against you or the Controlling Principals, or as to a subsequent breach or default by you or the Controlling Principals Our acceptance of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement

12 2 All rights and remedies of the parties to this Agreement shall be 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 you or any of your Affiliates and us or any of our affiliates The rights and remedies of the parties to this Agreement shall be continuing and shall 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 our rights pursuant to Section 7 of this Agreement shall not discharge or release you or any of the Controlling Principals 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, the non-prevailing party

shall pay all court costs and reasonable attorneys' fees incurred by the prevailing party in obtaining any remedy available for any violation of this Agreement

13 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile, telegram or email (provided that the sender confirms the facsimile, telegram or e-mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor	Monarch & Misfits Inc 44 Upjohn Rd Toronto, Ontario M3B 2W1 Attention Jeff Young email jeff@monarchandmisfits com
With a copy to	Harold L Kestenbaum, Esq Harold L Kestenbaum, PC 175 Broad Hollow Rd, Suite 175 Melville, New York 11747 Facsimile (516) 745-0293
Notices to Developer and the Controlling Principals	________________ ________________ ________________ Attention ____________ Facsimile ____________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing Business days for the purpose of this Agreement exclude Saturday, Sunday and bank holidays

14 SEVERABILITY AND CONSTRUCTION

14 1 Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties, the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement, and there shall be automatically added such portion, section, part, term or provision as similar

as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation

14 2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you and us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section 8) any rights or remedies under or as a result of this Agreement

14 3 All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement

14 4 All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed jointly and severally undertaken by all of the Controlling Principals

14 5 The term "Controlling Principals" shall include, collectively and individually, (i) all holders of ten percent (10%) or more of the total ownership interest in you or of any entity directly or indirectly controlling you, and (ii) any other person or entity controlling, controlled by or under common control with you As used in this Section 14 5, the terms "*control*" and "*controlling*" shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where such person holds ten percent (10%) or more of the total ownership interest in you, serves on any board of directors or comparable body of you, or acts as an officer, general partner or manager thereof If you are operating as a legal entity as contemplated hereunder, the persons holding an interest in your capital stock shall each be listed on Attachment B

14 6 This Agreement may be executed in counterparts and each copy so executed shall be deemed an original

14 7 This Agreement shall not become effective until signed by an authorized officer of ours

14 8 Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto

15 ENTIRE AGREEMENT, APPLICABLE LAW, DISPUTE RESOLUTION

15 1 This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full and complete agreement between us and you and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Controlling Principals, *provided however*, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

15 2 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes arising out of or in connection with this agreement, or in respect of any legal relationship associated with or derived from this agreement, will be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc The Seat of Arbitration will be Toronto, Ontario The language of the arbitration will be English The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Canada's National Arbitration Rules The decision of the arbitrator(s) will be final and binding on all parties This Section will survive termination or non-renewal of this Agreement under any circumstances Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement

15 3 With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Controlling Principals hereby irrevocably submit themselves to the jurisdiction of the Superior Court of Justice for the Province of Ontario You and the Controlling Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision You and the Controlling Principals hereby 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 by this Agreement by any means allowed by Ontario law You and the Controlling Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Toronto, Ontario, provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any court of Canada which has jurisdiction With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Ontario law

15 4 You, the Controlling Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in this Article 15 provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement Each of you, the Controlling Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement

15 5 You, the Controlling Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect

15 5 2 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other Any and all claims

and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

15 6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us

16 ACKNOWLEDGMENTS

16 1 You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that the success of this business venture involves substantial business risks and will largely depend upon your ability We expressly disclaim making, and you acknowledge that you have not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement

Initials __________

16 2 You acknowledge that you have received, read and understand this Agreement and the related attachments and agreements and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement

Initials __________

16 3 You acknowledge that you received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us and/or our affiliates

Initials __________

[Signature page follows]

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

FRANCHISOR

MONARCH & MISFITS INC
an Ontario corporation

By ______________________________

Name ____________________________

Title ____________________________

Date Accepted ____________________

(The "**Effective Date**")

ATTEST

By ______________________________

Print Name _______________________

DEVELOPER

____

By ______________________________

Name ____________________________

Title ____________________________

By ______________________________

Print Name _______________________

Attachment A to the Multi-Unit Development Agreement

GUARANTY OF CONTROLLING PRINCIPALS

Each of the undersigned acknowledges and agrees as follows

(1) Each has read the terms and conditions of the Multi-Unit Development Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Multi-Unit Development Agreement are in partial consideration for, and a condition to, the granting of the development rights in the Multi-Unit Development Agreement, and that Franchisor would not have granted such rights without the execution of this guaranty and such undertakings by each of the undersigned,

(2) Each is included in the term "Controlling Principals" as described in Section 14 5 of the Multi-Unit Development Agreement,

(3) Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Multi-Unit Development Agreement and is obligated to perform thereunder, and

(4) Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Developer's obligations under the Multi-Unit Development Agreement will be punctually paid and performed Upon default by Developer or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Developer under the Multi-Unit Development Agreement Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Developer or settle, adjust or compromise any claims that Franchisor may have against Developer Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Developer, any default by Developer or any guarantor and any release of any guarantor or other security for this guaranty or the obligations of Developer Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Multi-Unit Development Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect

Additionally, with respect to the individual designated as Operating Principal, Operating Principal acknowledges that the undertakings by Operating Principal under this guaranty are made and given in partial consideration of, and as a condition to, Franchisor's grant of rights to develop Franchised Businesses as described herein, Operating Principal individually, jointly and severally, makes all of the covenants, representations and agreements of Developer and Operating Principal set forth in the Multi-Unit Development Agreement and is obligated to perform hereunder

[Signature Page Follows]

WITNESS	CONTROLLING PRINCIPALS
By ______________________	______________________
Print Name ______________________	*Name ______________________
By ______________________	______________________
Print Name ______________________	Name ______________________
By ______________________	______________________
Print Name ______________________	Name ______________________
By ______________________	______________________
Print Name ______________________	Name ______________________

* Denotes individual who is Developer's Operating Principal

Attachment B to the Multi-Unit Development Agreement

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

A The following is a list of stockholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest

Name	Percentage of Ownership/Nature of Interest

Attachment C to the Multi-Unit Development Agreement

DEVELOPMENT SCHEDULE

The Agreement authorizes and obliges Developer to establish and operate __________ (__) Sweet Jesus Shoppes, __________ (__) La Carnita Stash House Restaurants and/or __________ (__) Sweet Jesus/La Carnita Stash House Combination Restaurants pursuant to a Franchise Agreement for each Franchised Business to be developed hereunder

Development Schedule

1 The first Franchised Business is to be opened by ________, 20___,
2 The second Franchised Business is to be opened by ________, 20___, and
3 The third Franchised Business is to be opened by ________, 20___

Development Area

The Development Area referred to in Section 1 of the captioned agreement shall be

____
____
____
____

In Witness Whereof, each party undersigned hereby acknowledge having read this Attachment understands and consents to be bound by all of its terms, and agrees that it shall become effective the _____ day of ____________ 20___

Attest

____
(Developer)

By ______________________________
Print Name ______________________

By ______________________________
Name ____________________________
Title ____________________________

MONARCH & MISFITS INC

By ______________________________
Print Name ______________________

By ______________________________
Name ____________________________
Title ____________________________

Attachment D to the Multi-Unit Development Agreement

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a ______________________ of __________________ ("Developer"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that

1 Pursuant to a Multi-Unit Development Agreement dated ______________, 20___ (the "Multi-Unit Development Agreement"), Developer has acquired the right and franchise from Monarch & Misfits Inc (the "Company") to develop Sweet Jesus Shoppes, La Carnita Stash House Restaurants and/or Combination Restaurants (each, a "Franchised Business") within the following Development Area __________________________ (the "Development Area")

2 The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of (1) a quick-serve ice cream shoppe operating under the name "Sweet Jesus" offering a variety of beverages, pastries, and frozen desserts, including soft- serve ice cream with toppings, (2) a full-service restaurant operating under the name "La Carnita Stash House" offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer, and (3) a dual-branded single location restaurant concept, operating under both the "Sweet Jesus" and "La Carnita Stash House" names The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information")

3 Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement

4 As ________ of the Developer, the Company and Developer will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Multi-Unit Development Agreement

5 I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Multi-Unit Development Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition

6 The Confidential Information is proprietary, involves trade secrets of the Company, 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 the Company as confidential Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ________________ of the 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 Multi-Unit Development Agreement

7 Except as otherwise approved in writing by the Company, I shall not, while in my position with the Developer, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which (a) is the same as, or substantially similar to, a Franchised Business, or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"), and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Developer, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Multi-Unit Development Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within

7 1 The Development Area,

7 2 Fifty (50) miles of the Development Area, or

7 3 Fifty (50) miles of any Franchised Business operating under the System and the Proprietary Marks

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation

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

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

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

11 This Agreement shall be construed under the laws of the province of Ontario, without regard to the application of Ontario conflict of law rules The only way this Agreement can be changed is in writing signed by both the Developer and me

____

Signature

____

Name

____

Address

____

Title

ACKNOWLEDGED BY DEVELOPER

By ____________________________

Name ____________________________

Title ____________________________

Attachment E to the Multi-Unit Development Agreement

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration The arbitration will occur in Ontario, Canada, with the costs being borne by equally by the parties 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

7 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Ontario, Canada This provision may not be enforceable under California law

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 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

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

11 OUR WEBSITE, www monarchandmisfits com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www corp ca gov

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Article 19 of the Franchise Agreement and Section 15 of the Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Monarch & Misfits Inc 's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement and Multi-Unit Development Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

3 The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

5 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must sign the Franchise Agreement before beginning training

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of __________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows

1 Item 13 of the Disclosure Document and Article 9 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

"In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 7 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

"Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement hereby modified to comply with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement regarding Limitations of Claims are hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

9 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are hereby amended accordingly

10 The Multi-Unit Development Agreement is amended to state we will defer the payment of the initial franchise fee, development fee and any other initial payment until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1 The following information is added to the cover page of the Franchise Disclosure Document

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT I OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005 THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

2 The following is added at the end of Item 3

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark

A No such party has an administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations

B No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

C No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 The following is added to the end of Item 4

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer'

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687 4 and 687 5 be satisfied

6 The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee"

You may terminate the agreement on any grounds available by law

7 The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law"

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement and Section 9 of the Multi-Unit Development Agreement are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require jurisdiction of courts in Toronto, Ontario, are deleted

6 Item 17(w) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

"A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Monarch & Misfits Inc for use in the Commonwealth of Virginia shall be amended as follows

1 Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this ______ day of ______________, 20___

ATTEST

MONARCH & MISFITS INC

____
Witness

By ______________________________
Name ______________________________
Title ______________________________

DEVELOPER

____
Witness

____

Exhibit C to the La Carnita Stash House/Sweet Jesus Disclosure Document

FRANCHISE AGREEMENT

MONARCH & MISFITS INC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

- ☐ Sweet Jesus Shoppe
- ☐ La Carnita Stash House Restaurant
- ☐ Combination Shoppe and Restaurant

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MONARCH & MISFITS INC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement') is made and entered into by and between Monarch & Misfits Inc , an Ontario corporation having its principal place of business at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 ("we", "us" or "our") and ________________, a _________ corporation/limited liability company/partnership, having its principal place of business at ______________________________ ("you" or "your") on the date this Agreement is executed by us below (the "Effective Date")

WITNESSETH

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of shoppes operating under the name "Sweet Jesus" and restaurants operating under the name "La Carnita Stash House", as well as a dual-branded single location restaurant concept that includes both a Sweet Jesus shoppe and a La Carnita Stash House restaurant The Sweet Jesus shoppe is a quick-serve ice cream shoppe offering a variety of beverages, pastries, and frozen desserts, including soft- serve ice cream with toppings The La Carnita Stash House restaurant is a full-service restaurant offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer A Sweet Jesus shoppe is referred to herein as a "Shoppe", a La Carnita Stash House restaurant is referred to herein as a "Restaurant", and the combined concept business is referred to herein as the "Combination Restaurant" The term "Franchised Business" as used in this Agreement refers to Shoppes, Restaurants, and Combination Restaurants Franchised Businesses operate using our proprietary recipes, formulae, techniques, trade dress, trademarks and logos Franchised Businesses offer dine-in and carry-out services, and may provide delivery and catering services with our prior written consent,

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings, proprietary products and ingredients, restaurant culture, proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, procedures for inventory, management and financial control, training and assistance, and advertising and promotional programs, all of which may be changed, improved, and further developed by us from time to time,

WHEREAS, 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 "Sweet Jesus" and "La Carnita Stash House", and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks"),

WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service,

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications, and

WHEREAS, you desire to use the System in connection with the operation of a Franchised Business at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows

ARTICLE 1
GRANT

1 1 Grant of Franchise

In reliance on the representations and warranties of you and your Controlling Principals (as defined in Section 19 17) hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Franchised Business under the Marks and the System in accordance with this Agreement You and the Controlling Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Franchised Business hereunder and not for the purpose of reselling the rights to develop the Franchised Business hereunder You and the Controlling Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Controlling Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Franchised Business is open for business to the public in accordance with Section 2 6, and then only in accordance with Article 14 hereof

1 2 Accepted Location

The specific street address of the Franchised Business location accepted by us shall be set forth in Attachment A ("Location" or "Accepted Location") You shall not relocate the Franchised Business without our express prior written consent, which consent shall not be unreasonably withheld This Agreement does not grant to you the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any location other than the Accepted Location

1 3 Relocation

If you are unable to continue the operation of the Franchised Business at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17 1 3(e)), then you may request our approval to relocate the Franchised Business to another location in the Territory, as that term is defined below, which approval shall not be unreasonably withheld Any other relocation outside the Territory or a relocation of the Franchised Business not caused by force majeure shall also be subject to our prior approval If we elect to grant you the right to relocate the , then you shall comply with the site selection and construction procedures set forth in Article 2 When we notify you of our decision whether to approve or disapprove your request for relocation, you shall pay to us a relocation fee equal to Two Thousand Five Hundred Dollars ($2,500), and you shall reimburse our out-of-pocket expenses related to your relocation request

1 4 Territory

Upon the execution of this Agreement, you will be assigned a designated territory (the "Territory") that will also be described in Attachment A Except as provided in this Agreement, and subject to your and the Controlling Principals' material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish the same brand of Franchised Business in the Territory during the term of this Agreement and any extensions hereof The Territory granted to you hereunder is brand specific By way of example only, if you purchase a La Carnita Stash House Restaurant, we shall not establish or grant franchise rights to another to establish a La Carnita Stash House Restaurant or a Combination Restaurant within your Territory, but we shall not be precluded from establishing or granting franchise rights to another to establish a Sweet Jesus Shoppe within your Territory

You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Franchised Business You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with your Franchised Business You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Franchised Business and only at a location accepted by us

1 5 Our Reserved Rights

1 5 1 Nothing in this Agreement will prohibit us from (a) operating and/or franchising others to operate food service businesses identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Territory that are located in gas stations or convenience stores, transportation facilities, including airports, train stations, subways and rail and bus stations, military bases and government offices, sports facilities, including stadiums and arenas, amusement parks, zoos and convention centers, car and truck rest stops and travel centers, educational facilities, recreational theme parks, hospitals, business or industrial foodservice venues, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos, or any similar captive market location not reasonably available to you ("Non-Traditional Site"), (b) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party's trademark, (c) merchandising and distributing products identified by the Proprietary Marks in the Territory through any method or channel of distribution other than through the operation of a Franchised Business, including distribution of proprietary products through grocery stores, club stores and similar stores, (d) selling and distributing products identified by the Proprietary Marks in the Territory to food service businesses other than Franchised Businesses identified by the Proprietary Marks, provided those food service businesses are not licensed to use the Proprietary Marks in connection with their retail sales, (e) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalogue, (f) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks, and (g) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Franchised Businesses We are not required to pay you any consideration if we exercise any right specified above in the Territory

1 5 2 You understand and acknowledge that if any Non-Traditional Site (as described above) is located within the physical boundaries of your Territory, then the premises of this Non-Traditional Site will not be included in your Territory and you will have no rights to this Non-Traditional Site

1 5 3 This Section 1 5 does not prohibit us or our affiliates from (a) operating and franchising others to operate, during the Initial Term, Franchised Businesses at any location outside of the Territory, (b) operating and franchising others to operate, after this Agreement terminates or expires,

Franchised Businesses at any location, including locations inside the Territory, and (c) operating and franchising others to operate at any location, during or after the Initial Term, any type of food service business other than a Franchised Business

1 5 4 The restrictions contained in this Section do not apply to (a) Franchised Businesses in operation, under lease or construction or other commitment to open in the Territory as of the Effective Date, or (b) establishing a different brand within your Territory after your Franchised Business opens, as described in Section 1 4 above

1 5 5 Except as expressly limited by this Section 1 5, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to the Franchised Business or the economic effect on your Franchised Business or activities under this Agreement

1 6 Forms of Agreement

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement

ARTICLE 2
SITE SELECTION, PLANS AND CONSTRUCTION

2 1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Business within the Territory, and for constructing and equipping the Franchised Business at such site You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site is accepted by us as set forth below You acknowledge that the location, selection, procurement and development of a site for the Franchised Business is your responsibility, that in discharging such responsibility you shall consult with real estate and other professionals of your choosing, and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Franchised Business operated at that site will be profitable or otherwise successful

2 2 Site Selection

2 2 1 If you do not already have possession of a location that we have accepted upon your execution of this Agreement, then prior to acquiring by lease or purchase a site for the Franchised Business, but within thirty (30) days of the date this Agreement is executed, you shall locate a site for the Franchised Business that satisfies the site selection guidelines provided to you by us pursuant to Section 5 1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site We shall have fifteen (15) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Franchised Business

2 2 2 We will conduct an on-site evaluation of your proposed site, at your expense No site may be used for the location of the Franchised Business unless it is first accepted in writing by us You acknowledge and agree that our acceptance of a location for the Franchised Business is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Franchised Business will be profitable Our acceptance of a location for the Franchised Business only signifies that the location meets our then-current minimum criteria for a Franchised Business We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion

2 2 3 If this Agreement is for your first Franchised Business and you cannot locate a suitable site for your Franchised Business within one hundred eighty (180) days after this Agreement is executed, we shall have the right to terminate this Agreement, in which event we will not refund the initial franchise fee you paid

2 2 4 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within fifteen (15) days after execution If you will occupy the premises of the Franchised Business under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within fifteen (15) days after execution No lease or sublease for the Franchised Business premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment B, is attached to the lease and incorporated therein We shall have fifteen (15) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution If we do not provide our specific approval of the lease, sublease or contract of sale within this fifteen (15) day period, then it shall be deemed not accepted

2 2 5 If you elect to sublease the premises for a Shoppe, Restaurant or Combination Restaurant from us or an affiliate of us, as a result of our efforts in securing such premises, you shall execute a sublease agreement in substantially the form attached as Attachment M to this Agreement (the "Sublease") You shall obtain your own attorneys and real estate professionals to review the premises, the Sublease and the master lease between us or our affiliates and the lessor of the premises (the "Master Lease")

In addition, you shall be required to remit your monthly lease payments directly to the lessor and provide proof of such payment, in the form requested, to us If you fail to remit your monthly lease payments to lessor, you shall be required to remit the monthly lease payment directly to us at least fifteen (15) days prior to the lease payment due date We shall then remit the monthly lease payment to lessor

2 2 6 We reserve the right to require a rider to the lease that includes the following provisions

(a) During the term of this Agreement, the premises will be used only for the operation of the Franchised Business

(b) The landlord consents to your use of the Marks, signs, decor items, color schemes and related components of the System (and specific reference is made to our exterior signage requirements)

(c) The landlord agrees to give us copies of any and all letters and notices sent to you related to the lease and the premises, at the same time that these letters and notices are sent to you

(d) We may enter the premises to make any modification necessary to protect the System and Marks or to cure any default under this Agreement or under the lease, without being guilty of trespass or any other crime or tort The landlord will not be responsible for any expenses or damages owing from our conduct of those activities

(e) If we exercise our option to obtain your lease, you must assign the lease to us when this Agreement expires or terminates, and the landlord will consent to this assignment and will not charge any assignment fee or accelerate rent under the lease

(f) If the lease is assigned, we will agree to assume from the date of assignment only all of your obligations remaining under the lease, and we will assume your occupancy rights, and the right to sublease the premises, for the remainder of the term of the lease We will not pay any amounts owed by you that you incurred before the date of assignment

(g) You will not assign the lease or renew or extend the lease's term without obtaining our written consent first

(h) The landlord and you will not amend or otherwise modify the lease in any manner that could materially affect any of the above requirements without obtaining our written consent first

(i) The terms of the lease rider will supersede any conflicting terms of the lease

2 2 7 After a location for the Franchised Business is accepted by us and acquired by you pursuant to this Agreement the location shall be described in Attachment A

2 3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Franchised Business premises Prior to beginning the construction of the Franchised Business, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect (or provide us with a certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications

2 4 Design of Franchised Business

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Franchised Business at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld You shall adapt the prototypical architectural and design plans and specifications for construction of the Franchised Business provided to you by us in accordance with Section 5 3 as necessary for the construction of the Franchised Business and shall submit such adapted plans to us for our review If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans If we fail to notify you of an objection to the plans within this time period, you may use such plans If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans You acknowledge that our review of such plans relates only to compliance with the System and presentation of the Proprietary Marks, and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application

2 5 Build-Out of Franchised Business

You shall commence and diligently pursue construction or remodeling (as applicable) of the Franchised Business Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Franchised Business Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Franchised Business

You acknowledge and agree that you will not open the Franchised Business for business without our written authorization and that our authorization to open shall be conditioned upon your strict compliance with this Agreement and your certification to us, in the form attached hereto as Attachment L, that the Franchised Business has been constructed in compliance with the Americans with Disabilities Act

2 6 Opening Date, Time is of the Essence

You acknowledge that time is of the essence Subject to your compliance with the conditions stated below, you shall open the Franchised Business and commence business within nine (9) months after you execute this Agreement, unless you obtain an extension of such time period from us in writing The date the Franchised Business actually opens for business to the public is herein called the "Opening Date" Prior to opening, you shall complete all exterior and interior preparations for the Franchised Business, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6 2 through 6 7, to our reasonable satisfaction If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17 1 3(e), we shall have the right to prohibit you from commencing business Prior to opening the Franchised Business, and before any renovation to the Franchised Business, you shall execute an Americans with Disabilities Act Certification in the form attached to this Agreement as Attachment L that certifies in writing to us that the Franchised Business and any proposed renovations comply with the Americans with Disabilities Act Your failure to open the Franchised Business and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement

ARTICLE 3
TERM AND RENEWAL

3 1 Term

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the date stated on the first page hereof for a period of ten (10) years ("Initial Term")

3 2 Renewal

This Agreement shall automatically renew for up to two (2) additional terms of five (5) years each, provided the conditions set forth in this Section 3 2 have been met for each such renewal

3 2 1 You shall have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us

3 2 2 You are able to maintain possession of the premises for the Franchised Business (or at relocated premises of which we have approved, as described in Section 1 3) pursuant to a lease reasonably acceptable to us

3 2 3 We shall, within six (6) months before the expiration of the Initial Term, provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of business franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a further initial franchise fee, but will require payment of a renewal fee equal to twenty-five percent (25%) of our then-current initial franchise fee for a single unit franchise of the type being renewed (Shoppe, Restaurant or Combination Restaurant)) (the "Renewal Franchise Documents")

3 2 4 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement You shall return the executed Renewal Franchise Documents to us, together with payment of the renewal fee, by no later than the expiration date of the Initial Term If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 18 and any other provisions that survive termination or expiration of this Agreement

3 2 5 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect your Franchised Business to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Franchised Business in order to bring the Franchised Business up to our then-current image and standards for new Franchised Businesses We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents

3 2 6 We have the right to renew our Master Lease in a time period acceptable with favorable and competitive terms The time period is generally between years eight (8) and ten (10) of the Master Lease You will be given sixty (60) days to review the new terms, and if you elect to renew your sublease, you must comply with the new Master Lease terms and pay the new rental fees in conjunction

with the renewed sublease If you elect not to renew your sublease, you may remain in the franchised location through the end of your current sublease term, and we will pay the difference in the rental fees, if any However, you must vacate the premises at the end of your sublease term

3 3 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us or our affiliates when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable

3 4 Renewal Under Law

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement

3 5 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within the timeframe specified in Section 3 2, or if you provide written notice to us within the final sixty (60) days of the Initial Term indicating that you do not wish to renew this Agreement

ARTICLE 4
FEES

4 1 Initial Franchise Fee

You shall pay to us an initial franchise fee upon the execution of this Agreement based on the type of Franchised Business you are purchasing, as described below The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party

The initial franchise fee payable hereunder is (check one)

☐ Forty Thousand Dollars ($40,000) for the purchase of either a Shoppe or Restaurant franchise, or

☐ Eighty Thousand Dollars ($80,000) for the purchase of a Combination Restaurant, or

☐ As set forth in the Multi-Unit Development Agreement between you (as the developer) and us

If this Agreement is for your first (1st) Franchised Business and if you are unable to find a suitable location for the Franchised Business within one hundred eighty (180) days after this Agreement is executed, then we shall have the option, to be exercised in our discretion, to terminate this Agreement, in which event we shall not refund to you the initial franchise fee you paid

4 2 Royalty Fees

4 2 1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee ("Royalty Fee") as follows

☐ This Agreement is for a Sweet Jesus Shoppe, and the Royalty Fee shall be equal to six percent (6%) of Gross Sales, or

☐ This Agreement is for a La Carnita Stash House Restaurant, and the Royalty Fee shall be equal to five percent (5%) of Gross Sales, or

☐ This Agreement is for a Combination Restaurant, and the Royalty Fee shall be equal to (a) six percent (6%) of Gross Sales made under the Sweet Jesus branded portion of the Franchised Business, plus (b) five percent (5%) of Gross Sales made under the La Carnita Stash House branded portion of the Franchised Business

4 2 2 Such Royalty Fee shall be due and payable on the fifth (5th) day of each month, or the next business day, if the fifth (5th) is not a business day, for the prior month's Gross Sales

4 2 3 Each month during the Initial Term, you shall provide to us a royalty report ("Royalty Report"), in such format as we may require, summarizing your Gross Sales The Royalty Report is due to us not later than the third (3rd) day of each month reporting Gross Sales for the previous calendar month Notwithstanding the foregoing, we have the right to poll your point of sale system directly to obtain such Gross Sales information, but this does not diminish your responsibility to provide us with the required Royalty Report when required If you fail to provide the required Royalty Report when due, you shall pay to us a late reporting fee as described in Section 4 7 below

4 2 4 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you

4 2 5 If this Agreement is for a Restaurant or Combination Restaurant, then the following shall apply if a state or local law in which the Franchised Business is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Franchised Business then we and you shall increase the percentage rate for calculating Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales

4 2 6 You understand and acknowledge that we reserve the right to change the frequency of the payment of Royalty Fees, Brand Development Fees and any other continuing fees payable to weekly, semi-monthly, bi-monthly or another timeframe we designate We will provide you with sixty (60) days' prior written notice of any change in the frequency of required payments

4 3 Brand Development Fee

In addition to the Royalty Fee described in Section 4 2 above, you agree to pay to us a brand development fee ("Brand Development Fee") in an amount equal to one and one half percent (1 5%) of the Franchised Business's Gross Sales Such amount shall be contributed to a Brand Development Fund maintained by us, as described in Section 8 3 below If the Brand Development Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying this Brand Development Fee upon thirty (30) days' advance notice from us that the Brand Development Fund has been established The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee You understand and acknowledge that we have the right to increase this amount to two percent (2%) of Gross Sales upon thirty (30) days' prior written notice to you

We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Brand Development Fund You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Development Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee

4 4 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account each month by electronic funds transfer ("EFT") in the amount of the Royalty Fee, Brand Development Fee and any other payments due to us and/or our affiliates You agree to execute any documents required by us, our bank and/or your bank, including the Electronic Funds Transfer Authorization attached hereto as Attachment E, in order to effectuate EFTs

If you do not report the Franchised Business's Gross Sales as provided in Section 4 2 3 above, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee that we debited If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe to us, once we have been able to determine the Franchised Business's true and correct Gross Sales, we will debit your account for the balance on a day we specify If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following month If payments are not received when due, interest may be charged by us in accordance with Section 4 5 below Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion

4 5 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder Any payment or report not actually received by us on or before its due date shall be deemed overdue Time is of the essence with respect to all payments to be made by you to us All unpaid obligations under this Agreement shall bear interest from the date due until paid at the greater of (i) eighteen percent (18%) per annum, or (ii) the maximum rate allowed by applicable law Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Controlling Principals shall be obligated to pay the excess amount of such interest If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest

4 6 Definition of Gross Sales

For the purposes of determining the Royalty and Brand Development Fees to be paid hereunder, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Franchised Business), whether for cash or credit and regardless of collection in the case of credit If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic cash register system and any cash shortage will not be considered in the determination Gross Sales expressly excludes the following

4 6 1 Receipts from the operation of any public telephone installed in the Franchised Business or products from pre-approved vending machines located at the Franchised Business, except for any amount representing your share of the revenues,

4 6 2 Sums representing sales taxes collected directly from customers, based on present or future laws of federal, state or local governments, collected by you in the operation of the Franchised Business, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that the taxes are actually transmitted to the appropriate taxing authority, and

4 6 3 Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Franchised Business nor having any material effect on the ongoing operation of the Franchised Business required under this Agreement

4 7 Late Reporting Fee

If the reports required by Section 4 2 3 or Article 11 are not received by us as required by such Sections, you shall pay to us a fee of One Hundred Dollars ($100) per day for each day that any required report is not received This fee is reasonably related to our costs resulting from the delay in receipt of any report, is not a penalty, and is in addition to any other remedy available to us under this Agreement for your failure to submit reports in accordance with the terms of this Agreement If you incur three (3) late reporting fees in any twelve (12) month period, you shall be in default of this Agreement for which we may terminate this Agreement

4 8 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement

ARTICLE 5
OUR OBLIGATIONS

We agree to provide the services described below with regard to the Franchised Business

5 1 Site Selection Guidelines

We will provide our written site selection guidelines and such site selection assistance as we may deem advisable

5 2 On-Site Evaluation

We shall provide an on-site evaluation of the proposed location for the Franchised Business You agree to pay our then-current fee for each on-site evaluation we conduct You will also be responsible for the travel, food and lodging and incidental expenses of the representative we send to conduct the evaluation For any on-site evaluation requested by you, we shall not be required to conduct such evaluation until we receive of all required information and materials concerning such site prepared pursuant to Article 2

5 3 Design Plans

We will provide, on loan, one (1) set of prototypical architectural and design plans and specifications for a Shoppe, Restaurant or Combination Restaurant, as applicable You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Franchised Business in accordance with Article 2

5 4 Confidential Operations Manual

We will provide, on loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Section 10 1 The Manuals may, in our discretion, be provided electronically or via an intranet website for all Franchised Businesses in the System

5 5 Visits and Evaluations

We will conduct visits to the Franchised Business and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7 5 6

5 6 Advertising and Promotional Materials

We may provide certain advertising and promotional materials and information developed by us and/or our affiliate from time to time for use by you in marketing and conducting local advertising for the Franchised Business at a reasonable cost to you We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Article 8

5 7 Management and Operations Advice

We will provide advice and written materials concerning techniques of managing and operating the Franchised Business from time to time developed by us, including new developments and improvements in Franchised Business equipment, food products and the packaging and preparation thereof and menu items

5 8 Products for Resale

From time to time and at our reasonable discretion, at a reasonable cost, we will make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier

5 9 Approved Suppliers

We will provide a list of approved suppliers as described in Section 7 4 from time to time as we deem appropriate

5 10 Initial Training Program

We will provide an initial training program for your Operating Principal, your General Manager (as described below), and another employee (for a maximum of three trainees at no additional charge, as well as other training programs in accordance with the provisions of Section 6 5

5 11 Opening Assistance

We will provide on-site opening assistance at the Franchised Business in accordance with the provisions of Section 6 5 2

5 12 Brand Development Fund

We may establish and administer a Brand Development Fund in accordance with Article 8

ARTICLE 6
YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6 1 Use Commercially Reasonable Efforts

Each of you and the Controlling Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales

6 2 Representations of Corporate Entity

If you are a corporation, limited liability company, or partnership, you and the Controlling Principals represent, warrant and covenant that

6 2 1 You are duly organized and validly existing under the state law of your formation,

6 2 2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification,

6 2 3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Franchised Business, unless otherwise consented to in writing by us,

6 2 4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you,

6 2 5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement, or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance

of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement,

6 2 6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment C Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request,

6 2 7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement,

6 2 8 You must have provided us with your most recent financial statements Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements

6 2 9 If, after the execution of this Agreement, any person ceases to qualify as one of your Principals (defined in Section 19 17) or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify him as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person by us as one of your Principals or as a Controlling Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions,

6 2 10 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment D to this Agreement (see Sections 10 2 2 and 10 3 4) The Controlling Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein, and

6 2 11 You and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6 2 1 through 6 2 10 are continuing obligations of you and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement You and the Controlling Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants

6 3 Operating Principal

Upon execution of this Agreement, you shall designate and retain an individual to serve as the Operating Principal of the Franchised Business ("Operating Principal") If you are an individual, you shall perform all obligations of the Operating Principal The Operating Principal shall, during the entire period he/she serves as Operating Principal, meet the following qualifications

6 3 1 The Operating Principal must either serve as the General Manager (as defined in Section 6 4 below) of the Franchised Business or, subject to our approval, designate a qualified individual to serve as the General Manager

6 3 2 The Operating Principal must maintain a ten percent (10%) ownership interest in you or any entity that directly or indirectly controls you, and work on a full-time basis in the Franchised Business Except as may otherwise be provided in this Agreement, the Operating Principal's interest in you shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options

6 3 3 You and the Operating Principal shall devote substantially all of your time and best efforts to the supervision and conduct of the Franchised Business The Operating Principal shall execute this Agreement and the Guaranty as one of the Controlling Principals, and shall be individually, jointly and severally bound by all the obligations contained herein and therein

6 3 4 The Operating Principal shall meet our reasonable standards and criteria for such individual, as set forth in the Manuals or otherwise in writing by us

6 3 5 The Operating Principal shall satisfy the training requirements set forth in Section 6 5 If, during the term of this Agreement, the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us) You shall provide for interim management of the Franchised Business until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement Any failure to materially comply with the requirements of this Section 6 3 shall be deemed a material event of default under Section 17 1 3(o) hereof

6 4 General Manager

You shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Franchised Business The General Manager may be the Operating Principal and shall be responsible for the daily operation of the Franchised Business and may be one of the Controlling Principals The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications

6 4 1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us,

6 4 2 The General Manager shall devote full time and best efforts to the supervision and management of the Franchised Business,

6 4 3 The General Manager shall be an individual acceptable to us, and

6 4 4 The General Manager shall satisfy the training requirements set forth in Section 6 5 If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly (not later than seven (7) days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us) You shall provide for interim management of the Franchised Business until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement Any failure to materially comply with the requirements of this Section 6 4 shall be deemed a material event of default under Section 17 1 3(o) hereof

6 5 Training

You agree that it is necessary to the continued operation of the System and the Franchised Business that your personnel receive such training as we may reasonably require, and accordingly agree as follows

6 5 1 Not later than thirty (30) days prior to the scheduled Opening Date, your Operating Principal, General Manager and one (1) additional trainee shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Franchised Business at such location(s) as may be designated by us We shall provide instructors and training materials for the initial training program for three (3) trainees at no additional charge to you, provided that we shall have the right to charge a reasonable fee for such training of any additional managers or personnel

We shall determine, in our reasonable discretion, whether the Operating Principal and/or the General Manager has satisfactorily completed initial training If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the Operating Principal and/or General Manager, or (c) if we in our reasonable business judgment, based upon the performance of the Operating Principal or General Manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training Any Operating Principal or General Manager subsequently designated by you shall also receive and complete such initial training We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other personnel You shall be responsible for any and all expenses incurred by your Operating Principal, your General Manager and/or other personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages

6 5 2 In connection with the opening of the Franchised Business, we shall provide you with one (1) of our representatives to provide on-site pre-opening and opening training, supervision, and management assistance to you for up to two (2) weeks, including the week before and the week after your soft opening The amount of time provided for opening assistance will be determined by us, in our discretion You must reimburse the expenses our representative incurs, including travel, lodging and meals If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day our representative provides assistance, in addition to any additional expenses incurred If this Agreement is for your second (2nd) or later Franchised Business, we reserve the right to not provide opening assistance or to reduce the amount of opening assistance provided

6 5 3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your Franchised Business

personnel For additional training and assistance requested by you, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals The per diem fee will not be charged if such assistance is provided based on our determination that such training and assistance is necessary, however, we reserve the right to charge for our representative's reasonable expenses incurred in connection with such training and assistance

6 5 4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Franchised Business Such training programs and seminars may be offered to you, your managers or other personnel generally, and we may designate that such training programs and seminars are mandatory for your Operating Principal, your General Manager, and/or other personnel We do not anticipate charging a fee for such training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages

6 6 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Franchised Business operators, which meetings shall not occur more frequently than annually We shall not be required to hold such meetings until we believe it is prudent to do so These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your General Manager, and/or other personnel We do not anticipate charging a fee for the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages

6 7 Hiring Practices

You and the Controlling Principals understand that compliance by all franchisees and multi-unit operators operating under the System with our training, development and operational requirements is an essential and material element of the System and that we and franchisees and developers operating under the System consequently expend substantial time, effort and expense in training management personnel for the development and operation of their respective Franchised Businesses Accordingly, you and the Controlling Principals agree that if you or any Controlling Principal shall, during the term of this Agreement, designate as General Manager or employ in a managerial position any individual who is at the time or was within the preceding ninety (90) days employed in a managerial or supervisory position by us or our affiliates, including, but not limited to, individuals employed to work in Franchised Businesses operated by us or by our affiliates, or by any other franchisee, then such former employer of such individual shall be entitled to be compensated for the reasonable costs and expenses, of whatever nature or kind, incurred by such employer in connection with the training of such employee The parties hereto agree that such expenditures may be uncertain and difficult to ascertain and therefore agree that the compensation specified herein reasonably represents such expenditures and is not a penalty An amount equal to the compensation of such employee for the six (6) month period (or such shorter time, if applicable) immediately prior to the termination of his employment with such former employer shall be paid by you to the former employer prior to such individual assuming the position of General Manager or other managerial position unless otherwise agreed with the former employer In seeking any individual to serve as General Manager, or in such other managerial position, you and the Controlling Principals shall not discriminate in any manner whatsoever to whom the provisions of this Section apply, on the basis of the compensation required to be paid hereunder, if you or any Controlling Principal designate or employ such individual The parties hereto expressly acknowledge and agree that no current or former employee of us, you, or of any other entity operating under the System shall be a third party beneficiary of this Agreement or any provision hereof Notwithstanding the above, solely for purposes of bringing an action to collect payments due under this Section, such former employer shall be a third party beneficiary of this Section 6 7 We hereby expressly disclaim any representations and warranties regarding the performance of any employee or former employee of ours, or any franchisee or multi-unit operator under the System who is designated as your General Manager or employed by you or any of the Controlling Principals in any capacity, and we shall not be liable for any losses, of whatever nature or kind, incurred by you or any Controlling Principal in connection therewith

6 8 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government

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

6 9 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder

ARTICLE 7
FRANCHISE OPERATIONS

7 1 Compliance with Standards

You understand the importance of maintaining uniformity among all of the Franchised Businesses and the importance of complying with all of our standards and specifications relating to the operation of the Franchised Business

7 2 Maintenance of Franchised Business

You shall maintain the Franchised Business in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and decor as we may reasonably direct in order to maintain System-wide integrity and uniformity You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Franchised Business or to provide the Franchised Business services by alternative means, such as through catering or delivery arrangements Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Franchised Business or its premises without our prior written approval, which shall not be unreasonably withheld

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Franchised Business or the Accepted Location and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Accepted Location and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting

7 3 Remodeling and Redecorating

To assure the continued success of the Franchised Business, you shall, upon our request, remodel and/or redecorate the Franchised Business premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Franchised Business to our then-current System-wide standards and specifications We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Franchised Business franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Franchised Business premises as described herein

7 4 Approved Suppliers

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Franchised Business Except as provided in Sections 7 6 and 7 7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Franchised Businesses and who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved in writing by us prior to any purchases by you from any such supplier, and who have not thereafter been disapproved by us

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so, together with payment of our then-current evaluation fee You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria Nothing herein shall be construed to require us to approve any particular supplier

You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate If we do so, then you hereby acknowledge that you will not assert any interest in such monies

7 5 Operation of Franchised Business in Compliance with Our Standards

To ensure that the highest degree of quality and service is maintained, you shall operate the Franchised Business in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing In particular, you also agree

7 5 1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, as well as delivery and catering with our prior consent only, only as expressly authorized by us in writing in the Manuals or otherwise in writing

7 5 2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us, to refrain from deviating from our standards and specifications without our prior written consent, and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time

7 5 3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, merchandise, supplies and paper goods that conform to our standards and specifications, to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients, and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent

7 5 4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Business, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications

7 5 5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), decor items, signs, delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Franchised Business premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, decor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment

7 5 6 To grant us and our agents the right to enter upon the Franchised Business premises and any delivery/catering vehicle, during normal business hours, for the purpose of conducting inspections, to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand

7 5 7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time

7 5 8 To install and maintain equipment and a high speed telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Franchised Business premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Franchised Business, Gross Sales and such other information as may be contained or stored in such equipment and software You shall obtain and maintain Internet access or other means of electronic communication, as specified by us from time to time It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement We shall have access as provided herein at such times and in such manner as we shall from time to time specify

7 5 9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices

7 5 10 To sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Franchised Business in the System You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Franchised Businesses and for making timely payment to us, other operators of Franchised Businesses, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by us or other Franchised Business operators We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs

7 6 Proprietary Products

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System and for retail sale certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand

7 7 Advertising and Promotional Materials

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks

7 8 Complaints

You shall process and handle all consumer complaints connected with or relating to the Franchised Business, and shall promptly notify us by telephone and in writing of all of the following complaints (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars ($500 00), and (iv) any other material claims against or losses suffered by you You shall maintain for our inspection any governmental or trade association inspection reports affecting the Franchised Business or equipment located in the Franchised Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination of this Agreement

7 9 Power of Attorney for Telephone Listings, etc

Upon the execution of this Agreement or at anytime thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including the agreements attached hereto as Attachment F, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 18 15 (i) all rights to the telephone numbers of the Franchised Business and any related and other business listings, and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business You agree that you have no authority to and shall not establish any website or listing on the Internet or World Wide Web without our express written consent, which consent may be denied without reason

7 10 Power of Attorney for Taxes

Upon execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including, but not limited to, Attachment G hereto, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by you with any state or federal taxing authority relating to the Franchised Business

7 11 Vehicles

If we authorize you to conduct delivery and/or catering services, we anticipate that your employees will use their personal vehicles to provide any such services from your Franchised Business We reserve the right to require you to have temporary signage placed on each delivery vehicle We expect that all delivery vehicles will be kept clean, in good working order and properly insured You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use

7 12 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Five Hundred Dollars ($500) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law

7 13 Customer Surveys

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Franchised Business Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers

7 14 Mystery Shopper Service

We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchised Businesses You agree that the Franchised Business will participate in such mystery shopper program, as prescribed and required by us, provided that Franchised Businesses owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program

7 15 Pricing

Where permitted by applicable law, we may provide you written advice regarding the maximum prices which you may charge your customers for menu items, products and services provided or sold under the System Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit You are obligated to inform us of all prices charged for products sold by you and to inform us of any modifications of your prices We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Franchised Business, recommending retail prices, advertising specific retail prices for some or all programs, products or sold by your Franchised Business, which prices you agree to observe (sometimes known as "price point advertising campaigns"), engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as "buy one, get one free"), and, otherwise mandating, directly or indirectly, the maximum retail prices which your Franchised Business may charge the public for the programs, products and services it offers We may engage in any such activity at any time throughout the Initial Term of this Agreement Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others You acknowledge and agree that any maximum or other prices we establish or suggest may or may not optimize the revenues or profitability of your Franchised Business You entirely waive any and all claims related to our establishment of prices charged at your Franchised Business

7 16 On-Line Ordering

You agree to participate in the on-line ordering program that we designate, and to pay the costs associated therewith to the designated supplier Such on-line ordering program will permit your customers to place orders on-line at your Franchised Business

ARTICLE 8
ADVERTISING AND PROMOTION

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows

8 1 Participation in Advertising & Brand Development Programs

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you

We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Franchised Business, along with other Franchised Businesses , will be required to offer and sell This activity, referred to as "cobranding", may involve changes to the Proprietary Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Franchised Business If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so Under no circumstance will any cobranding program increase your Royalty Fees, Brand Development Fee or local advertising expenditure obligations under this Agreement

8 2 Local Advertising

In addition to the Brand Development Fee set forth herein, , you shall spend each month throughout the term of this Agreement an amount equal to one percent (1%) of Gross Sales on advertising and promotion of your Franchised Business in your Territory ("Local Advertising") You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all marketing and any other information that we require

8 3 Brand Development Fund

We reserve the right to establish and administer a Brand Development Fund for the purpose of advertising the System on a regional or national basis (the "Brand Development Fund") You agree to contribute to the Brand Development Fund as described in Section 4 3 above You agree that the Brand Development Fund shall be maintained and administered by us or our designee as follows

8 3 1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof You agree and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System We and our affiliates shall, with respect to Franchised Businesses operated by us, contribute to the Brand Development Fund generally on the same basis as you In administering the Brand Development Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising We shall be entitled to reimbursement from the Brand Development Fund for our reasonable expenses in

managing the Brand Development Fund (including indirect costs such as salaries for our employees who devote time and effort to Brand Development Fund related activities and overhead expenses) and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee) The Brand Development Fund and its earnings shall not otherwise inure to our benefit

8 3 2 You agree that the Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns, direct mail and outdoor billboard advertising, internet marketing, product research and development, public relations activities, employing advertising agencies to assist therein, menu and product development, development and maintenance of our website, website and e-mail hosting, social media initiatives, and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us) All sums paid by you to the Brand Development Fund may be commingled with our general funds but will be accounted for separately by us The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above

8 3 3 An annual statement of the operations of the Brand Development Fund shall be prepared annually by us and shall be made available to you upon request This statement of operations is not required to be unaudited

8 3 4 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year Although the Brand Development Fund is intended to be of perpetual duration, we may terminate the Brand Development Fund The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by us, without interest, on the basis of their respective contributions

8 3 5 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein

8 3 6 Notwithstanding the foregoing, money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Franchised Business and use in Local Advertising, at your expense The Brand Development Fund may also develop new menus and table tents for use by all Franchised Businesses in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used

8 4 Conduct of Advertising, Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials If we do not provide our specific approval of the proposed materials within this fifteen (15) days period, the proposed materials are deemed to be not approved Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials You shall not advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent

We reserve the right to require you to include certain language on all advertising to be used locally by you, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website

8 5 Grand Opening Advertising

In addition to the ongoing advertising contributions set forth herein, you shall be required to spend between Ten Thousand Dollars ($10,000) and Twenty Thousand Dollars ($20,000) on a grand opening advertising campaign to advertise the opening of the Franchised Business The grand opening advertising campaign shall be conducted generally in the sixty (60) day period comprising thirty (30) days prior to and thirty (30) days following the Franchised Business's opening, or such other period of time as we may designate All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Article 8 Your grand opening advertising campaign must include the give-aways and other promotions as we require We reserve the right to require you to give the grand opening advertising campaign monies to us and we will conduct the grand opening advertising campaign on your behalf

8 6 Websites

8 6 1 We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage

8 6 2 Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Sweet Jesus Shoppes and La Carnita Stash House Restaurants – also be devoted in part to offering Sweet Jesus Shoppe and La Carnita Stash House Restaurant franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve

8 6 3 In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done You may not maintain your own website, otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business, establish a link to any website we establish at or from any other website or page, or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Sweet Jesus" or "La Carnita Stash House" names or any name confusingly similar to the Marks

8 6 4 Unless we give you our permission, you are not permitted to promote your Franchised Business or use any of the Marks in any manner on websites or apps, such as Facebook, Snapchat, Instagram, LinkedIn or Twitter We will control all social media initiatives

8 6 5 We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage

8 7 Advisory Council

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Franchised Businesses, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority The advisory council will include franchisee representatives and our representatives The franchisee representatives may be chosen by us or may be elected by other franchisees in the System If you participate in an advisory council, you will pay for any costs or expenses you incur related to your participation, such as travel and living expenses related to attending council meetings We will have the right to form, change, merge or dissolve any advisory council

ARTICLE 9
MARKS

9 1 Use of Marks

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications

9 2 Ownership of Marks, Limited License

You expressly understand and acknowledge that

9 2 1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them All references herein to our right, title and interest in the Marks shall be deemed to include the owner's right, title and interest in the Marks

9 2 2 Neither you nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Franchised Business and only at or from its accepted location or in approved advertising related to the Franchised Business

9 2 3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks

9 2 4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks

9 2 5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks

9 2 6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks

9 2 7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us We shall not have any obligation in such event to reimburse you for your documented expenses of compliance You waive any other claim arising from or relating to any Mark change, modification or substitution We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages

9 3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that

9 3 1 Unless otherwise authorized or required by us, you shall operate and advertise the Franchised Business only under the name "Sweet Jesus" and/or "La Carnita Stash House", as applicable based on the franchise you elect to purchase, without prefix or suffix You shall not use the Marks as part of your corporate or other legal name, and shall obtain our approval of a trade name or "d/b/a" prior to filing it with the applicable state authority

9 3 2 During the term of this Agreement and any renewal hereof, you shall identify yourself as the independent owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business or any delivery vehicle as we may designate in writing

9 3 3 You shall not use the Marks to incur any obligation or indebtedness on our behalf,

9 3 4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability

9 4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Controlling Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Controlling Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement

9 5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1

9 5 1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees,

9 5 2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you, and

9 5 3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us

ARTICLE 10
CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10 1 Confidential Operations Manuals

10 1 1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business We reserve the right to provide such Manuals, materials and/or directives electronically

10 1 2 You and the Controlling Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10 You and the Controlling Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Franchised Business You and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above

10 1 3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement

10 1 4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement

10 1 5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business You shall remove and return to us all pages of the Manual that have been replaced or updated by us You expressly agree to comply with each new or changed standard

10 1 6 You shall at all times ensure that the Manuals are kept current and up to date In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control

10 1 7 We will charge a replacement fee of One Thousand Dollars ($1,000) for any replacement copy of the Manuals or video requested by you

10 2 Confidential Information

10 2 1 Neither you nor any Controlling Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement You and the Controlling Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Business Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement Neither you nor the Controlling Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Controlling Principals

10 2 2 You shall require and obtain the execution of covenants similar to those set forth in Section 10 2 1 from your General Manager and all other of your personnel who have received or will have access to confidential information Such covenants shall be substantially in the form set forth in Attachment D All of your Principals not required to sign this Agreement as a Controlling Principal (including your Operating Principal) also must execute such covenants

10 2 3 If you, the Controlling Principals, Operating Principal, General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all necessary related information, without compensation You and the Controlling Principals, Operating Principal, General Manager or other employee acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate

10 3 Non-Competition

10 3 1 You and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, you and the Controlling Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees You and the Controlling Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees), you and the Controlling Principals covenant that with respect to you, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as described in Section 19 17 of this Agreement), except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation

(a) Divert, or attempt to divert, any business or customer of the Franchised Business 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) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Franchised Business, including a food service business which offers and sells the same or substantially similar food products (a "Competitive Business") without our prior written consent

10 3 2 With respect to you, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of (i) the expiration, termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as described in Section 19 17 of this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder 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) Employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by us, or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing multi-unit operator agreement or franchise agreement between us and you

(c) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a fifty (50) mile radius of the location of any Franchised Business in the System

10 3 3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Controlling Principals 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 Section

(a) You and the Controlling Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10 3, or any portion thereof, without their consent, effective immediately upon notice to you, and you and the Controlling Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19 2 hereof

(b) You and the Controlling Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section

(c) Sections 10 3 1(b) and 10 3 2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation

10 3 4 You shall require and obtain execution of covenants similar to those set forth in this Section 10 3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us Such covenants shall be substantially in the form set forth in Attachment D All of your Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment D or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10 3 4

10 4 Failure to Comply

You and the Controlling Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof You and the Controlling Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Controlling Principals in violation of the terms of this Section You and the Controlling Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section

ARTICLE 11
BOOKS AND RECORDS

11 1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing

11 2 Reports

In addition to the Royalty Report required by Article 4 hereof, you shall comply with the following reporting obligations

11 2 1 You shall, at your expense, submit to us, in the form prescribed by us, a reports of Gross Sales and a profit and loss statement for each calendar quarter (which may be unaudited) for you within fifteen (15) days after the end of each calendar quarter during the term hereof Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct,

11 2 2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of operations of you during such fiscal year, we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11 3, and

11 2 3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing

11 3 Inspections, Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Franchised Business You shall make such books and records available to us or our designees immediately upon request If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4 5 If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees) These remedies shall be in addition to any other remedies we may have at law or in equity

11 4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you

11 5 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Franchised Business You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties

11 6 We are Attorney-in-Fact

Notwithstanding any forms and documents which may have been executed by you under Section 7 10, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business This power of attorney shall survive the expiration or termination of this Agreement

ARTICLE 12
INSURANCE

12 1 You shall procure, before beginning construction or build-out of the Franchised Business, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business

12 2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law Currently you must maintain the following insurance

12 2 1 Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and fire damage coverage, in the amount of Two Million Dollars ($2,000,000) combined single limit,

12 2 2 "All Risks" coverage for the full cost of replacement of the Franchised Business premises and all other property in which you may have an interest with no coinsurance clause for the premises,

12 2 3 Crime insurance for employee dishonesty in the amount of Ten Thousand Dollars ($10,000) combined single limit

12 2 4 Business interruption insurance to cover expenses for a period of not less than three hundred sixty five (365) days

12 2 5 Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than Two Million Dollars ($2,000,000) combined single limit

12 2 6 Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, a legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to us, provided that (i) you maintain an excess indemnity or "umbrella" policy covering employer's liability and/or a medical/disability policy covering medical expenses for on-the-job accidents, which policy or policies shall contain such coverage amounts as you and we shall mutually agree upon and (ii) you conduct and maintain a risk management and safety program for your employees as you and we shall mutually agree is appropriate

12 2 7 Liquor liability coverage in the amount of Five Million Dollars ($5,000,000), if this Agreement is for a Restaurant or Combination Restaurant

12 2 8 Such other insurance as may be required by the state or locality in which the Franchised Business is located and operated, as may be required by the lease for the premises, or as we may require in the future

12 2 9 You may, with our prior written consent, elect to have reasonable deductibles in connection with the coverage required under Sections 12 2 1 through 12 2 7 hereof All such policies shall also include a waiver of subrogation in favor of us, our affiliates, parents and partners and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them

12 3 In connection with any construction, renovation, refurbishment or remodeling of the Franchised Business, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us

12 4 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement

12 5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees

12 6 Before beginning construction of the Franchised Business, and thereafter within ten (10) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies

12 7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee The foregoing remedies shall be in addition to any other remedies we may have at law or in equity

12 8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies

12 9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Franchised Business, and you agree to comply with any such changes, at your expense

ARTICLE 13
DEBTS AND TAXES

13 1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement

13 2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes

13 3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon

13 4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation

13 5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, other governmental instrumentality or by a third party against you or an insurer, which may adversely affect the operation or financial condition of the Franchised Business

ARTICLE 14
TRANSFER OF INTEREST

14 1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations, and (ii) the assignee shall expressly assume and agree to perform such obligations

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party, may go public, may engage in a private placement of some or all of our securities, may merge, acquire other corporations, or be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Monarch & Misfits Inc " as Franchisor Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement

14 2 Transfer by You

14 2 1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Controlling Principals Accordingly, neither you nor any Controlling Principal, nor any successor or assignee of you or any Controlling Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise),

transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business and/or any of the Franchised Business's material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Controlling Principal that is an entity, in each case without our prior written consent Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement

14 2 2 If you wish to transfer all or part of your interest in the Franchised Business, any of the Franchised Business's material assets (except as provided in Section 14 2 1 above) or this Agreement, or if you or a Controlling Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Controlling Principal that is an entity, then in each such case (any or all of which are referred to in this Article 14 as a "Restricted Transfer"), transferor and the proposed transferee shall apply to us for our consent We shall not unreasonably withhold our consent to a Restricted Transfer We may, in our sole discretion, require any or all of the following as conditions of our approval

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner,

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations,

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity and number of other Franchised Businesses owned or operated by transferee,

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement, and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements,

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this

Agreement, including, without limitation, the then-current Royalty Fee and Brand Development Fee, provided, however, that the transferee shall not be required to pay any initial franchise fee,

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Franchised Business and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us,

(h) The transferor shall remain liable for all of the obligations to us in connection with the Franchised Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability,

(i) At the transferee's expense, the transferee, the transferee's Operating Principal, General Manager and/or any other applicable personnel shall complete any training programs then in effect for franchisees of Franchised Businesses upon such terms and conditions as we may reasonably require,

(j) You shall pay to us a transfer fee equal to (i) twenty-five percent (25%) of the then current initial franchisee fee for a single unit franchise of the type being transferred, or (ii) five percent (5%) of the purchase price, whichever is greater, plus (A) Two Thousand Five Hundred Dollars ($2,500) for our review of the request for transfer and (B) legal fees of Four Thousand Dollars ($4,000) plus disbursements for preparation of all transfer documents This fee is to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees,

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer

14 2 3 You shall not grant a security interest in the Franchised Business or in any of your assets without our prior written consent, which shall not be unreasonably withheld In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours

14 2 4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder

14 3 Transfer to a Corporation or Limited Liability Company

In the event the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14 2 2, except that the requirements set forth at Sections 14 2 2(c), 14 2 2(d), 14 2 2(f), 14 2 2(g), 14 2 2(i), 14 2 2(j) and 14 2 2(k) shall not apply With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer A transfer under this Section 14 3 may occur one (1) time only

14 4 Our Right to Purchase Business

14 4 1 If you wish to transfer all or part of your interest in the Franchised Business or this Agreement or if you or a Controlling Principal wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer Our failure or refusal to exercise the option afforded by this Section 14 4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14, with respect to a proposed transfer

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "Offer Terms") In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer Our failure or refusal to exercise the option afforded by this Section 14 4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer

(b) Notwithstanding the provisions of Section 14 4 1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a "Change of Control", we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14 4 1(a) as an offer to assign to us all of your rights under this Agreement and to the Franchised Business (including lease and contract rights and other assets of you and your affiliates used in connection with the Franchised Business, excluding the assets of your benefit plans) (collectively, the "Franchised Business Interests") As used in this Section 14 4 1(b), Change of Control means any circumstance resulting in one or more of your Controlling Principals ceasing to be a Principal and/or the addition of any new Principal In such case, we shall notify you of the special election provided for in this Section 14 4 1(b) at the time we exercise our option as provided in Section 14 4 1(a) The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14 4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Franchised Business Interests, determined in a manner consistent with Section 18 11 1 As used herein, "Implied Market Price" shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18 11 1) of any assets included in the Restricted Transfer that are not related to the Franchised Business If you have more than one (1) Franchised Business, then the Implied

Market Price shall, unless otherwise agreed by us and you, be allocated among all Franchised Businesses equally

(c) We may assign our rights under this Section 14 4 to any other person or entity, subject to Section 14 1 above

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14

14 4 2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us

14 4 3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Franchised Business or this Agreement shall constitute a material event of default under this Agreement

14 5 Death or Disability

14 5 1 Upon your death (if you are a natural person) or upon the death of any Controlling Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the 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 us If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased

14 5 2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Controlling Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 14 within six (6) months after notice to you "Permanent disability" shall mean 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 the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14 5 The costs of any examination required by this Section shall be paid by us

14 5 3 Upon the death or claim of permanent disability of you or any Controlling Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence Any transfer upon death or permanent disability shall be subject to

the same terms and conditions as described in this Section for any *inter vivos* transfer If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement

14 5 4 In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business to our required standards, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties

14 6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee

14 7 Transfer Among Owners

If any person holding an interest in you, this Agreement or the Franchised Business (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer, together with payment of One Thousand Dollars ($1,000) Such transferee may not be a competitor of ours Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto as Attachment D (see Sections 10 2 2 and 10 3 4) We also reserve the right to designate the transferee as one of the Controlling Principals Notwithstanding the provisions contained in Section 14 2 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred

ARTICLE 15
INDEMNIFICATION

15 1 Indemnification by You

You and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees"), from all "losses and expenses" (as defined in Section 15 4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following

15 1 1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Controlling Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure,

15 1 2 The violation, breach or asserted violation or breach by you or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard,

15 1 3 Libel, slander or any other form of defamation of us, the System or any developer or franchisee operating under the System, by you or by any of the Controlling Principals,

15 1 4 The violation or breach by you or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees, and

15 1 5 Acts, errors, or omissions of you, any of your affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility

15 2 Notification of Action or Claim

You and each of the Controlling Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation At the expense and risk of you and each of the Controlling Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Controlling Principals to indemnify the Indemnitees and to hold them harmless

15 3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that

15 3 1 any of the acts or circumstances enumerated in Section 15 1 1 through 15 1 4 above have occurred, or

15 3 2 any act, error, or omission as described in Section 15 1 5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property

15.4 Losses and Expenses

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Controlling Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense

As used in this Article 15, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Controlling Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose You and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Controlling Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Controlling Principals You and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Controlling Principals by the Indemnitees

15.7 Survival of Terms

You and the Controlling Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein

ARTICLE 16
RELATIONSHIP OF THE PARTIES

16.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, that, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose You understand and agree that you are and will be our independent contractor under this Agreement Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind Your employees are not our employees Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency We will not have the power to hire or terminate the employment of your employees You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Franchised Business does not directly or indirectly vest in us the power to influence the employment terms of any such employee

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your Franchised Business, and that under no circumstance shall we do so or be deemed to do so You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business

16 2 Independent Contractor

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Franchised Business operations pursuant to the rights granted by us You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Franchised Business premises established for the purposes hereunder or on any delivery vehicle and on all letterhead, business cards, forms, and as further described in the Manuals We reserve the right to specify in writing the content and form of such notice

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees If ever it is asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees

16 3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever You alone hire each of your employees, set their schedules, establish their compensation rates, and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Sweet Jesus and/or La Carnita Stash House brand attributes known to and desired by the consuming public and associated with the Proprietary Marks You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees) To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue

16 4 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Controlling Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Controlling Principals or any claim or judgment arising therefrom It is understood that you may not, without our prior written approval, have any authority to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement Unless otherwise explicitly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business

ARTICLE 17
TERMINATION

17 1 Automatic Termination – No Right to Cure

17 1 1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours, that non-performance of such obligations will adversely and substantially affect us and the System, and that our exercise of the rights and remedies set forth herein is appropriate and reasonable

17 1 2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you, if you are adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to

by you, if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against you, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed), if you are dissolved, if execution is levied against your business or property, if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days, or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable

17 1 3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events

(a) If you operate the Franchised Business or sell any products or services authorized by us for sale at the Franchised Business at a location which has not been approved by us,

(b) If you fail to acquire an Accepted Location for the Franchised Business within the time and in the manner specified in Article 2,

(c) If you fail to construct or remodel the Franchised Business in accordance with the plans and specifications provided to you under Section 5 3 as such plans may be adapted with our approval in accordance with Section 2 5,

(d) If you fail to open the Franchised Business for business within the period specified in Section 2 6 hereof,

(e) If you at any time cease to operate or otherwise abandon the Franchised Business, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located, provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control, provided, however, that Force Majeure shall not include your lack of financing), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation, such approval may be conditioned upon the payment of our relocation fee,

(f) If you or any of the Controlling Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein,

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business,

(h) If you or any of the Controlling Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Franchised Business to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement,

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply),

(j) If you or any of the Controlling Principals fail to comply with the in-term covenants in Section 10 3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10 3 4 hereof within thirty (30) days following notice from us,

(k) If, contrary to the terms of Section 10 2 1 hereof, you or any of the Controlling Principals disclose or divulge any confidential information provided to you or the Controlling Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10 2 2 hereof within thirty (30) days following notice from us,

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein,

(m) If you knowingly maintain false books or records, or submit any false reports to us,

(n) If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6,

(o) If you fail to propose a qualified replacement or successor Operating Principal or General Manager within the time required under Sections 6 3 and 6 4, respectively, following ten (10) days prior written notice,

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us,

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein, provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default,

(r) If you or any of the Controlling Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us,

(s) If you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation, and /or

(t) Any license or permit you are required to maintain for the operation of the Franchised Business is revoked

17 2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17 1 2 and 17 1 3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events

17 2 1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us, or fail to carry out the terms of this Agreement in good faith

17 2 2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing

17 2 3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement

17 2 4 If any license or permit you are required to maintain for the operation of the Franchised Business is suspended

17 3 Cross-Defaults, Non-Exclusive Remedies, etc

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates) Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates)

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available

17 4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our website, until such time as you correct the breach

17 5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations, provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement

ARTICLE 18
POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and

18 1 Cease Operations

You shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours

18 2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System, the Marks "Sweet Jesus" and/or "La Carnita Stash House", and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items

18 3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks "Sweet Jesus" and/or "La Carnita Stash House" or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement

18 4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition

18 5 Payment of Sums Owed

You and your Controlling Principals shall promptly pay all sums owing to us Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default

18 6 Payment of Damages, Costs and Expenses

You and the Controlling Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18

18 7 Delivery of Manuals and Materials

You shall immediately deliver to us all Manuals, videos, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law Notwithstanding the foregoing, if any of the aforesaid information is in digital format, we reserve the right to require you to return the digital files to us or to destroy the digital files and provide proof of their destruction

18 8 Confidential Information

You and the Controlling Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10 Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants

18 9 Advertising and Promotional Materials

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location We shall have the right to inspect these materials We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us

18 10 Signage

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Franchised Business are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein

18 11 Assignment of Lease

If you operate the Franchised Business under a lease for the Franchised Business premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Franchised Business or any equipment related thereto We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement In the event we do not elect to exercise our option to acquire the lease or sublease for the Franchised Business premises or do not have such option, you shall make such modifications or alterations to the Franchised Business premises as are necessary to distinguish the appearance of the Franchised Business from that of other Franchised Businesses operating under the System and shall make such specific additional changes as we may reasonably request If you fail or refuse to comply with the requirements of this Section 18 11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand Notwithstanding the provisions of this Section 18 11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Franchised Business premises from and after the date of the assignment of lease

18 12 Our Right to Purchase

18 12 1 Except as provided in Sections 18 9, 18 10 and 18 13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business, at fair market value We shall be purchasing your assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash

18 12 2 In addition to the options described above and if you own the Franchised Business premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Franchised Business premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties If you do not own the land on which the Franchised Business is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above

18 12 3 With respect to the options described in Sections 18 11, 18 12 1 and 18 12 2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our

title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents

18 12 4 The time for closing of the purchase and sale of the properties described in Sections 18 12 1 and 18 12 2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date The time for closing on the assignment of the lease described in Section 18 11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18 12 1 or 18 12 2, in which case the date of the closing shall be on the same closing date prescribed for such option Closing shall take place at our corporate offices or at such other location as the parties may agree

18 13 Franchised Business Assets

Notwithstanding anything to the contrary contained in Sections 18 11 and 18 12, if you operate the Franchised Business from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Franchised Business, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances

18 14 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Section to any other party, without your consent

18 15 Telephone Numbers, Yellow Pages Listings, etc

You, at our option, shall assign to us all rights to the telephone numbers of the Franchised Business and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us Further, you shall assign to us all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business The forms we may require you to execute include, but are not limited to, those included in Attachment F hereto Notwithstanding any forms and documents which may have been executed under Section 7 9, you hereby appoint us as your 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 such assignment This power of attorney shall survive the expiration or termination of this Agreement You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you

18 16 Liquidated Damages

If we terminate this Agreement with cause, you must pay us, within fifteen (15) days after the date of termination, liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is higher

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section

ARTICLE 19
MISCELLANEOUS

19 1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor	Monarch & Misfits Inc 44 Upjohn Rd Toronto, Ontario M3B 2W1 Attention Jeff Young jeff@monarchandmisfits com
With a copy to	Harold L Kestenbaum, Esq Harold L Kestenbaum, P C 175 Broad Hollow Rd, Suite 175 Melville, New York 11747 hkestenbaum@hlkpc com

Notices to Franchisee and
the Controlling Principals

____
____
____
Attention ________________
Facsimile ________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing

19 2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Controlling Principals, provided, however that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

19 3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Controlling Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Controlling Principals, or as to a subsequent breach or default by you or the Controlling Principals Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement

19 4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing

19 5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor

19 6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17 1 3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15 Except as provided in Section 17 1 3(e) and the immediately preceding sentence herein, none of the parties hereto shall 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 Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, 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 thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused

19 7 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes arising out of or in connection with this agreement, or in respect of any legal relationship associated with or derived from this agreement, will be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc The Seat of Arbitration will be Toronto, Ontario The language of the arbitration will be English The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Canada's National Arbitration Rules The decision of the arbitrator(s) will be final and binding on all parties This Section will survive termination or non-renewal of this Agreement under any circumstances Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement

19 8 Venue, Governing Law

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Controlling Principals hereby irrevocably submit themselves to the jurisdiction of the Superior Court of Justice for the Province of Ontario You and the Controlling Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision You and the Controlling Principals hereby 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 by this Agreement by any means allowed by Ontario law You and the Controlling Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Toronto, Ontario, provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any court of Canada which has jurisdiction With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Ontario law

19 9 Agreement Regarding Governing Law and Choice of Forum

You, the Controlling Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Sections 19 7 and 19 8 above 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 parties' relationship created by this Agreement Each of you, the Controlling Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement

19 10 Waiver of Punitive Damages, Waiver of Jury Trial

19 10 1 You, the Controlling Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect

19 10 2 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

19 11 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument

19 12 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect

19 13 Survival of Terms

Any obligation of you or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Controlling Principals therein, shall be deemed to survive such termination, expiration or transfer

19 14 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties, the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement, and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation

19 15 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals

19 16 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be 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 you or any of your affiliates and us The rights and remedies of the parties to this Agreement shall be continuing and shall 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 our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Controlling Principals 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

19 17 Terminology

The term "your Principals" shall include, collectively and individually, (1) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (2) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of any Controlling Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you As used in this Section 19 17, the terms "control" and "controlling" shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds ten percent (10%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity) The initial Principals shall be listed on Attachment C The term "Controlling Principals" shall include, collectively and individually, any Principal who has been designated by us as a Controlling Principal hereunder For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act

19 18 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto

19 19 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement

19 20 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours

19 21 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons, adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer, modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder, and changing, improving, modifying, or substituting other words or designs for, the Marks You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations, provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing

19 22 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties

19 23 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death, you have failed to pay when due or have failed to remove any and all liens or encumbrances of any and every kind placed upon or against your business, or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination

19 24 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us

ARTICLE 20
SECURITY INTERESTS

20 1 Collateral

You grant to us a security interest (' Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business All items in which a security interest is granted are referred to as the "Collateral"

20 2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness")

20 2 1 All amounts due under this Agreement or otherwise by you,

20 2 2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies,

assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness,

20 2 3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement, and

20 2 4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments

20 2 5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases

20 3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us

20 4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral

20 5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under the law of Ontario, Canada (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by us in a commercially reasonable manner Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above

20 6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction

ARTICLE 21
TECHNOLOGY

21 1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system

21 1 1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Franchised Businesses, including without limitation (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Franchised Businesses, between or among Franchised Businesses, and between and among the Franchised Business and us and/or you, (b) Point of Sale Systems, (c) physical, electronic, and other security systems, (d) printers and other peripheral devices, (e) archival back-up systems, and (f) internet access mode and speed (collectively, the "Computer System")

21 1 2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate (a) computer software programs and accounting system software that you must use in connection with the Computer System ("Required Software"), which you shall install, (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install, (c) the tangible media upon which you shall record data, and (d) the database file structure of your Computer System

21 1 3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing ("Point of Sale Systems"), which shall be deemed part of your Computer System

21 1 4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "Computer Upgrades")

21 1 5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us

21 2 Data

We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Franchised Business, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained All data pertaining to the Franchised Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you Copies and/or originals of such data must be provided to us upon our request We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement

21 3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall comply with our standards and policies pertaining to Privacy If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall (a) comply with the requirements of applicable law, (b) immediately give us written notice of said conflict, and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law

21 4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require

21 5 Intranet

We may establish a website, virtual private network, cloud-based system or the like providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an "Intranet") You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct) You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet

21 6 On-line Use of Proprietary Marks

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements

21 7 No Outsourcing Without Prior Written Consent

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us

21 8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System, and you agree that you shall abide by those reasonable new standards established by us as if this Article 21 were periodically revised by us for that purpose You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades

ARTICLE 22
YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22 1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that

22 1 1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business

22 1 2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed

22 1 3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement

22 1 4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business, your right to operate and use your assets, properties or rights to carry on your business, and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement

22 1 5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement

22 1 6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement

22 2 Your Acknowledgments

You acknowledge, warrant and represent to us and we rely on such acknowledgments, warranties and representations that

22 2 1 No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other Franchised Business, whether owned by us, our affiliates or our franchisees We make no guaranties, promises, representations,

statements or warranties that you can or will achieve any level or range of sales, income or other measures of performance, except as may be included in Item 19 of our Franchise Disclosure Document

Initials ____________

22 2 2 No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your anticipated income, earnings and growth or that of us or the System, or the viability of the business opportunity being offered under this Agreement

Initials ____________

22 2 3 Before executing this Agreement, you have had the opportunity to contact any and all of our existing franchisees

Initials ____________

22 2 4 You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your choosing You have been advised to consult with your advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business, and the prospects for the Franchised Business You have either consulted with these advisors or have deliberately declined to do so

Initials ____________

22 2 5 You have received from us a copy of our Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by you to us or any of our affiliates of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement

Initials ____________

22 2 6 No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the operation of the Franchised Business

Initials ____________

22 2 7 You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information

Initials ____________

22 2 8 Attached hereto as Attachment J is a Franchisee Disclosure Acknowledgment Statement You shall have received and answer the questions thereon, relating to representations that have or have not been made to you You have executed the Statement voluntarily and attached it hereto

Initials ____________

22 2 9 You understand and agree that we may manage and change the System and our business in any manner that is not expressly prohibited by this Agreement Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you Absent applicable statute, we shall have no liability for such a decision and you agree that our decision will not be subject to limitation or review If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder

Initials _____________

22 2 10 Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Business, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business

Initials _____________

22 2 11 You acknowledge and agree that we may modify the offer of our franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement

Initials _____________

22 2 12 You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby

Initials _____________

[Signatures appear on the next 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 first above written

FRANCHISOR
MONARCH & MISFITS INC
an Ontario corporation

ATTEST

____
Witness

By ______________________
Name ______________________
Title ______________________
Accepted On ______________________
(the "Effective Date")

FRANCHISEE

____

____
Witness

By ______________________
Name ______________________
Title ______________________
Date ______________________

ATTACHMENT A TO THE FRANCHISE AGREEMENT

ACCEPTED LOCATION AND TERRITORY

1 ACCEPTED LOCATION

Pursuant to Section 1 2 of the Franchise Agreement, the Franchised Business shall be located at the following Accepted Location

____
____
____

2 TERRITORY

Pursuant to Section 1 4 of the Franchise Agreement, the Territory shall be

____
____

3 FRANCHISE

The type of franchise granted pursuant to the Franchise Agreement is

☐ Sweet Jesus Shoppe
☐ La Carnita Stash House Restaurant
☐ Combination Shoppe and Restaurant

FRANCHISEE

____

By ____________________________
Name __________________________
Title ___________________________

FRANCHISOR

MONARCH & MISFITS INC

By ____________________________
Name __________________________
Title ___________________________

ATTACHMENT B TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Monarch & Misfits Inc , an Ontario corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as ______________________________ This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Sweet Jesus Shoppe, La Carnita Stash House Restaurant, or Combination Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal

ASSIGNEE	ASSIGNOR
	MONARCH & MISFITS INC
By ______________________	By ______________________
Name ______________________	Name ______________________
Title ______________________	Title ______________________
Date ______________________	Date ______________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease,

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above,

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease, and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Shoppe or Restaurant

Dated ____________________

____

_______________________________, Lessor

ATTACHMENT C TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest

Name	Percentage of Ownership/Nature of Interest

B In addition to the persons listed in paragraph A , the following is a list of all of Franchisee's Principals described in and designated pursuant to Section 19 17 of the Franchise Agreement Unless designated as a Controlling Principal, each of Franchisee's Principals shall execute the Confidentiality and Non-Competition Agreement substantially in the form set forth in Attachment D (see Sections 10 2 2 and 10 3 4 of the Franchise Agreement)

C The following Controlling Principal is hereby designated as the Operating Principal

ATTACHMENT D TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a ______________________ of __________________ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that

1 Pursuant to a Franchise Agreement dated ______________, 20___ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from Monarch & Misfits Inc (the "Company") to establish and operate a Sweet Jesus Shoppe, a La Carnita Stash House Restaurant, or a combination Shoppe and Restaurant (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and Accepted Location _________________________ (the "Accepted Location")

2 The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of (1) a quick-serve ice cream shoppe operating under the name "Sweet Jesus" offering a variety of beverages, pastries, and frozen desserts, including soft- serve ice cream with toppings, (2) a full-service restaurant operating under the name "La Carnita Stash House" offering a menu inspired by Mexican street cuisine, including entrees, appetizers, desserts, cocktails and beer, and (3) a dual-branded single location restaurant concept, operating under both the "Sweet Jesus" and "La Carnita Stash House" names The Franchised Business operates using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information")

3 Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement

4 As _______ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement

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

6 The Confidential Information is proprietary, involves trade secrets of the Company, 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 the Company as

confidential Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _______________ of the 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

7 Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which (a) is the same as, or substantially similar to, a Franchised Business, or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"), and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within

7 1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory"),

7 2 Fifty (50) miles of Franchisee's Territory, or

7 3 Fifty (50) miles of any Franchised Business operating under the System and the Proprietary Marks

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation

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

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

10 The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm, therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me Due to the

importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement

11 This Agreement shall be construed under the laws of the Province of Ontario, without regard to the application of Ontario conflict of law rules The only way this Agreement can be changed is in writing signed by both the Franchisee and me

____
Signature

____
Name

____
Address

____
Title

ACKNOWLEDGED BY FRANCHISEE

By ____________________________

Name __________________________

Title ___________________________

ATTACHMENT E TO THE FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO MONARCH & MISFITS INC ("COMPANY")

Depositor hereby authorizes and requests ______________________________ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Company by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever

Depository Name ______________________________

City ______________________ State ________ Zip Code __________

Transit/ABA Number ______________________ Account Number ______________

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request

Depositor (Please Print)

____

____

____
Date Signed

____

____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers

ATTACHMENT F TO THE FRANCHISE AGREEMENT
INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the _____ day of _______________, 20___ (the "Effective Date"), by and between Monarch & Misfits Inc, an Ontario corporation (the "Franchisor"), and ________________________, a ________________ (the "Franchisee")

WITNESSETH

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Sweet Jesus Shoppe and/or a La Carnita Stash House Restaurant (the "Franchise Agreement"), and

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

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

1 **DEFINITIONS**

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

2 **TRANSFER, APPOINTMENT**

2 1 Interest in Internet Web Sites and Listings Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest")

2 2 Transfer On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs

2 3 Appointment, Power of Attorney Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this

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

2 3 1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor,

2 3 2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings, and

2 3 3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest

2 4 <u>Certification of Termination</u> Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated

2 5 <u>Cessation of Obligations</u> After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement

3 **<u>MISCELLANEOUS</u>**

3 1 <u>Release</u> Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement

3 2 <u>Indemnification</u> Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or set-off, on demand Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement

3 3 No Duty The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings

3 4 Further Assurances Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement

3 5 Successors, Assigns, and Affiliates All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement

3 6 Effect on Other Agreements Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein

3 7 Survival This Internet Listing Agreement shall survive the Termination of the Franchise Agreement

3 8 Joint and Several Obligations All Franchisee's obligations under this Internet Listing Agreement shall be joint and several

3 9 Governing Law This Internet Listing Agreement shall be governed by and construed under the laws of the province of Ontario, Canada, without regard to the application of Ontaario conflict of law rules

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date

MONARCH & MISFITS INC	FRANCHISEE
By ______________________	By ______________________
Name ______________________	Name ______________________
Title ______________________	Title ______________________

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the _____ day of _______________, 20___ (the "Effective Date"), by and between Monarch & Misfits Inc, an Ontario corporation (the "Franchisor"), and ________________________, a _________________ (the "Franchisee")

WITNESSETH

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Sweet Jesus Shoppe and/or a La Carnita Stash House Restaurant (the "Franchise Agreement"), and

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

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

1 DEFINITIONS

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

2 TRANSFER, APPOINTMENT

2 1 Interest in Telephone Numbers and Listings Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest")

2 2 Transfer On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs

2 3 Appointment, Power of Attorney Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the

Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following

2 3 1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor,

2 3 2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings, and

2 3 3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest

2 4 Certification of Termination Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated

2 5 Cessation of Obligations After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement

3 MISCELLANEOUS

3 1 Release Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement

3 2 Indemnification Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement

3 3 No Duty The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings

3 4 Further Assurances Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement

3 5 Successors, Assigns, and Affiliates All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement

3 6 Effect on Other Agreements Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein

3 7 Survival This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement

3 8 Joint and Several Obligations All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several

3 9 Governing Law This Telephone Listing Agreement shall be governed by and construed under the laws of the province of Ontario, without regard to the application of Ontario conflict of law rules

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date

MONARCH & MISFITS INC	FRANCHISEE
By ______________________	By ______________________
Name ______________________	Name ______________________
Title ______________________	Title ______________________

ATTACHMENT G TO THE FRANCHISE AGREEMENT
POWER OF ATTORNEY (TAX)

Taxes

IRREVOCABLE POWER OF ATTORNEY

STATE OF ______________)
)
COUNTY OF ____________)

KNOW ALL MEN BY THESE PRESENTS

That ______________, a __________________ ("Franchisee"), does hereby irrevocably constitute and appoint Monarch & Misfits Inc, an Ontario corporation ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of obtaining any and all returns, records, reports and other documentation relating to the payment of taxes filed by Franchisee with any state and/or federal taxing authority, including, but not limited to, the State Comptroller of the State of _______, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted

During the term of this Power of Attorney, and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no governmental agency, person, firm or corporation dealing with Franchisor, if acting in good faith, shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of documents delivered or funds or property paid or delivered to Franchisor Any governmental agency, person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm, corporation or agency acting in reliance on such a certificate or a copy of this Power of Attorney Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed This paragraph shall survive any termination of this Power of Attorney

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of ______________, 20___ by and between Franchisor and Franchisee Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest It is executed and delivered in the State of _______ and the laws of the State of _______ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the _____ day of _______________, 20___

_________________________________, a
____

By ____________________________
Name __________________________
Title ___________________________

STATE OF _______________)
)
COUNTY OF _____________)

BEFORE ME, the undersigned authority, on this day personally appeared _________________, ______________ of ____________________, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of ____________, 20__

(SEAL)

____
Notary Public in and for
The State of _______________

My commission expires

____

ATTACHMENT H TO THE FRANCHISE AGREEMENT
MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2. The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3. The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6. The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration The arbitration will occur in Ontario, Canada, with the costs being borne by equally by the parties 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

7. The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Ontario, Canada This provision may not be enforceable under California law

8. You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9. 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

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

11 OUR WEBSITE, www monarchandmisfits com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www corp ca gov

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Article 19 of the Franchise Agreement and Section 15 of the Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Monarch & Misfits Inc 's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement and Multi-Unit Development Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

3 The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

5 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must sign the Franchise Agreement before beginning training

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows

1 Item 13 of the Disclosure Document and Article 9 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

"In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 7 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

"Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement hereby modified to comply with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement regarding Limitations of Claims are hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

9 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are hereby amended accordingly

10 The Franchise Agreement is amended to state we will defer the payment of the initial franchise fee and any other initial payment until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1 The following information is added to the cover page of the Franchise Disclosure Document

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT I OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005 THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

2 The following is added at the end of Item 3

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark

A No such party has an administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations

B No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

C No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 The following is added to the end of Item 4

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer"

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687 4 and 687 5 be satisfied

6 The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee"

You may terminate the agreement on any grounds available by law

7 The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law"

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement and Section 9 of the Multi-Unit Development Agreement are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require jurisdiction of courts in Toronto, Ontario, are deleted

6 Item 17(w) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

"A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Monarch & Misfits Inc for use in the Commonwealth of Virginia shall be amended as follows

1 Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this ______ day of ______________, 20___

ATTEST

MONARCH & MISFITS INC

____
Witness

By ______________________
Name ______________________
Title ______________________

FRANCHISEE

____
Witness

____

ATTACHMENT I TO THE FRANCHISE AGREEMENT

TRANSFER OF A FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY

This Transfer Agreement shall amend that certain Franchise Agreement between ___________ ("Franchisee"), and Monarch & Misfits Inc ("Franchisor")

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Franchisee of the Franchised Business under a Franchise Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Article 14 of the Franchise Agreement, agree as follows

1 The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 10 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement

2 The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ___________, 20__ between ___________________ and Monarch & Misfits Inc "
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ___________, 20__ between ___________________ and Monarch & Misfits Inc "

3 __________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Franchised Business

4 __________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Franchisor, to the same extent as if it were named as the Franchisee therein

Date of Franchise Agreement ______________________________

Location of Franchised Business ____

WITNESS

As to Paragraph 3

____

____
[Name]

As to Paragraph 4

____

____
[Name]

ATTEST

____
Name of Corp or Limited Liability Company

____

By ___________________________
Title __________________________

In consideration of the execution of the above Agreement, Monarch & Misfits Inc hereby consents to the above referred to assignment on this _____ day of _________________, 20__

MONARCH & MISFITS INC

By ___________________________
Name _________________________
Title __________________________

ATTACHMENT J TO THE FRANCHISE AGREEMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Monarch & Misfits Inc (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sweet Jesus Shoppe and/or a La Carnita Stash House Restaurant (the "Franchised Business") The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _______________, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

____

____

____

____

____

____

8 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _______________, 20____

Sign here if you are taking the franchise as an INDIVIDUAL	Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP
______________________________ Signature	______________________________ Print Name of Legal Entity
Print Name______________________	By ___________________________ Signature
______________________________ Signature	Print Name______________________
Print Name______________________	Title___________________________
______________________________ Signature	
Print Name______________________	
______________________________ Signature	
Print Name______________________	

ATTACHMENT K TO THE FRANCHISE AGREEMENT

GUARANTY OF CONTROLLING PRINCIPALS

Each of the undersigned acknowledges and agrees as follows

1 Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for, and a condition to, the granting of this license, and that Franchisor would not have granted this license without the execution of this guaranty and such undertakings by each of the undersigned,

2 Each is included in the term "Controlling Principals" as described in Section 19 17 of the Franchise Agreement,

3 Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder, and

4 Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed Upon default by Franchisee or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or settle, adjust or compromise any claims that Franchisor may have against Franchisee Each of the Controlling Principals waives all demand and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor and any release of any guarantor or other security for this guaranty or the obligations of Franchisee Franchisor may pursue its rights against any of the Controlling Principals, jointly or severally, without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect

ATTEST	CONTROLLING PRINCIPALS
______________________ Witness	______________________ *Name ______________

* The foregoing individual is designated as the Operating Principal

______________________ Witness	______________________ Name ______________
______________________ Witness	______________________ Name ______________
______________________ Witness	______________________ Name ______________

ATTACHMENT L TO THE FRANCHISE AGREEMENT

AMERICANS WITH DISABILITIES ACT CERTIFICATION

Monarch & Misfits Inc ("Franchisor") and ____________________ ("Franchisee") are parties to a Franchise Agreement dated ___________________ for the operation of a "Sweet Jesus" Shoppe and/or a "La Carnita Stash House" Restaurant at ___________________________ (the "Franchised Business") In accordance with Article 2 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Business Franchisee acknowledges that Franchisee has relied on the information contained in this certification Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same

FRANCHISEE

____

By ___________________________
Name _________________________
Title __________________________

ATTACHMENT M TO THE FRANCHISE AGREEMENT

FORM OF SUBLEASE

THIS SUBLEASE, made and entered into by and between Monarch & Misfits Inc , an Ontario corporation having its principal place of business at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 (hereinafter called the "Sublessor"), and ________________, a __________ with a principal address at ________________________________ (hereinafter referred to as "Sublessee") This Sublease is being executed pursuant to that certain franchise agreement dated ___________, 20___ ("Franchise Agreement") between Monarch & Misfits Inc as Franchisor and Sublessee as Franchisee

1 Lease of Premises The Sublessor hereby lets to the Sublessee, and Sublessee hires from the Sublessor, the following described premises, herein called "demised premises", situated in the County of _________, State of _________, herein referred to as "Property", the demised premises shall be deemed not to include either the land lying thereunder or the exterior walls or roof of the building in which the demised premises are located The street address of the demised premises is [________________________________] This Sublease is for a location within the Property at which a Franchised Business will be operated

2 Sublease This is a sublease, and the Sublessor's interest in the premises is as a lessee pursuant to a lease made by and between the Sublessor, and ________________________, (Lessor), dated effective ___________________, a copy of which, initialed for identification ("Master Lease"), is attached hereto Except as is modified or supplemented by this Sublease Agreement, this sublease is expressly made subject to all the terms and conditions of said original Master Lease, and the Sublessee agrees to use the premises in accordance with all of the terms of said Master Lease, and not to do or omit to do anything which will breach any of the terms or provisions thereof If said Master Lease is terminated, this sublease shall terminate simultaneously The Sublessee hereby agrees to assume the obligation for performance of all of the Sublessor's obligations under aforesaid Master Lease, including, but not limited to, any and all obligations for payment of rent or other assessments By its attachment hereto, said Master Lease and all the terms and provisions therein are hereby made a part of this Sublease Agreement and are incorporated by reference herein

3 Term The Master Lease is for a term commencing as provided in Article __ and Article __ of the Master Lease and extends until the end of a term of approximately ___ (__) years as the same is more particular defined in the Master Lease The term of this Sublease shall commence upon the execution hereof and shall simultaneously terminate with the Master Lease Any and all other terms or provisions regarding commencement and expiration dates and/or earlier termination contained in the Master Lease are hereby incorporated into this Sublease Agreement and made a part hereof

4 Rental Payments Rental payments due from the Sublessee pursuant to this Sublease Agreement shall be the same as those set forth in the Master Lease Rental payments due shall be as the same are defined in Article ________ entitled "________________", and Article ____ entitled "______________" as set forth in the Master Lease For purposes of this Sublease Agreement, the effective dates of any rental increases for the Sublessor pursuant to the Master Lease shall apply as to Sublessee

The minimum fixed rent pursuant to the Master Lease is as follows

(BASE RENT TERMS TO BE INSERTED HERE)

Additionally, Sublessee shall pay percentage rent as the same is defined in the Master Lease and a security deposit as determined by the Sublessor in its absolute discretion Additionally, any and all provisions, terms, or obligations regarding rent, percentage rent, additional rent, penalties, charges, or other assessments pursuant to the Master Lease are incorporated herein and made a part hereof, and Sublessee shall adhere and comply with the same

5 Method of Payment All rental payments due hereunder shall be due on the date or dates specified in the Master Lease, and shall be paid directly to Lessor, or to any agent authorized by Lessor to accept and collect said payments, at such times and places as the Sublessee may be directed by the Lessor or the Sublessor All payments, whether rental payments or other payments for which the Sublessee is obligated pursuant to the Master Lease, shall be made in accordance with the terms and provisions of the Master Lease

6 Insurance Sublessee shall procure and maintain in force during the term of this Sublease, and any extension thereof, at its expense, public liability insurance in companies and through brokers approved by the Sublessor, adequate to protect against liability for damage claims through public use of, or arising out of, accidents occurring in or around the leased premises, in the amount required by the Master Lease together with any other insurance coverages required by the Master Lease Such insurance policies shall provide coverage for the Lessor pursuant to the Master Lease, and the Sublessor's contingent liability on such claims or losses The policies shall be delivered to Sublessor for keeping, or for delivery by Sublessor to the Lessor of the Master Lease for keeping Sublessee agrees to obtain a written obligation from the insurers to notify Sublessor in writing at least thirty (30) days prior to cancellation or refusal to renew any such policies Sublessee agree that if such insurance policies are not kept in force during the entire term of this Sublease, and any extension thereof, Sublessor may procure the necessary insurance and pay the premium therefor, and such premium shall be repaid to Sublessor as an additional rent installment for the month following the date on which such premiums are paid Sublessee shall in all respects comply with insurance requirements which are otherwise set forth in the Master Lease

7 Sublease, License, Assignment or Transfer Sublessee agrees and acknowledges that the rights and obligations of this Sublease cannot be assigned, sublet, or transferred, in part or in whole, nor may the demised premises be licensed for occupation, in part or in whole, by any persons other than Sublessee, without first obtaining Sublessor's prior written consent and the prior written consent of Lessor

8 Default A default under the Sublease is a default under the Franchise Agreement and grounds for terminating the Franchise Agreement and this Sublease In addition, a default under the Franchise Agreement is a default under this Sublease and grounds for terminating this Sublease and the Franchise Agreement

a Sublessor's Remedies If Sublessee defaults in payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereto, Sublessor may give Sublessee written notice of such default, and if Sublessee does not cure any default by reason of non-payment of rent or additional rent within three (3) days, or any other default within seven (7) days after the giving of such notice (or such other period of time as specified in such notice), or such other notice as may be required by the laws of the State of __________, then Sublessor may terminate this Sublease In the event of termination of the Sublease by reason of Sublessee's default, Sublessee shall remain liable as provided in Article _____ of the Master Lease, and as may be provided elsewhere in said Master Lease If the Sublease shall have been so terminated by Sublessor, Sublessor may at any time thereafter secure possession of the demised premises by any lawful means Additionally, Sublessee understands and agrees that

___________________________, as the Lessor pursuant to the Master Lease, may give notice of such defaults simultaneously to the Sublessor and Sublessee and that said notice shall constitute notice as if the same were given to the Sublessee by the Sublessor

b Sublessee's Remedies If the Sublessor defaults in the performance of a material provision of this Sublease, Sublessee may give Sublessor written notice of such default, and if Sublessor does not proceed with reasonable diligence and in good faith to cure the default within seven (7) days after Sublessee gives such notice, or such other period as may be specified in the notice, then Sublessee may terminate this Sublease The notice required in this paragraph shall be given by certified mail, return receipt requested

9 Termination By Sublessor If the Sublessee shall materially default in the performance of any of Sublessee's obligations under this Sublease or the Franchise Agreement, or shall become insolvent, or shall be adjudicated to be a bankrupt, or shall file a voluntary petition in bankruptcy or for reorganization, or if a receiver is appointed for Sublessee and the appointment is not vacated within thirty (30) days from such appointment, Sublessor may terminate this Sublease without penalty Such termination shall not release or discharge Sublessee from any obligation or liability to Sublessor hereunder, and the Sublessee shall remain liable as provided in Article _____ of the Master Lease, which has been incorporated as a part of this Sublease

10 Termination Pursuant to Franchise Agreement The parties hereby acknowledge that Sublessee and Franchisor have entered into the Franchise Agreement pursuant to which Sublessee has been granted a franchise to operate shoppes under the name "Sweet Jesus" or restaurants operating under the name "La Carnita Stash House" at the demised premises which are the subject of this Sublease Sublessee acknowledges and agrees that its failure to abide by or perform any of the obligations assumed by Sublessee pursuant to said Franchise Agreement may result in a termination of said Franchise Agreement Should said Franchise Agreement be terminated, then, in such event, at the option of the Sublessor, this Sublease may also be terminated

11 Sublessor's Continuing Liability No term or provision of this Sublease shall serve to excuse the Sublessor from its duties and obligations as Lessee pursuant to the Master Lease, and Sublessor shall remain liable to the Lessor of the Master Lease for payment of all rent, percentage rent, taxes and other assessments, expenses, and items of additional rent, and other obligations of Lessee as the same are set forth in the Master Lease However, the provisions of this Paragraph 11 shall not mitigate, alter, amend or modify the terms, provisions, obligations, duties or remedies of the parties, as the same are set forth in this Sublease

12 Indemnification The Sublessor shall not be responsible for any defect or change of condition in said demised premises, nor any damage thereto, nor to any person, nor to goods or things contained therein due to any cause whatsoever except the act or negligence of the Sublessor, and the Sublessee will indemnify Sublessor from any claims, demands, and actions arising in connection with Sublessee's use of the demised premises, or the use by any person occupying said demised premises during the term hereof, or by reason of any breach or non-performance of any covenant herein, or the violation of any law or regulation by the Sublessee

13 Attorneys' Fees Should either party to this Sublease file an action to enforce any covenant of this Sublease, or for the breach of any covenant herein, the non-prevailing party agrees to pay to the prevailing party its reasonable attorneys' fees for the service of such party's attorney in the action, including appeals, such fees to be determined and fixed by the court

14 Manner of Giving Notice Notice given pursuant to the provisions of this Sublease, or necessary to carry out its provisions, shall be in writing and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person Sublessor's address for this shall be 44 Upjohn Road, Toronto, Ontario M3B 2W1 Canada or at such other place as directed by Sublessor in writing Notice to Sublessee may be addressed to Sublessee at the demised premises

15 Waiver No waiver of any default by the Sublessor shall be implied from any omission by the Sublessor to take action with respect to any such default as the default persists or is repeated No express waiver shall affect any action other than the action specified in the expressed waiver, and that only for the time and to the extent stated in the expressed waiver Any such waiver of any provision by the Sublessor shall not be construed as a waiver of any subsequent breach of the same provision, or of any other provision

16 Governing Law The validity, interpretation and construction of this agreement shall be governed by the laws of the Province of Ontario, Canada Any suit or other legal action shall be initiated, filed and maintained in the Federal and/or State Court of appropriate jurisdiction

17 Headings The headings in this agreement have been included solely for the ease of reference and shall not be considered in the interpretation or construction of this agreement

IN WITNESS WHEREOF, the parties have executed these presents as of the ___ day of ____________, 20___

SUBLESSOR
MONARCH & MISFITS INC

Signed in the presence of

____
Witness

By ______________________________
Name ______________________________
Title ______________________________

SUBLESSEE
____

____
Witness

By ______________________________
Name ______________________________
Title ______________________________

Exhibit D to the La Carnita Stash House/Sweet Jesus Disclosure Document

LIST OF FRANCHISEES AND DEVELOPERS
(as of December 31, 2017)

FRANCHISEES SIGNED, but Not Opened as of December 31, 2017

MARYLAND	
Slip Hospitality / BWI Ice Cream LLC 7035 Elm Road, Baltimore, MD 21240 (443) 960-4832 BWI@sweetjesus4life com Scott Harrison, GM Projected opening in 2018	

INTERNATIONAL FRANCHISEES, Open and Operating

CANADA

SWEET JESUS STAND-ALONE UNITS	
Sweet Jesus Clarence Street Inc 97 Clarence St, Ottawa ON 613 695 9797	Canadian Niagara Hotels Inc 883 Falls Avenue, Niagara Falls ON 905 374 4445
2577522 Ontario Inc 2 James Bartleman Way, Port Carling ON 416 899 1985	2411112 Ontario Inc Vaughan Mills SC, Vaughan ON 905 597 3300
2324341 Ontario Inc 416 Bloor Street West, Toronto ON 416 901 4712	SJ Eaton Inc Toronto Eaton Centre, Toronto ON 416 551 8040
SJ Woodbine Inc Woodbine Centre, Rexdale ON 416 519 2239	2536781 Ontario Inc Sherway Gardens, Etobicoke ON 416 348 3800

LA CARNITA STAND ALONE UNITS	
La Carnita Exchange Inc 456 Main Street, Winnipeg, Manitoba 204 504 4522	

SWEET JESUS / LA CARNITA COMBO UNITS	
La Carnita John Street Inc 106 John St, Unit 1, Toronto ON 647 348 1166	La Carnita Queen Street Inc 780 Queen St E, Toronto, ON 647 344 0780
La Carnita Eglinton Inc 130 Eglinton Avenue East, Toronto, ON 416 385 7705	

Exhibit E to the La Carnita Stash House/Sweet Jesus Disclosure Document

LIST OF FRANCHISEES AND DEVELOPERS WHO HAVE LEFT THE SYSTEM
(as of December 31, 2017)

None

Exhibit F to the La Carnita Stash House/Sweet Jesus Disclosure Document

TABLE OF CONTENTS FOR THE LA CARNITA STASH HOUSE OPERATIONS MANUAL

TABLE OF CONTENTS FOR THE SWEET JESUS OPERATIONS MANUAL

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Exhibit G to the La Carnita Stash House/Sweet Jesus Disclosure Document

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration The arbitration will occur in Ontario, Canada, with the costs being borne by equally by the parties 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

7 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Ontario, Canada This provision may not be enforceable under California law

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 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

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

11 OUR WEBSITE, www monarchandmisfits com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Article 19 of the Franchise Agreement and Section 15 of the Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Monarch & Misfits Inc 's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement and Multi-Unit Development Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

3 The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

5 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must sign the Franchise Agreement before beginning training

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ____ day of __________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows

1 Item 13 of the Disclosure Document and Article 9 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 7 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> "Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

> "Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement hereby modified to comply with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement regarding Limitations of Claims are hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

9 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are hereby amended accordingly

10 Items 5 and 7 of the Disclosure Document are amended to state we will defer the payment of the initial franchise fee, development fee and any other initial payment until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1 The following information is added to the cover page of the Franchise Disclosure Document

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT I OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005 THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

2 The following is added at the end of Item 3

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark

A No such party has an administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations

B No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

C No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 The following is added to the end of Item 4

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer'

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687 4 and 687 5 be satisfied

6 The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee"

You may terminate the agreement on any grounds available by law

7 The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law"

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agent Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Section 8 of the Multi-Unit Development Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement and Section 9 of the Multi-Unit Development Agreement are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require jurisdiction of courts in Toronto, Ontario, are deleted

6 Item 17(w) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article 19 of the Franchise Agreement and Section 15 of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

"A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Monarch & Misfits Inc for use in the Commonwealth of Virginia shall be amended as follows

1 Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this ______ day of ______________, 20___

ATTEST

MONARCH & MISFITS INC

____
Witness

By ______________________________
Name ____________________________
Title _____________________________

FRANCHISEE

____
Witness

____

Exhibit H to the La Carnita Stash House/Sweet Jesus Disclosure Document

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20__ by and between Monarch & Misfits Inc , an Ontario corporation having its principal place of business located at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 (the "Franchisor") and ____________________, a ____________ with a principal address at ____________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows

1 **Release by Releasor**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees

2 Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith

It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph

3 Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary

4 Ontario, Canada law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto

5 In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the Province of Ontario, Canada

6 This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above

Witness

RELEASOR

________________________ ______________________________

Witness

MONARCH & MISFITS INC

____

By __________________________
Name ________________________
Title _________________________

Exhibit I to the La Carnita Stash House/Sweet Jesus Disclosure Document

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

If a state is not listed, Monarch & Misfits Inc has not appointed an agent for service of process in that state in connection with the requirements of franchise laws There may be states in addition to those listed below in which Monarch & Misfits Inc has appointed an agent for service of process

There may also be additional agents appointed in some of the states listed

CALIFORNIA California Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (state administrator) New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236 (for service of process) Secretary of State of New York One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231 (518) 474-4750	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712 (for service of process) North Dakota Securities Commissioner

OREGON Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent Director of the Department of Consumer and Business Services	**RHODE ISLAND** Securities Division Department of Business Regulation, Bldg 69, First Floor John O Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S Euclid Avenue, Suite 104 Pierre, South-Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703

Exhibit J to the La Carnita Stash House/Sweet Jesus Disclosure Document

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Monarch & Misfits Inc (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sweet Jesus Shoppe and/or a La Carnita Stash House Restaurant (the "Franchised Business") The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _______________, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

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____

8 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or another professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

______

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

____

____

____

____

I signed the Franchise Agreement and Addendum (if any) on ______________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

____

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C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of ________________, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

____
Signature

Print Name______________________

____
Signature

Print Name______________________

____
Signature

Print Name______________________

____
Signature

Print Name______________________

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
Print Name of Legal Entity

By ____________________________
Signature

Print Name______________________

Title__________________________

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Monarch & Misfits Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Monarch & Misfits Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit I

The franchisor is Monarch & Misfits Inc , located at 44 Upjohn Rd , Toronto, Ontario M3B 2W1 Its telephone number is (416)385-7705

Issuance date August 14, 2018

The name, principal business address and telephone number of the franchise seller for this offering is Jeff Young, 44 Upjohn Rd , Toronto, Ontario M3B 2W1 Its telephone number is (416)385-7705

Monarch & Misfits Inc authorizes the agents listed in Exhibit I to receive service of process for it

I have received a disclosure document dated August 14, 2018 that included the following Exhibits

A – Financial Statements	F – Tables of Contents of Operations Manual
B – Development Agreement	G – Multi-State Addendum
C – Franchise Agreement	H – Form of General Release
D – List of Franchisees and Developers	I – List of State Agencies/Agents for Service of Process
E – List of Franchisees and Developers Who Have Left the System	J – Franchisee Disclosure Acknowledgment Statement

Date ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

You may return the signed receipt by signing, dating and mailing it to Monarch & Misfits Inc at 44 Upjohn Rd , Toronto, Ontario M3B 2W1

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Monarch & Misfits Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

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____
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