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FRANCHISE DISCLOSURE DOCUMENT

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PICKAPPLE FRANCHISE, LLC
A California Limited Liability Company
301 County Airport Road #214
Vacaville, CA 95688
Telephone (707) 446-1713
www.buckhorngrill.com



The franchised business is a fast casual restaurant offering specialty grilled tri-tip beef, chicken, pork, salmon, and vegetables, served in salads, sandwiches, and platters

The total investment necessary to begin operation of a TRI TIP GRILL™ restaurant franchise ranges from \$1,000,000 to \$2,000,000. This includes \$50,000 that must be paid to the franchisor or an affiliate

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact John Pickerel at 301 County Airport Road #214, Vacaville, CA 95688, (707) 446-1713

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as 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 may contact the FTC at 1-877-FTC-HELP (877-382-4357) or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC's home page at <http://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 _____

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 A for information about the franchisor, 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION/MEDIATION IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES, IF YOU DO NOT LIVE IN CALIFORNIA. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE/MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW IF YOU DO NOT LIVE IN CALIFORNIA. YOU MAY WANT TO COMPARE THESE LAWS.

3 THE FRANCHISOR STARTED OFFERING "TRI TIP GRILL™" FRANCHISES IN 2010. THE FRANCHISOR HAS BEEN OFFERING "BUCKHORN GRILL™" FRANCHISES SINCE 2009.

4 THE FRANCHISOR'S CORPORATE PARENT HAS OVER 19 YEARS OF EXPERIENCE OPENING AND OPERATING BUCKHORN GRILL RESTAURANTS IN NORTHERN CALIFORNIA. THE FRANCHISOR HAS AN OPERATING HISTORY OF TEN YEARS.

5 WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARK. THEREFORE, OUR TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK. IF THIS HAPPENS, WE WILL REIMBURSE YOU FOR THE COSTS INVOLVED WITH CHANGING YOUR INTERIOR AND EXTERIOR SIGNS. WE ALSO HAVE THE RIGHT TO CHANGE OUR TRADE DRESS, LOGOTYPE, SLOGANS, TRADE NAMES AND OTHER COMMERCIAL SYMBOLS, AND IF WE DO, YOU MUST CONFORM TO SUCH CHANGES AT YOUR OWN EXPENSE.

6 THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING BUT NOT LIMITED TO A TIME TO RAISE CLAIMS AGAINST THE FRANCHISOR AND LIMITATION OF DAMAGES.

7 THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR-OWNED OUTLETS, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.

8 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATE [PENDING]

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	[Pending]
New York	[Pending]

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- 1 Designation of Approved Location and Protected Area**
- 2 Release of Claims**
- 3 Authorization Agreement for Prearranged Payment (Direct Debit)**
- 4 Nondisclosure and Noncompetition Agreement**
- 5 Assignment of Telephone Numbers, E-Mail Addresses, and Web Addresses, and Special Power of Attorney**
- 6 Personal Guaranty and Subordination Agreement**
- 7 Lease Provisions**

D-1 Receipt (your copy)

D-2 Receipt (our copy)

TRI TIP GRILL™ RESTAURANT FRANCHISE DISCLOSURE DOCUMENT

ITEM 1 THE FRANCHISOR, PARENTS, PREDECESSORS, AND AFFILIATES

The purpose of this disclosure document is to give you important legal and business information about us (the franchisor), Pickapple Franchise, LLC, and the franchise we offer. To simplify the language, we will refer to ourselves as “we” or “us” or “Pickapple Franchise, LLC.” We will refer to the person or entity to which we grant a franchise (the franchisee) as “you.” If the franchisee is an entity, the word “you” does not include the franchisee’s owners. We will call them “Related Parties.”

Franchisor, Parents, Predecessors, and Affiliates

We are a California limited liability company, formed on April 22, 2009. Our principal business address is 301 County Airport Road #214, Vacaville, California 95688. We conduct business under the trade names “TRI TIP GRILL™,” “BUCKHORN GRILL™,” “BUCKHORN BBQ™,” and “BUCKHORN BBQ TRUCK™.”

Our corporate parent is Pickapple, LLC, a California limited liability company. Its principal business address is 301 County Airport Road #214, Vacaville, California 95688. Our corporate parent operates BUCKHORN GRILL™ restaurants and is informally associated with the Buckhorn Group of restaurants, including Buckhorn Steak & Roadhouse, Putah Creek Cafe, and Buckhorn Catering.

Our affiliate, Buck Eats LLC, operates the Folsom Buckhorn BBQ. It does not offer franchises in any line of business or provide products or services to us or our franchisees. We do not have any other predecessors or affiliates.

Agent for Service of Process

Our agent for service of process is below:

Ms. Christie Miller
301 County Airport Road #214
Vacaville, California 95688

Prior Experience

Our corporate parent, Pickapple, LLC, has operated fast casual restaurants for over 19 years. It started operating fast casual restaurants under the trade name “Buckhorn Grill” in 1999. Currently, our corporate parent (or its affiliate) operates eleven BUCKHORN GRILL™ restaurants in Northern California. Our corporate parent has never offered or sold any fast casual restaurant franchises or franchises in any other lines of business.

Pickapple Franchise, LLC is the franchisor of TRI TIP GRILL™ restaurant franchises. We have never operated a fast casual restaurant. In addition to TRI TIP GRILL™ restaurant franchises, we also offer and sell BUCKHORN GRILL™ franchises, which is also a fast casual restaurant franchise. The TRI TIP GRILL™ System is modeled on the BUCKHORN GRILL™ restaurants, and the operations of the BUCKHORN GRILL™ system.

and of the franchise being offered are essentially the same. As of December 31, 2018, there were 16 system-wide restaurants operated under both trade names, including restaurants operated by our parent (or affiliate) and franchised restaurants. There are currently three TRI TIP GRILL™ franchised restaurants and two BUCKHORN GRILL™ franchised restaurants.

In 2016, we began offering and selling a BUCKHORN GRILL™ mobile food truck franchise, also known as “Buckhorn BBQ™” or “Buckhorn BBQ Truck™.” We have never offered or sold any franchises in any lines of business other than the BUCKHORN GRILL™ and TRI TIP GRILL™ fast casual restaurant franchises and the BUCKHORN GRILL™ mobile food truck franchise. Pickapple Franchise, LLC has no other business activities other than granting franchises and helping our franchisees. As opportunities present themselves, we intend to expand TRI TIP GRILL™ restaurants and mobile food trucks into locations in California and in other states.

Except as stated in this Item 1, we do not offer franchises in any other business, and we have not engaged in another line of business.

The Business We Offer

The business you will operate under the Franchise Agreement is an upscale, fast casual restaurant, part of the fastest growing segment of the restaurant industry in the United States. We offer an array of entrees and salads, including uniquely char-roasted tri-tip steak, chicken, pork, salmon, and vegetable platters, sandwiches and side dishes, soft drinks, and in most locations, beer and wine. All our entrees and salads are made to order. Your franchise gives you the right to make over-the-counter sales for on-premises consumption or pickup, as well as the right to offer direct or indirect delivery or catering services.

The general market for your franchised business is comprised of people who would like healthful meals at reasonable prices, served in a timely fashion, and who have no strict dietary restrictions. Your principal competitors will be similar food establishments, particularly those emphasizing healthy foods. Some examples of your principal competitors are Chipotle, Tossed, Baja Fresh, and to a lesser degree, sandwich shops such as Quiznos, Subway, and TOGOs. Your competitors also include all restaurants, food delivery services, and any other business that are categorized as fast casual dining.

Applicable Regulations

Your business will be subject to federal, state, and local health and safety and environmental safety regulations which are generally applicable to food service facilities. It is your responsibility to stay in compliance with all regulations affecting your franchise operation, and you should investigate the application of these laws further. We are not aware of any laws or regulations that are specifically applicable to the franchised business.

You should consult with your attorney concerning all federal, state and local laws and regulations that may apply to your franchised business. Under the Franchise Agreement, you, alone, are responsible for complying with all applicable laws and regulations.

ITEM 2 BUSINESS EXPERIENCE

John Pickerel, President

Mr. Pickerel oversees the sale and general management of our franchises, and the food operations, including quality of product, service levels, and training. He is also a founding member of Pickapple, LLC. Since 1998, Mr. Pickerel has been responsible for the product development, management, and oversight of new restaurant startups for the BUCKHORN GRILL™ restaurants operated by our corporate parent. Mr. Pickerel has also been the

owner of Buckhorn Café Inc since 1979, which owns and operates several restaurants and a catering business in Winters, California Buckhorn Café Inc is unrelated to us, our corporate parent, or BUCKHORN GRILL™

Tom McLaughlin, Chief Operations Officer

Mr McLaughlin oversees the day-to-day operations of our franchises, including staffing, training, and work scheduling He is also a member of Pickapple, LLC Since 1999, Mr McLaughlin has been responsible for the management of all day-to-day operations of the BUCKHORN GRILL™ restaurants operated by our corporate parent

ITEM 3 LITIGATION

There is no litigation that must be disclosed in this Item 3

ITEM 4 BANKRUPTCY

There is no bankruptcy information that must be disclosed in this disclosure document

ITEM 5 INITIAL FEES

When you sign a Franchise Agreement, you will pay us an initial franchise fee of Fifty Thousand Dollars (\$50,000) The initial fee, which is payable in a lump sum, is non-refundable

ITEM 6 OTHER FEES

Type of Fee¹	Amount	Due Date	Remarks
Royalty	4% of total gross sales	Payable monthly on the 10th day of the next month	Gross sales includes all revenue from all business conducted at the franchise location Gross sales does not include sales or use tax
Back office support cost ²	Our actual out-of-pocket cost	Billed quarterly, payable 30 days after invoicing	Franchisee has the option to discontinue this service after the first year of operation
External evaluation cost (ongoing)	Our actual out-of-pocket cost	Payable monthly on the 10th day of the next month	External evaluation consists of hiring “mystery shoppers” to evaluate the level of service and quality of food of each franchisee Currently, this service costs \$172 per month
Renewal fee	\$5,000	30 days before renewal	See Item 17 for discussion of Renewal
Relocation fee	\$5,000	Before we grant consent to relocation	See Item 12 for discussion of Relocation
Transfer fee	\$7,500	Prior to consummation of transfer	Must be received before we review the transferee or the transaction No charge if franchise transferred to a corporation which

Type of Fee ¹	Amount	Due Date	Remarks
			you control 100%
Advertising cooperative fees ³	Not to exceed 1% of total gross sales	Billed quarterly, payable 30 days after invoicing	No advertising cooperative currently established See Note 3
Local advertising costs	2% of total gross sales	Must be spent each quarter, payable directly to service provider	Every quarter you must submit invoices showing that you have complied with this requirement in the previous quarter
Annual conference cost	Your travel and living expenses	As incurred	We do not charge a fee for the annual conference See Item 11
Additional training programs	Your travel and living expenses	As incurred	We may designate such training programs as optional or mandatory
Opening assistance	Our travel and living expenses	As incurred	We do not charge a fee for opening assistance See Item 11
Additional assistance	Not to exceed \$350 per day, plus our travel and living expenses	Payable 30 days after invoicing	The additional assistance fee covers our representative's wages See Item 11
Financial audit cost	Cost of audit plus 10% interest on underpayment ⁴	Payable immediately upon discovery of underpayment	Payable only if audit discloses more than 3% underpayment or if you did not submit financial statements
Quarterly operations audit fee	\$250 per audit	Payable 30 days after invoicing	Audit occurs on a quarterly basis If you score 90 or higher on an audit, future audits will occur on a semi-annual basis for as long as you maintain a score of 90 or higher
POS system maintenance contract	\$3,000 - \$3,500 startup costs plus \$250-\$350 per month	Billed annually, payable directly to service provider	
Anti-harassment hotline	\$100	As incurred, payable directly to service provider	We require you to enroll in the <i>We Want to Know Hotline</i> ® for your employees to anonymously report workplace problems

¹ All fees are imposed by and are payable to Pickapple Franchise, LLC, except for your travel and living expenses, local advertising expenses, POS system maintenance, and anti-harassment hotline, which are imposed by and are payable to the provider All fees are non-refundable The fees may not be uniformly imposed on subsequent franchisees

² This is the proprietary computer system we have developed to manage a restaurant's administrative functions, accounting, accounts payable, accounts receivable, financial management reporting, and inventory

³ Currently, we have not established an advertising cooperative between our franchisees We reserve the right to establish an advertising cooperative when we determine one is warranted If we establish an advertising cooperative, you will be required to contribute to the cooperative a percentage of your total gross sales, which may not exceed 1% of your total gross sales In these circumstances, 25% of your required contribution, in the maximum amount of 0 25% of your total gross sales, may be offset against your local advertising obligations for the period Advertising cooperative fees will be billed quarterly and will be payable 30 days after invoicing

⁴ Interest begins from the date of the underpayment

ITEM 7 ESTIMATED INITIAL INVESTMENT

The table below represents your estimated initial investment through opening, except for the “Additional Funds” category, which shows funds needed for the first three months of operation

Column 1 Type of Expenditure¹	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Initial franchise fee	\$50,000	\$50,000	Single payment	At the signing of the Franchise Agreement	Pickapple Franchise, LLC
Franchisee actual out-of-pocket travel and living expenses while training at our site	\$7,000	\$25,000	As incurred	During training and initial period	Airlines, hotels, and restaurants
Franchisor actual out-of-pocket travel and living expenses for training and opening assistance ²	\$9,000	\$30,000	As incurred	As incurred	Airlines, hotels, and restaurants or reimbursement to Franchisor
Lease deposit and first month's rent ³	\$42,000	\$110,000	As arranged	At lease signing	Landlord
Improvements, equipment, furnishings, etc ⁴	\$845,000	\$1,700,000	As arranged	Prior to opening	Architects, contractors, suppliers, utilities, employees, etc
Grand opening advertising	\$7,000	\$15,000	As incurred	As incurred	Media outlets
Additional funds – first 3 months ⁵	\$40,000	\$70,000	As incurred	As incurred	Pickapple Franchise, LLC, suppliers, media outlet, employees, landlord, etc
TOTAL	\$1,000,000⁶	\$2,000,000⁶			

THESE FIGURES ARE ESTIMATES ONLY

¹ We do not offer direct or indirect financing to franchisees for any items. All payments are non-refundable.

² You are responsible for reimbursing our actual out-of-pocket travel and living expenses. We do not charge a fee for initial training or opening assistance. See Item 11.

³ You will need to locate and lease a suitable premises for your restaurant. Typical locations are retail and commercial areas. The typical TRI TIP GRILL™ restaurant has 2,500 - 5,000 square feet. Rent is estimated to be between \$250,000 - \$600,000 per year depending on factors such as size, condition, and location of the leased premises.

⁴ The total investment to open a TRI TIP GRILL™ restaurant consists mainly of tenant improvements, equipment, and furnishings. Tenant improvements costs include design fees and construction costs. Equipment includes all of the kitchen equipment and fixtures, including a refrigerator, oven, kitchen hood and ventilation, tables, chairs, and millwork required for the cabinetry, as well as the POS system and the video surveillance system. Equipment can be purchased and can often be leased. These costs also include utility deposits, business licenses, incorporation fees, insurance, other prepaid expenses, POS maintenance contract, opening inventory, and payroll costs. These costs are

estimates and may vary significantly from site to site, depending on factors such as location, the local market conditions in the construction industry, and the prevailing wage rate. Historically, for our franchised locations, total costs range on average from \$845,000 for a partially completed shell to \$1,700,000 for a complete shell with a hood ventilation system.

⁵ This is our estimate of your start up expenses during the first 90 days of operation, including estimated employee wages, additional inventory, additional advertising, back office support costs, and other miscellaneous expenses, but not including rent. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow our methods and conditions, your management skill, experience and business acumen, local economic conditions, the local market for our product, competition, and the sales level reached by you during the initial period.

⁶ We have relied on over 19 years' experience of our principals in managing and operating our corporate parent's quick service restaurants to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase your beef from a Certified Angus Beef® supplier, as specified in the Franchise Agreement. The beef must be of a grade level of choice or higher. In addition, our operating manual, as amended by us from time to time, provides the names and addresses of approved or designated suppliers of specified goods and services that you must use or sell in your TRI TIP GRILL™ restaurant. You must use and sell all goods and services, and only those goods and services, that we authorize and/or require. You may sell only approved goods and services from vendors that we specify or approve.

You are required to use a POS (point-of-sale) computer system, designated by us from time to time. Currently, TRI TIP GRILL™ restaurants use the Toast restaurant POS software and hardware system, although this system is subject to change. You are required to use our proprietary back office computer system. Currently, we use Restaurant365, though this back office software is subject to change. You are required to use a video surveillance system that is capable of broadcasting video feeds over the Internet. You are required to enroll in the *We Want to Know* Hotline® for your employees to anonymously report workplace problems. We reserve the right to change the reporting agency from time to time.

Historically, approximately 10% - 20% of your start-up expenses and approximately 20% - 40% of your ongoing expenses will be for purchases according to our specifications, depending on factors such as location, local economic conditions, and the average cost of the products. We do not derive revenue from your required leases, though we do derive revenue on the required purchase of certain categories of food and paper supplies, not to exceed 1%. To the extent we collect these revenues, we use them for franchise meetings and trainings. Our total revenue is \$228,131, and we estimate our revenues from all required purchases of products and services will be less than \$20,000, or less than 8.8% of our total revenue. You are not required to purchase or lease products or services from our affiliates.

At all times, we have the right to determine quality control and customer service considerations, and we reserve the right to disapprove of any products you sell and to require that the products you sell comply with our standards and specifications. We reserve the right to change the authorized products and services in our discretion at any time. If we advise you that certain products may be purchased only from designated or approved vendors or according to our specifications, you must comply with our requirements.

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 Franchise Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Sections 5.2 and 7.9.1 of Franchise Agreement	Items 6 and 11
b Pre-opening purchase/leases	Sections 7.2.3, 7.2.6, 7.9 of Franchise Agreement	Items 6, 7 and 8
c Site development and other pre-opening requirements	Sections 7.2.2 and 7.2.3 of Franchise Agreement	Items 6, 7 and 11
d Initial and ongoing training	Sections 7.2.1, 7.2.2, 7.3 of Franchise Agreement	Item 11
e Opening	Section 7.2.4 of Franchise Agreement	Item 11
f Fees	Article VI of Franchise Agreement	Items 5 and 6
g Compliance with standards and policies/operating manual	Section 7.2.5 of Franchise Agreement	Item 11
h Trademarks and proprietary information	Sections 7.1.1, 7.2.11, 8.1 of Franchise Agreement	Items 13 and 14
i Restrictions on products/services offered	Sections 5.6 and 7.2.6 of Franchise Agreement	Item 16
j Warranty and customer service	Sections 7.2.7, 7.2.9 of Franchise Agreement	Item 11
k Territorial development and sales quotas	Sections 4.2 and 4.3 of Franchise Agreement	Item 12
l Ongoing product/service purchases	Sections 7.2.6, 7.2.11 of Franchise Agreement	Item 8
m Maintenance, appearance, and remodeling requirements	Sections 4.6.2 and 7.2.8 of Franchise Agreement	Items 11 and 17
n Insurance	Section 7.7 of Franchise Agreement	Items 7
o Advertising	Section 7.5 of Franchise Agreement	Items 6, 9, 11 and 12
p Indemnification	Section 8.5 of Franchise Agreement	Item 13
q Owner's participation/management/staffing	Sections 7.2.1, 7.2.2 and 7.4 of Franchise Agreement	Items 11 and 15
r Records and reports	Section 7.6 of Franchise Agreement	Item 6
s Inspections and audits	Sections 6.4, 7.2.10 of Franchise Agreement	Items 6 and 17
t Transfer	Article IX and Section 10.2.2 of Franchise Agreement	Items 6 and 17
u Renewal	Sections 4.6.2 and 6.7 of Franchise Agreement	Item 17
v Post-termination obligations	Section 10.3 of Franchise Agreement	Item 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
w Non-competition covenants	Sections 8 6, 8 7 of Franchise Agreement	Item 17
x Dispute resolution	Section 11 7 of Franchise Agreement	Item 17

ITEM 10 FINANCING

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

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

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

Pre-Opening Assistance

Before you open your business, we will

- (1) Designate your exclusive territory (Franchise Agreement §§ 4 1, 4 2)
- (2) Assist you in selecting a suitable location for your TRI TIP GRILL™ restaurant, subject to our approval, and in negotiating a lease (Franchise Agreement § 5 1)
- (3) Provide you with sample plans and specifications to guide you in constructing tenant improvements to, furnishing, and equipping you TRI TIP GRILL™ restaurant (Franchise Agreement § 5 2)
- (4) Conduct an initial training program in the operation of the TRI TIP GRILL™ restaurant that we believe may be necessary or helpful to you in your operation of the restaurant (Franchise Agreement § 5 3)
- (5) Give you, in the operating manual or otherwise in writing, names and addresses of approved or designated suppliers of specified goods and services that you must use or sell in your TRI TIP GRILL™ restaurant (Franchise Agreement § 5 6)
- (6) Provide you with limited sample advertising and promotional materials, which may, at our option, include video and audiotapes, forms and templates, copy-ready print advertising materials, posters, banners, and miscellaneous point-of-sale items (Franchise Agreement § 5 7)

Time before Opening

We estimate that the average length of time between signing of a Franchise Agreement and a lease, whichever is later, and opening of a franchised business, will be 180 days This period does not include time spent looking for a site because we must approve a location before entering into a Franchise Agreement with you

Factors that affect the length of time it takes to open a new TRI TIP GRILL™ restaurant include site availability, lease negotiations, financing, building permits and zoning issues, installation of equipment and fixtures, and project management

Ongoing Assistance

During the operation of the franchised business, we will

- (1) Develop new products and methods, at our option, and provide you with information about these developments (Franchise Agreement § 5 10)
- (2) Assist you with product selection and pricing of menu items (Franchise Agreement § 5 8)
- (3) During the first three months after you open a new TRI TIP GRILL restaurant, telephone you on an as-needed basis to discuss your operational problems (Franchise Agreement § 5 8)
- (4) Send a representative to your location to help you in managing your restaurant and training your employees for a minimum of thirty (30) days after the time that you open (Franchise Agreement § 5 4) The representative will be available for as long as you require his or her assistance, but you will be required to pay the representative's wages, not to exceed \$500 per day, for each day of additional assistance that extends past the initial thirty (30) day period. However, you are required to pay any costs of travel, lodging, meals, and other incidental expenses that our representative incurs in providing you with opening and/or additional assistance (Franchise Agreement §§ 5 , 6 5, 9 and 6 13)
- (5) At our option, hold annual conferences to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, and merchandising procedures. There is no conference fee, but you must pay all your travel and living expenses. These conferences are held at our corporate offices in Solano County or elsewhere in the greater Sacramento area (Franchise Agreement §§ 5 9, 6 5, 6 13)
- (6) Provide additional training when we believe that additional training is needed (Franchise Agreement § 5 9) As noted in Note (4), you are required to pay any costs of travel, lodging, meals, and other incidental expenses that our representative incurs in providing you with opening and/or additional assistance, as well the representative's wages, not to exceed \$500 per day
- (7) Back office support – we will provide you with access to our back office system, which is the proprietary computer system we have developed to manage a restaurant's administrative functions, accounting, accounts payable, accounts receivable, financial management reporting, and inventory. Currently, we use Restaurant365, though this back office software is subject to change. You will be required to use our back office system at all times (Franchise Agreement § 5 11)

Advertising Assistance

We will provide a limited amount of advertising materials and services to you. Materials provided by us include, at our option, posters, banners, and miscellaneous point-of-sale items. We will make these materials available to you in digital form at no charge. If you want hard copies, you must arrange and pay production costs (Franchise Agreement § 5 7) In the event you want to create any design alterations, custom-designed materials, or advertising that is specific to your restaurant location, you must work, at your cost, with the design team we designate and obtain our approval of any advertising materials. All costs of design and production of materials will be at your expense (Franchise Agreement §§ 5 7 and 7 5 2)

You must spend at least two per cent (2%) of your total gross sales per quarter on local advertising and promotion in a manner that conforms with the manual, as applicable. Every quarter, you must submit invoices showing that you have complied with this requirement in the previous quarter (Franchise Agreement § 7 5 2) We

may establish an advertising cooperative in which case you will be required to contribute to the cooperative up to 1% of your gross sales, which amount may be offset against your local advertising obligation for the period

You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing. However, all Internet advertisements must be prepared and posted by us only. (Franchise Agreement §§ 4.4, 7.1.3)

Computer Requirements

We require that you have a POS (point-of-sale) computer system designated by us. Currently the system we primarily use is the Toast restaurant POS system, although this system is subject to change. The system will have touch screen monitors, printers for receipts and kitchen orders, and a server to keep the system updated and to generate reports. You are required to use our proprietary back office computer system, currently, we use Restaurant365, though this back-office software is subject to change. We do not specify specific computer hardware or an Internet supplier, and we will not provide ongoing maintenance, repairs, upgrades, or updates. You are required to maintain a Toast restaurant POS system service contract or such ongoing maintenance and repairs. Your computer must be in good repair, with sufficient memory to carry out ordinary business functions as provided in the manual, as applicable. You are contractually obligated to update your POS software at our direction within thirty (30) days of our written notice to you. If we designate a different POS computer system, you are contractually obligated to switch to the new POS computer system within ninety (90) days of our written notice to you. (Franchise Agreement §§ 7.2.6, 7.2.13)

You will use the POS system to track sales, hold cash, clock employee time, control inventory, and maintain house accounts. We will not have independent access to the electronic cash register or computer system, but we reserve the right to conduct periodic audits of any accounting records contained in such hardware. (Franchise Agreement §§ 6.4.1, 7.6)

The cost of purchasing the current designated POS system ranges from \$15,000 to \$20,000, depending on the size of your restaurant. The current annual cost of ongoing maintenance, repairs, upgrades, or updates ranges from \$3,000 to \$4,500, depending on the size of your restaurant. The cost of switching to a new POS system ranges from \$5,000 to \$20,000, depending on the size of your restaurant and the compatibility of the previous computer hardware with the new system designated by us.

Operating Manual

We will loan you a copy of our operating manual that contains mandatory and suggested specifications, standards, and procedures. This manual is confidential and remains our property. We will modify this manual, from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement § 5.5) We will give you a reasonable opportunity to review the manual before buying the franchise and signing a Franchise Agreement.

TRAINING PROGRAM

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Real Estate and Development	0	10	Solano County or greater Sacramento area, and your restaurant
Operations, Management, Accounting, and Administration	40	80	Solano County or greater Sacramento area, and your

			restaurant
POS/Back Office	16	up to 40	Solano County or greater Sacramento area, and your restaurant
Restaurant Opening Training	See table below	See table below	Your restaurant

We will conduct an initial training program, consisting of four segments, for both you and certain of your key employees. The primary instructional material for the initial training is the manual. We do not impose an additional charge for this training or service, as the cost for the initial training for two people, you and your operations manager, is included in the initial franchise fee. However, you must pay all travel, lodging, and other incidental expenses that you or your employee incur during training. Additionally, we do not pay wages to any of your employees for any work they perform during the initial training program, including during the Restaurant Opening Training. You are responsible for paying them during training. (Franchise Agreement § 6.5)

All initial classroom training occurs at a location designated by us in Solano County or the greater Sacramento area, California. Initial on-the-job classroom training occurs both in Solano County/greater Sacramento area and at your restaurant. Our initial training program is supervised by John Pickerel. His experience with us and in the restaurant industry is detailed in Item 2 of this disclosure document. You must complete all segments of our initial training program to our satisfaction, which requires that you and your operations manager pass our verbal, written, and demonstration tests to achieve certification. (Franchise Agreement § 7.2.1)

We will conduct Real Estate and Development Training, which introduces you to the site selection, real estate, and construction strategy portions of the business. Our Operations, Management, Accounting, and Administration Training will be conducted by John Pickerel. This segment introduces you to all aspects of managing and operating a TRI TIP GRILL™ restaurant, including overall restaurant operations, quality control, duties and functions of each employee position, human resources, compensation, marketing, and pricing aspects of the business. Our POS/Back Office Training will be conducted by Tom McLaughlin. This segment introduces you to the functions and operation of the current POS system designated by us, as well as our well-developed back office system.

Finally, we will train and assist you in the opening of a new restaurant. The Restaurant Opening Training will be held at your restaurant about two weeks before the opening of your restaurant, and will be provided to a total of 35 of your employees, including you and your operations manager. The exact duration and timing of Restaurant Opening Training will depend on your preparation and the preparation of your employees. A table of the positions trained and typical hours required of each position to complete the Restaurant Opening Training is provided below.

Restaurant Opening Training			
Position	Number of Employees	Hours of Classroom Training	Hours of On-the-Job Training
Prep	3	5	75
Dishwasher/Busser	3	5	19
Line Cook	3	5	75
Legumier	3	5	35
Sandwich Line	9	5	35
Cashier/Runner	12	5	19
Assistant Manager	1	30	175
General Manager	1	30	185

It is your responsibility to ensure that all additional and subsequent managers and other employees are properly trained in our systems and procedures and that our systems and procedures are utilized at your restaurant. Replacement managers must achieve certification by us, which may require that they undergo additional training. You are required to pay any costs of travel, lodging, meals, and other incidental expenses that our representative incurs in providing you with opening and/or additional assistance, as well as the representative's wages, not to exceed \$350 per day.

Each new employee must be properly trained at his or her position and pass our written and demonstration tests within thirty (30) days after he or she is hired (Franchise Agreement §§ 7 4 a and 7 4 2) At any time, we may audit your restaurant and/or evaluate your restaurant using a third-party external evaluation service to ensure compliance with our systems and procedures You will be responsible to pay for any out-of-pocket expenses that are incurred to perform the audits and external evaluations (Franchise Agreement §§ 6 4 2, 6 11, 7 2 10)

We may, in our sole discretion, hold additional training programs as we determine are needed, on a mandatory or optional basis (Franchise Agreement § 7 2 2) We may also, in our sole discretion, hold annual conferences on a mandatory or optional basis to provide updates, offer continuing education or additional training, and encourage discussion of topics of importance to the Franchise Network (Franchise Agreement § 7 3) If we advise you that attendance at a training program or annual conference is mandatory for one or members of your personnel, they must attend, and at your expense (Franchise Agreement §§ 7 2 2, 7 3)

ITEM 12 TERRITORY

Protected Area

Under the Franchise Agreement, we assign you an exclusive territory (your "Protected Area") to operate the franchised business, designated by us and further specified in Attachment 1 to the Franchise Agreement The Protected Area will normally be the geographic territory within a one-mile radius of your Approved Location (See Attachment 1)

Except for the reserved rights described below, we agree not to authorize any other franchisee to locate a TRI TIP GRILL™ restaurant within your Protected Area, to locate any company-related TRI TIP GRILL™ restaurant within the Protected Area, or to allow any other franchisees or company-related TRI TIP GRILL™ restaurants to relocate to a site within the Protected Area

Your rights in the Protected Area are not dependent upon your achieving a certain sales volume, market penetration or other contingency There are no circumstances under which it can be altered or modified while the Franchise Agreement is in effect

We also offer and sell BUCKHORN GRILL™ franchises, which is also a fast casual restaurant franchise upon which the TRI TIP GRILL™ franchise is modeled We reserve the right to authorize another franchisee to locate a BUCKHORN GRILL™ restaurant within your Protected Area, to locate any company-related BUCKHORN GRILL™ restaurant within the Protected Area, or to allow any other franchisees or company-related BUCKHORN GRILL™ restaurants to relocate to a site within the Protected Area

We also offer and sell BUCKHORN BBQ™ Food Truck franchises, a mobile food truck franchise which offers most of the same entrees and salads as TRI TIP GRILL™ restaurants, prepared at a commissary The System for BUCKHORN BBQ™ Food Trucks is similar, though not identical to, the system we use for TRI TIP GRILL™ restaurants We also reserve the right to establish, operate or franchise mobile food trucks within your Protected Area

Relocation of Restaurants

You may only relocate your restaurant(s) to other sites within your Protected Area with our prior written consent The following conditions must be satisfied before we will approve any relocation requests ,

1 You and your Related Parties are in "Good Standing" (as defined in Section 3 6 of the Franchise Agreement and any other agreements), and your restaurant(s) is(are) operating in compliance with our manual,

2 You and any Related Parties that signed the original Franchise Agreement, have signed a copy of the Franchise Agreement that is currently effective at the time of relocation,

3 You agree in writing to plan, construct, equip, and furnish your relocated restaurant according to any requirements and conditions regarding restaurant appearance and function which are in effect at the time the relocation is requested,

4 You and any Related Parties that are parties to the Franchise Agreement have signed a release of claims with respect to past dealings with us and our Related Parties, except non-waivable statutory claims, in the form of Attachment 2 to the Franchise Agreement,

5 We have given our written approval of the new site and of the lease provisions for the new premises, and

6 You have paid the required relocation fee described in Item 6

Additional Rights

We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises

Advertising Restrictions

You shall not conduct any Internet advertising for TRI TIP GRILL goods and services without our written permission, which we may withhold in our sole and absolute discretion. Further, we must approve in advance and in writing any alternative channels of distribution or any advertising materials that you develop for your own use

Rights Reserved by Us

We reserve the following rights: (i) the exclusive right to conduct and/or control Internet promotion and marketing, except with respect to web-based ordering and delivery services related to your particular restaurant, (ii) the right to establish restaurants anywhere outside your Protected Area, (iii) the right to establish, purchase or franchise restaurants within your Protected Area as long as they are not operated under the TRI TIP GRILL™ restaurant trade name or Marks, (iv) the right to establish, operate, or franchise mobile food trucks within your Protected Area, including without limitation, BUCKHORN GRILL™ or TRI TIP GRILL™ food trucks, (v) the right to sell Proprietary Products (i.e. any product made according to our specifications or packaged or labeled with our Marks) through any means of distribution not specifically prohibited by another provision of the Franchise Agreement, and (vi) all other rights not expressly granted to you in the Franchise Agreement

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate a restaurant in your Protected Area under the name "TRI TIP GRILL™". You may also use our other current or future Trademarks to operate your restaurant. By "Trademark," we mean trade names, trademarks, service marks, logos, and phrases used to identify your restaurant. We registered our trademark, "TRI-TIP GRILL," on the United States Patent and Trademark Office ("USPTO") principal register on November 29, 2011, as Number 4063808.

The USPTO has registered some of our trademarks, including but not limited to "Yik Yak," "Cabo Chop Salad," "Caesar Pleaser," "Char-Roasted Tri Tip Grill Buckhorn Tri Tip" and design, and "Best Tri-Tip on the Planet." We have filed with the USPTO "intent to use" trademark applications and trademark applications based on

actual use for some of our Trademarks, and we expect to file applications for our remaining Trademarks with the USPTO shortly

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of this state or any court, nor is there currently any pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving our Trademark

There is no currently effective agreement that significantly limits our rights to use or license the use of our Trademark in a manner material to the franchise

You must follow our rules when you use our Trademark. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols, except for those which we license to you. You may not use TRI TIP GRILL™'s registered name in connection with the sale of any unauthorized products or services, or in a manner that we have not authorized in writing.

We agree to indemnify and hold you harmless from all expenses and liabilities of any kind arising from or in any way connected to any third party claim that your operation of a Tri Tip Grill restaurant, in accordance with the Franchise Agreement and the operating manual, infringes the third party's intellectual property rights or misappropriates its trade secrets. If you are made a party to a legal proceeding in connection with a claim of this type, we will hire counsel to protect our interests and will defend you at our own expense. Any settlement we negotiate will bind you, but we will reimburse you for your direct cost of complying with the settlement agreement.

We have the right to change our Trademarks. If we modify or discontinue using our primary Trademark, "Tri Tip Grill," you must modify or discontinue the use of the name "TRI TIP GRILL," so long as we own the new name we select. If this happens, we will reimburse you for the cost of changing interior and exterior signs on your Restaurant premises and any vehicles you use in connection with your Restaurant. We also have the right to modify or discontinue our other Trademarks (including, without limitation, trade dress, logotypes, slogans, trade names and other commercial symbols). If we do, you must conform to such changes at your own expense and promptly update your restaurant, as applicable (*e.g.* trade dress, advertising collateral, online and printed material).

You must not directly or indirectly contest our right to our Trademark, trade secrets, or business techniques that are part of your business.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Trademark in California or in any state in which the franchise is to be located.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have no patent or copyright registrations nor any pending patent or copyright applications that are material to the franchise. We claim common law copyrights in our present and/or future promotional materials, manual, and website. We do not know of any superior prior rights or infringing uses of our copyrights that could materially affect you. You can use the proprietary information in the manual, which is described in Item 11, but you may not disclose any such proprietary information to any third party, except to your employees and agents as necessary in the operation of your restaurant and except as we authorize in writing. To protect our proprietary information, you, your Designated Manager and each of your Related Parties must sign a written nondisclosure and noncompetition agreement, in the form of Attachment 4 to the Franchise Agreement, when you sign the Franchise Agreement. In the event you fail to sign or to obtain a signed, written agreement from any of your managers or key employees, you shall be responsible for any failure of such person to comply with the requirements of Attachment 4.

You must also promptly notify us in writing when you learn about the unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to your notification of unauthorized use as we think appropriate.

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

You are obligated to participate directly in the franchise. If you are an individual, you or a person you have appointed and we have certified as general manager must directly supervise the franchised business on its premises. If you are a corporation or other legal entity, a person you have appointed and we have certified as general manager must perform the direct, on-site supervision of the franchised business.

You and all your restaurant managers and key employees, as identified by us, are required to sign written agreements, in the form of Attachment 4 to the Franchise Agreement, to conform with the covenants not to compete described in Item 17 and to maintain confidentiality of the proprietary information described in Item 14. In the event you fail to sign or to obtain a signed, written agreement from any of your managers or key employees, you shall be responsible for any failure of such person to comply with the requirements of Attachment 4. All your restaurant managers must either complete the initial training program described in Item 11 to our satisfaction, or must achieve certification by us, which may require that they undergo testing or additional training, as necessary.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved, and only the goods and services that we authorize you to provide. (See Item 9.)

You must offer all goods and services that we designate as required for all franchisees. These required goods include all menu items we have approved, as well as paper goods and other items. Once a particular good or service has been offered and sold for a minimum of six months, you will have the opportunity to make a written recommendation to us requesting that it no longer be designated as required, and the reasons justifying your request. We will use our reasonable discretion in reviewing your recommendation, but the ultimate decision to continue designating a good as required will be made by us.

The Franchise Agreement gives us the right to change the authorized products, services, and hours of operation, and there are no limits to this right in the Franchise Agreement. Further, if at any time we advise you that certain products or services may be purchased only from designated or approved vendors or according to our specifications, you must comply with our requirements.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

**THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND
RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS
ATTACHED TO THIS DISCLOSURE DOCUMENT.**

Provision	Section in Franchise or Other Agreement	Summary
a Length of the term of the franchise	Section 4.6.1 of Franchise Agreement	Term is equal to 10 years or the length of the lease term (including any renewals or extensions), whichever ends first

Provision	Section in Franchise or Other Agreement	Summary
b Renewal or extension of the term	Section 4 6 2 of Franchise Agreement	If you are in Good Standing, upon expiration of your original Franchise Agreement, you will have the right to renew your franchise for another 10-year term
c Requirements for franchisee to renew or extend	Section 4 6 2 of Franchise Agreement	Timely notice of your intent to renew, resigning the then-current Franchise Agreement (which may contain materially different terms and conditions than the original agreement), lease renewal, remodeling of premises (as applicable), release of claims, and payment of the renewal fee
d Termination by franchisee	None	None
e Termination by franchisor without cause	None	None
f Termination by franchisor with "cause"	Section 10 2 of Franchise Agreement	We can terminate only if you default
g "Cause" defined – curable defaults	Sections 10 2 2(a)-(d) of Franchise Agreement	You have 30 days to cure non-submission of information, non-payment of fees, failure to begin operating prior to the Start Date, failure to execute timely a nondisclosure agreement, sanitation problems, poor food quality, and/or poor service levels, failure to complete any aspect of the training program successfully, and any other default not listed in Section 10 2 2
h "Cause" defined – defaults which cannot be cured	Sections 10 2 2(e)-(p) of Franchise Agreement	Non-curable defaults include inability to complete the initial training, any intentional act that materially and unfavorably reflects on the goodwill of the brand, unpermitted attempt to assign your rights, violation of any nondisclosure noncompete agreement, material misrepresentation, terminate of any agreement between us, unapproved actions or transfers abandonment, material violation of professional conduct, repeated defaults, even if cured, sub-standard inspection ratings by Health Dept , insolvency
i Franchisee's obligations on termination/non-renewal	Section 10 3 of Franchise Agreement	Obligations include complete de-identification and payment of amounts due (See also item (r), below)
j Assignment of contract by franchisor	Section 9 7 of Franchise Agreement	No restriction on our right to assign
k "Transfer" by franchisee – defined	Section 3 18 of Franchise Agreement	Includes transfer of contract or assets or ownership change
l Franchisor approval of transfer by franchisee	Section 9 1 of Franchise Agreement	We have the right to approve all transfers but will not unreasonably withhold approval
m Conditions for franchisor approval of transfer	Section 9 4 of Franchise Agreement	New franchisee qualifies, transfer fee and outstanding debts are paid, all defaults cured, purchaser transfer agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee
n Franchisor's right of first refusal to acquire franchisee's business	Section 9 3 of Franchise Agreement	We can match any offer for the franchisee's business

Provision	Section in Franchise or Other Agreement	Summary
o Franchisor's option to purchase franchisee's business	Section 10 3(f) of Franchise Agreement	We have an option to buy any of the assets of your business upon termination
p Death or disability of franchisee	Section 9 6 of Franchise Agreement	Heirs must qualify to replace franchisee or have six months to sell franchise
q Non-competition covenants during the term of the franchise	Section 8 6 of Franchise Agreement	No involvement in competing business anywhere in the U S
r Non-competition covenants after the franchise is terminated or expires	Section 8 6 of Franchise Agreement	No competing business for 2 years within 20 miles of another Tri Tip Grill or Buckhorn Grill (including after assignment)
s Modification of the agreement	Section 11 4 of Franchise Agreement	No modification except by written agreement of the parties, but manual is subject to change
t Integration/merger clause	Section 11 6 of Franchise Agreement	Only the terms of the Franchise Agreement 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 11 7 of Franchise Agreement	Mediation and/or arbitration will be conducted by AAA in Walnut Creek, California
v Choice of forum	Section 11 2 of Franchise Agreement	Litigation must be in Contra Costa County, California
w Choice of law	Section 11 2 of Franchise Agreement	California law applies

Note Please see "Specific State Disclosures," immediately following Item 23 of this disclosure document, for important information concerning your rights under certain laws of various states, including your rights regarding choice of law, choice of forum, termination, and renewal

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 restaurants, 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 restaurant 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 restaurants. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing restaurant, however, we may provide you with the actual records of that restaurant. If you receive any other

financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Pickerel, 301 County Airport Road #214, Vacaville, California 95688, (707) 446-1713, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20 RESTAURANTS AND FRANCHISEE INFORMATION

This Item 20 discloses all restaurants (and their respective franchisees, if any) that are substantially similar to the restaurant franchise being offered for sale

SYSTEM-WIDE RESTAURANT SUMMARY FOR YEARS 2016 TO 2018

Column 1 Restaurant Type	Column 2 Year	Column 3 Restaurants at the Start of the Year	Column 4 Restaurants at the End of the Year	Column 5 Net Changes
Franchised	2016	2	3	+1
	2017	3	4	+1
	2018	4	5	+1
Affiliate-Owned	2016	10	10	0
	2017	10	11	+1
	2018	11	11	0
Total Restaurants	2016	12	13	+1
	2017	13	15	+2
	2018	15	16	+1

TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2016 TO 2018

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2016	1*
	2017	0
	2018	0
New York	2016	0
	2017	2
	2018	0
Texas	2016	0
	2017	0
	2018	0
Totals	2016	1
	2017	2
	2018	0

*The original franchisee, two individuals, transferred their franchise to their 100% wholly-owned entity

**STATUS OF FRANCHISED RESTAURANTS
FOR YEARS 2016 TO 2018**

Col 1 State	Col 2 Year	Col 3 Restaurants at Start of Year	Col 4 Restaurants Opened	Col 5 Termi- nations	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Restaurants at End of Year
California	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	2	0	0	0	1	2
New York	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Texas	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Totals	2016	2	1	0	0	0	0	3
	2017	3	1	0	0	0	0	4
	2018	4	2	0	0	0	1	5

**STATUS OF AFFILIATE-OWNED RESTAURANTS
FOR YEARS 2016 TO 2018**

Col 1 State	Col 2 Year	Col 3 Restaurants at Start of Year	Col 4 Restaurants Opened	Col 5 Restaurants Reacquired from Franchisees	Col 6 Restaurants Closed	Col 7 Restaurants Sold to Franchisees	Col 8 Restaurants at End of Year
California	2016	10	0	0	0	0	10
	2017	10	1	0	0	0	11
	2018	11	1	0	1	0	11
New York	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Texas	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	2016	10	0	0	0	0	10
	2017	10	1	0	0	0	11
	2018	11	1	0	1	0	11

**PROJECTED OPENINGS
AS OF DECEMBER 31, 2018**

Column 1 State	Column 2 Franchise Agreements Signed but Restaurant Not Opened	Column 3 Projected New Franchised Restaurant in the Next Fiscal Year	Column 4 Projected New Company- Owned Restaurants in the Next Fiscal Year
California	0	0	0

New York	0	0	0
Texas	0	0	0
Totals	0	0	0

Current and Former Franchisees

Our current restaurant franchisees are (a) Tri Tip Rock Center, LLC, ATTN Ranganath Manhabhushi, 1 Crow Canyon Court, Suite 110, San Ramon, California 94583, (408) 307-6455, (b) Tri Tip City, LLC, ATTN Ranganath Manhabhushi, 1 Crow Canyon Court, Suite 110, San Ramon, California 94583, (408) 307-6455, (c) Global Summit Group, LLC, ATTN Robert Sunleaf, 446 Southridge Way, Irving, Texas 75063, (630) 291-4117, (d) Venquest FG LLC, ATTN Ranganath Manhabhushi, 1 Crow Canyon Court, Suite 110, San Ramon, California 94583, (408) 307-6455, and (e) RC BBQ, Inc , ATTN Richard Loudermilk, 4217 Noah Court, Modesto, CA 95356

In 2018, we had one franchisee who voluntarily ceased to do business under the Franchise Agreement Cornerstone Buckhorn, Inc , ATTN George A Almeida and Rebecca Almeida, 1975 Diamond Blvd, Suite E260, Concord, California 94520, (510) 240-5248 We do not have any other former franchisees (i.e. a franchisee who has had a restaurant terminated, canceled, not renewed, or voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the disclosure document issuance date)

If you buy this franchise, your contact information may be disclosed to other buyers of any of our franchises when you leave the franchise system

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with BUCKHORN GRILL™ You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are our audited, fiscal year end financials for 2016, 2017, and 2018

ITEM 22 CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer

Title of Agreement	Exhibit/ Attachment	Signed By
Franchise Agreement	Exhibit C	You and us
Release of Claims	Attachment 2	You
Authorization Agreement for Direct Payment (Debit)	Attachment 3	You and your financial institution
Nondisclosure and Noncompetition Agreement	Attachment 4	You, your Related Parties and all your managers
Assignment of Telephone Numbers, Email Addresses, and Web Addresses, and Special Power of Attorney	Attachment 5	You
Personal Guaranty	Attachment 6	You (only in assignor capacity)

ITEM 23 RECEIPTS

Attached, as the last page of this disclosure document (Exhibit D-2), is a receipt. Please sign it, date it as of the date you receive the disclosure document and return it to us. A duplicate of the receipt (Exhibit D-1) is attached for your records.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT SPECIFIC STATE DISCLOSURES

California Addendum

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 USCA §§ 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

The franchise agreement requires binding arbitration. The arbitration will occur in City of Walnut Creek, County of Contra Costa, State of California with each party's own costs being borne by that respective party, unless either party is entitled to recover attorney fees under applicable law if it prevails. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of California. This provision may not be enforceable under California law.

The URL of our website is www.buckhorngrill.com. OUR WEBSITE 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.

Neither the franchisor nor any person in Item 2 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 USCA §§ 78a et seq.), suspending or expelling such persons from membership in that association or exchange.

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

New York Addendum

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

Neither we nor any predecessor nor any person identified in Item 2 above nor any affiliate offering franchises under the franchisor's principal trademark has any administrative, criminal, or civil action pending against them 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

Neither we nor any predecessor nor any person identified in Item 2 above nor any affiliate offering franchises under the franchisor's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge, or, within the ten-year period immediately preceding the application for registration, been convicted of or pleaded nolo contendere to a misdemeanor charge, or 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

Neither we nor any predecessor nor any person identified in Item 2 above nor any affiliate offering franchises under the franchisor's principal trademark 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 injunction 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

During the ten-year period immediately preceding the date of this disclosure document, neither the franchisor, its affiliate, its predecessor, officers, or general partner, has (a) filed as a 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 the officer or general partner of the franchisor held this position in the company or partnership

The "Summary" column of Item 17 d is amended to read "You may terminate upon any grounds permitted by law "

The "Summary" column of Item 17 j is amended to read "No restriction on our right to assign, except that we will make no assignment to any assignee other than one who we in good faith determine is willing and financially able to assume our obligations under the franchise agreement "

The "Summary" column of Item 17 s is amended to add the following "Revisions to the manual will not unreasonably affect your obligations, including your economic obligations, under the franchise agreement "

The "Summary" column of Item 17 w is amended to add the following "This choice of law should not be considered a waiver of any right conferred upon us or upon you by article 33 of the General Business law of the State of New York "

State Administrators

Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 Toll Free	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211
Chief Franchise Bureau Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-1090	Franchise Examiner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
Securities Examiner Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Director of the Rhode Island Department of Business Regulation 233 Richmond Street, Suite 232 Providence, Rhode Island 02903 (401) 222-3048
Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W Washington Ave , 4th Floor Madison, Wisconsin 53703 (608) 266-8557	Franchise Administrator Division of Securities Department of Revenue and Regulation 445 E Capitol Avenue Pierre, South Dakota 57501-3185 (605) 773-4013
Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202 (410) 570-6360	State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051
Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Dept of Attorney General 670 Law Building 525 W Ottawa Street Lansing, Michigan 48913 (517) 373-7117	Administrator Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507 (360) 902-8760
Commissioner of Commerce Minnesota Department of Commerce 85 Seventh Place East, Suite 500 St Paul, Minnesota 55101 (651) 296-4026	Franchise Section Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681

FINANCIAL STATEMENTS

insert audited financials

**TRI TIP GRILL™
RESTAURANT
FRANCHISE AGREEMENT**

EXHIBIT C

**TRI TIP GRILL™
RESTAURANT
FRANCHISE AGREEMENT**

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TRI TIP GRILL™ RESTAURANT FRANCHISE AGREEMENT

ARTICLE I: PARTIES

This Franchise Agreement ("Agreement") is signed on _____, between Pickapple Franchise, LLC ("Pickapple," "we" or "us"), a California limited liability company with its principal office in Vacaville, California, and _____ ("you")

ARTICLE II: RECITALS

2.1 Ownership of System We have developed a unique branded system for operating fast casual restaurants. We own certain intellectual property rights, including the trade name and mark, "TRI TIP GRILL." We have spent time, effort, and money to develop business methods, brand concepts, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, food and supply ordering systems, administrative procedures, business forms, distinctive signs, unique trade dress, architectural design, employee uniforms, and training techniques for operating TRI TIP GRILL™ Restaurants.

2.2 Objectives of Parties We are willing to grant to you the right and you are willing to accept from us the obligation to own and operate a TRI TIP GRILL Restaurant, using our trade name, marks, and system, throughout the term of this Agreement and according to its conditions.

ARTICLE III: DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, we define its meaning in this Article III:

3.1 "Adjusted Gross Revenue" means the total amount of money or other consideration you and your Related Parties receive for all goods sold and services rendered from the Approved Location or in association with our Trade Name, Marks, or System, less sales tax and returns, within an accounting period.

3.2 "Agreement" means this Franchise Agreement, as originally executed and as amended from time to time.

3.3 "Approved Location" means the location that we have approved in writing as the site at which you may own and operate a TRI TIP GRILL Restaurant under the franchise granted by this Agreement.

3 4 “Designated Manager” means you in your role as general manager of a TRI TIP GRILL Restaurant or the person whom you have appointed and we have trained and/or certified as general manager of your restaurant

3 5 “Franchise Network” means the interdependent network composed of us, all TRI TIP GRILL franchisees, our Related Parties, and any other people or companies that we have licensed to use our Trade Name or Marks

3 6 “Good Standing” means your timely compliance and that of your Related Parties with all provisions of this Agreement and the Manual, as applicable, specifically including provisions for timely payment of money you owe to us or our Related Party

3 7 “Index” means the Consumer Price Index All Items/U S City Average—All Urban Consumers (1982-1984 = 100), published by the Bureau of Labor Statistics, U S Department of Labor, or a comparable index that we select if the above-referenced index is no longer published

3 8 “Manual” means the operating manual that we will lend you or, at our option, to which we will give you access on our intranet during the term of this Agreement, as updated from time to time, containing information, forms, and requirements for the establishment and operation of a TRI TIP GRILL Restaurant and for use of our Trade Name and Marks, as applicable

3 9 “Marks” means the trademarks, service marks, trade dress, logotypes, slogans, trade names, and other commercial symbols we authorize you to use under this Agreement

3 10 “Proprietary Product” means any product made according to our specifications or packaged or labeled with our Marks

3 11 “Protected Area” means an area surrounding an Approved Location within which we agree to refrain from placing a Restaurant

3 12 “Related Party” or “Related Parties” means people and companies associated with us or you, as the context suggests, including companies under common control, shareholders, members, partners, officers, directors, agents or employees or your officers, directors, agents or employees or our officers, directors, agents or employees

3 13 “Restaurant” means a business that we operate or that we have authorized a franchisee to conduct under our Trade Name, Marks, and System

3 14 “Start Date” means the earlier of (1) the date when your TRI TIP GRILL Restaurant opens for business, or (2) one hundred eighty (180) days after we sign this Agreement or you sign your lease for your Restaurant premises, whichever is later The Start Date may be extended only with our written consent

3 15 “System” means the intellectual property that we license to you under this Agreement, including the right to use our business methods, technical knowledge, specialized services, proprietary products, brand concepts, operational processes, trade secrets, commercial

ideas, advertising materials, marketing strategies, information on sources of supply, unique trade dress, architectural design, employee uniforms, and training techniques

3 16 “Termination” means expiration of this Agreement, non-renewal of this Agreement, or termination of this Agreement before its normal expiration date

3 17 “Trade Name” means the commercial name TRI TIP GRILL

3 18 “Transfer”, except as described in Section 9 5 of this Agreement, means any sale, gift, or other change in ownership of all or any part of the rights and obligations (1) of this Agreement, (2) of the capital assets of your TRI TIP GRILL Restaurant, including the lease for the Approved Location, or (3) of an ownership interest in you

ARTICLE IV: FRANCHISED RIGHTS

4 1 Granting Clause We grant to you the right and obligation and you accept from us the right and obligation to own and operate a TRI TIP GRILL Restaurant at an Approved Location, specified in Attachment 1 to this Agreement, under our Trade Name, Marks, and System during the term of this Agreement and according to its provisions This grant includes the right to make over-the-counter sales for on-premises consumption or pickup, as well as the right to offer direct or indirect delivery or catering services

4 2 Protected Area Your Approved Location will be within a Protected Area specified in Attachment 1 to this Agreement Except for the rights reserved below, we agree not to authorize any other franchisee to base a Restaurant within the Protected Area, base any company-owned Restaurant that uses the Trade Name or System within the Protected Area, or allow any other franchisee or company-owned Restaurant using the Trade Name or System to relocate to a site within the Protected Area

4 3 Additional Rights We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises

4 4 Rights Reserved We reserve the exclusive right to conduct or control Internet promotion and marketing in connection with all Restaurants, in our sole discretion, except with respect to web-based ordering and delivery services in connection with your particular Restaurant We must also approve in writing any alternative channels of distribution or advertising materials that you develop for your own use We reserve all other rights not expressly granted to you in this Agreement, including the right to establish Restaurants anywhere outside your Protected Area, the right to establish, purchase or franchise restaurants within your Protected Area as long as they are not operated under the TRI TIP GRILL Restaurant Trade Name or Marks, and the right to sell Proprietary Products through any means of distribution other than a TRI TIP GRILL Restaurant We also reserve the right to establish, operate or franchise any mobile food trucks, including without limitation TRI TIP GRILL mobile food trucks, anywhere within or outside your Protected Area

4 5 Relocation You may relocate the Restaurant within your Protected Area only with our prior written consent, which we will grant only if the following conditions are fulfilled

(a) You and your Related Parties are in Good Standing under the Franchise Agreement, any other agreements between us or our Related Parties and you, and the Manual,

(b) You and any Related Parties that have signed the original Franchise Agreement have signed a copy of the Franchise Agreement that is currently effective at the time of relocation,

(c) You agree in writing to plan, construct, equip, and furnish your new Restaurant so that the premises meet the standards of appearance and function applicable to the premises of new TRI TIP GRILL Restaurants at the time you relocate,

(d) You and any Related Parties that are parties to this Agreement have signed a release of claims, except non-waivable statutory claims, in the form of Attachment 2 to this Agreement with respect to past dealings with us and our Related Parties,

(e) We have given our prior written approval to the new site and the provisions of the lease for the new premises, and

(f) You have paid us the relocation fee described in Article VI

4 6 Term and Renewal

4 6 1 Initial Term The initial term of the franchise will begin on the Start Date and will continue for ten (10) years or the length of the lease and any renewals or extensions of the lease, whichever ends first

4 6 2 Renewal You have the right to renew the franchise for consecutive additional ten (10) year terms on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if, at the time of renewal, the following conditions have been fulfilled

(a) You and your Related Parties are in Good Standing under this Agreement any other agreement between us or our Related Parties, and you and any of your Related Parties are in compliance with the Manual,

(b) You have notified us in writing at least one hundred eighty (180) days before the expiration date of this Agreement of your wish to renew,

(c) You and any Related Parties that have signed this Agreement have signed a copy of the new Franchise Agreement not less than thirty (30) days before the expiration of this Agreement or thirty (30) days after you receive the new Franchise Agreement from us, whichever is later,

(d) You have agreed that, before the renewal term begins, at your own expense, you will remodel, modernize and redecorate the Restaurant premises and replace and modernize the fixtures, equipment, and signs used in the Restaurant so that the premises of the Restaurant meet the standards of appearance and function applicable to the premises of a new TRI TIP GRILL Restaurant at the time of renewal,

(e) You have renewed or have the right to renew the lease for the Approved Location,

(f) You and any Related Parties that are parties to this Agreement have signed a release of claims, except non-waivable statutory claims, in the form of Attachment 2 to this Agreement with respect to past dealings with us and our Related Parties, and

(g) You have paid the renewal fee described in Section 6 7

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement's provisions. Changed provisions may include but are not limited to increased royalties and other fees, and modifications to your Protected Area

ARTICLE V: OUR SERVICES

We will perform the following services for you at times and places we select as long as you are in Good Standing under this Agreement, any other agreement with us and the Manual

5 1 Site Location Assistance We will advise you in finding a suitable site for your franchised Restaurant and support in negotiating your Restaurant lease. The fact that we help you with site selection does not mean that we are assuming responsibility for locating a site for you. You are primarily responsible for finding a site, negotiating a lease and obtaining our written approval of both

5 2 Construction and Decor We will give you prototype or sample plans and specifications, or plans and specifications for one or more existing Restaurants to guide you in constructing tenant improvements to, furnishing, and equipping your Restaurant. You must, at your own expense, tailor the plans and specifications provided by us for your individual use and then submit the customized plans and specifications to us for written approval, subject to our sole discretion. You understand and agree that strict compliance with our requirements, including without limitation the standards, specifications, systems, procedures, requirements, and instructions contained in this Agreement and the Manual, is vitally important to the success of your Restaurant and all TRI TIP GRILL Restaurants, and that your Restaurant will derive from chain uniformity in food products, identity, quality, appearance, facilities, and service among all TRI TIP GRILL Restaurants. Any failure by you to comply with this Agreement or the Manual can jeopardize our brand

5 3 Initial Training Program Before the opening of your Restaurant, we will conduct an initial training program in the operation of the Restaurant under the TRI TIP GRILL System for you and one (1) member of your management. You and, if you will not manage your Restaurant full-time, your Designated Manager must attend and successfully complete the training program to our satisfaction, as described in Section 7 2 1, before you may open your Restaurant. Your Restaurant must always be actively supervised by a person who has successfully completed our initial training program and who is certified by us to act as Designated Manager

5 4 Opening Assistance We will send a representative to your location to help you in managing your Restaurant and training your employees for thirty (30) days after the time that

you open ("Opening Assistance Period") As further described in Section 6.13, we do not charge a fee for this opening assistance, but you must pay any costs of travel, lodging, meals, and other incidental expenses that our representative incurs in providing you with this opening assistance

5.5 Manual We will lend or, at our option, make available to you on our intranet a Manual containing, as applicable, explicit instructions for use of the Marks, specifications for goods that will be used in or sold by the Restaurant, sample business forms, information on marketing, management, and administrative methods developed by us for use in the Restaurant, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of the Restaurant. We will revise the manual periodically to meet the changing needs of the Franchise Network and will distribute updated pages containing these revisions to you, or, if the Manual has been placed on our intranet, will post revised pages there

5.6 Approved or Designated Suppliers We will give you, in the Manual or otherwise in writing, names and addresses of approved or designated suppliers of specified goods and services that you must use or sell in your Restaurant. In approving or designating a particular supplier other than ourselves, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer or supplier for the remedy for any defect in the goods or services. We will assist you with the pricing of all menu items. Failure to comply with this provision shall constitute a default.

5.7 Advertising Forms and Templates We will provide a limited amount of advertising and promotional material and services to you. These may include, at our option, video and audiotapes, forms and templates, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale items. The materials will be made available to you in digital form at no charge. If you want copies, you must arrange and pay reproduction costs. If you want to alter our design or create any custom-designed materials, you must work, at your expense, with the design team we designate and obtain our approval of any altered or custom design, and you must pay for all design and production costs. You may not use any advertising, marketing, or promotional materials that have not been approved by us.

5.8 Consultation During the first three months after you open your TRI TIP GRILL Restaurant, we will telephone you on an as-needed basis to discuss your operational problems. Further, during the term of this Agreement, we will use our best efforts to make our personnel available to you in a timely manner for telephone, fax, e-mail, or intranet consultation on all aspects of your business, including assistance with product selection and pricing of menu items, for no additional charge except for reimbursement of our direct costs, if any.

5.9 Additional Training We will provide additional training to you or your employees during the term of this Agreement when we believe that additional training is needed. As further described in Section 6.5, we may charge a training fee not to exceed Three Hundred Fifty Dollars (\$350.00) per day for additional training, and you must also pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location. Additionally, at our option, we may hold mandatory or optional annual conferences in the greater Sacramento area to discuss sales techniques, personnel training,

bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, etc. As further described in Section 6.12, we do not charge a fee for any annual conference, but you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur in attending the annual conference.

5.10 Development of Proprietary Products and System At our option, we will provide information to you during the term of this Agreement about new Proprietary Products or methods that we are developing or have developed, which we may require you to use or sell as further described in Section 7.2.6.

5.11 Back Office Support During the term of this Agreement, we will provide you with access to our back office system, which is the proprietary computer system we have developed to manage a Restaurant's administrative functions, accounting, accounts payable, accounts receivable, financial management reporting, and inventory. You are required to use our back office system at all times in connection with the operation of your TRI TIP GRILL Restaurant, and we have the right to change system we use. You shall be responsible for your pro-rata share of the actual operating expenses of our back office system, as further described in Section 6.10.

ARTICLE VI: YOUR PAYMENTS

6.1 Initial Franchise Fee When you sign this Agreement, you will pay us in immediately accessible funds an initial franchise fee of Fifty Thousand Dollars (\$50,000). The initial franchise fee is not refundable.

6.2 Royalties On the 10th day of each month, or on any other day that we designate in writing, you will pay us in immediately accessible funds a monthly royalty of four per cent (4%) of Adjusted Gross Revenue, as "Adjusted Gross Revenue" is defined in Article III of this Agreement. You must submit a statement of Adjusted Gross Revenue on the form we designate with each royalty payment. You agree that the "monthly" accounting period shall be a 4-4-5 accounting period with respect to each quarter, that is, a four (4) week month, followed by another four (4) week month, followed by a five (5) week month, as periodically adjusted by us as we deem necessary in our sole discretion.

6.3 Payment of Royalties Your obligation to pay ongoing monthly royalties begins on the Start Date of this Agreement. You must sign the attached authorization agreement for prearranged transfer, in the form of Attachment 3 to this Agreement, or any other document necessary to enable us to initiate payment of royalties by electronic funds transfer, pre-arranged draft, or sweep of your bank account, at our option. If we are unable to take payment by electronic funds transfer, pre-arranged draft, or sweep of your bank account because you have not submitted a statement of Adjusted Gross Revenue or for any other reason for which you are responsible, our inability to take payment will be considered your failure to make payment.

6.4 Audits

6.4.1 Financial Audit We have the right to audit your books and records, including your tax returns and financial and business data from fixed and removable drives of your business computer system, with respect to the Restaurant during normal working hours with

no advance notice. The auditor may be our employee or an independent contractor and does not have to be an accountant. If an audit discloses an underpayment of royalties payable under this Agreement, you must immediately pay these amounts to us together with accrued interest on the amount underpaid as provided in this Article. If you are unable to produce the records you are required to maintain to explain any discrepancy disclosed by the audit, the discrepancy will be presumed to result from an underpayment. If we performed the audit because you did not provide required financial statements at the times and in the format specified in the Manual, as applicable, or if the underpayment exceeds three per cent (3%) of the total royalty payable for any period covered by the audit, you must reimburse us for our expenses for the audit. If you dispute our finding of an underpayment, we will retain, at your written request within fifteen (15) days of receiving the audit report, a certified public accountant to review or audit, at your option, your books and records for the period under examination. If the certified public accountant's report shows an underpayment that equals or exceeds any underpayment we found, you must reimburse us for our expenses in obtaining both audits.

6.4.2 Operations Audit We have the right to audit on a quarterly basis the day-to-day operations of your TRI TIP GRILL Restaurant during normal working hours without prior notice. The auditor will be our employee, who will evaluate your employees' time and attendance, and your operational compliance with our systems and procedures, using evaluation forms that we specify. If you achieve a score of 90 or higher, future operations audits will only occur on a semi-annual basis, so long as a score of 90 or higher is continually maintained. If you fail to achieve a score of 90 or higher on a subsequent audit, future operations audits will occur again on a quarterly basis until a score of 90 or higher is achieved. Our right to conduct operations audits does not in any way impair or diminish our right to inspect, investigate, or act upon any deficiencies in your operations or non-compliance with this Franchise Agreement or the Manual. You must pay a fee of Two Hundred Fifty Dollars (\$250.00) for each operations audit that we conduct.

6.5 Training Fees and Costs We will not charge a fee for the initial training program at which we train you or your Designated Manager. However, if you later replace your Designated Manager, we may charge a training fee for the new Designated Manager's training. We may also charge a training fee not to exceed Three Hundred Fifty Dollars (\$350.00) per day for additional training, such as continuing education programs. For all training we offer, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location.

6.6 Payment for Proprietary Products If at any time we authorize production of Proprietary Products outside of your Restaurant and you want to order these Proprietary Products, you must pay us the full purchase price (plus an additional amount to cover the costs of shipping, freight insurance, and any applicable duties, sales or use tax, as we specify) within 30 days of your order.

6.7 Renewal Fee As a condition of renewing this franchise, you must pay, when you sign the franchise agreement for the first renewal term, a renewal fee of Five Thousand Dollars (\$5,000). Any renewal fee for a later renewal term will be set in the franchise agreement for the expiring franchise term.

6 8 Transfer Fee As a condition of Transfer of this franchise, you must pay, with your notice to us of your intent to transfer and request for us to consent to the transfer, a transfer fee of Seven Thousand Five Hundred Dollars (\$7,500) If we do not approve the Transfer, we will return the transfer fee to you after deducting our direct costs in connection with the proposed Transfer

6 9 Relocation Fee As a condition of relocating your franchised Restaurant, you must pay, when requesting relocation, a relocation fee of Five Thousand Dollars (\$5,000) If we do not approve the relocation, we will return the relocation fee to you after deducting our direct costs in connection with the proposed relocation

6 10 Back Office Support Costs You are required to use our proprietary back office computer system In the event we designate a different (or updated) back office support system during the term of this Agreement, you shall be obligated to switch to the system designated by us within ninety (90) days of our written notice

6 11 Ongoing External Evaluation Costs We have the right to conduct ongoing external evaluations of your TRI TIP GRILL Restaurant without prior notice Currently, these external evaluations are conducted semi-monthly through third-party mystery shoppers that evaluate the level of service and quality of food at a TRI TIP GRILL Restaurant using evaluation forms that we specify You must pay our actual out-of-pocket expenses that we incur in administering these external evaluations

6 12 Annual Conference Costs We will not charge a fee for any annual conference that we have elected to hold However, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur in attending the annual conference

6 13 Opening and Additional Assistance We do not charge a fee for the thirty (30) days of opening assistance we provide under Section 5 4 After the Opening Assistance Period has ended, we may charge a fee not to exceed Five Hundred Fifty Dollars (\$500 00) per day for sending a representative to your location to help you in managing your Restaurant, to cover the representative's wages In addition, you must pay any costs of travel, lodging, meals, and other incidental expenses that our representative incurs in providing you with opening and/or additional assistance

6 14 Interest on Late Payments Any payment that we do not receive from you when due will bear interest at ten per cent (10%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less We charge interest on late payments to partially compensate us for loss of use of the funds and for internal administrative costs resulting from late payment that would otherwise be difficult to measure precisely The fact that we impose these charges is not a waiver of our right to be timely paid

6 15 Application of Payments We may apply any payment you make to us, at our option, to any past due debt you owe us regardless of how you say the payment should be applied We do not have to accept payments after they are due or extend credit or otherwise finance your operations, except as specifically provided in this Agreement If you do not pay all amounts when due, we may suspend our services and support until you cure the failure If you

do not make the payment within any applicable cure period, we have good cause to terminate this Agreement

ARTICLE VII: YOUR OBLIGATIONS

7 1 Use of Trade Name and Marks

7 1 1 Context You may use the Trade Name and Marks only in the operation of a TRI TIP GRILL Restaurant at an Approved Location. You may not use any other trade name or marks in connection with your Restaurant. You must sign an Assignment of Telephone Numbers, E-mail Addresses, and URLs, in the form of Attachment 5 to this Agreement, when you sign this Agreement.

7 1 2 Changes in Trade Name and Marks We have invested time, energy, and money in promoting and protecting our Trade Name and other Marks. We do not intend to change them, however, circumstances may make it desirable or necessary to change the Trade Name and Marks in the future. We therefore have the right to change our Trade Name and Marks and the specifications for each when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network, so long as the Trade Name and Marks are owned by us. You must promptly conform to any such changes (so long as the Trade Name is owned by us), and we will promptly reimburse you for the cost of changing interior and exterior signs on your Restaurant premises and any vehicles you use in connection with your Restaurant. We also have the right to alter and/or update our other Marks, from time to time (including, without limitation, trade dress, logotypes, slogans, trade names and other commercial symbols), and the specifications for each, when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network. You must promptly conform to any such changes and update your Restaurant, as applicable, at your own cost and expense (e.g. trade dress, advertising collateral, online and printed material).

7 1 3 Advertising Materials All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising and comply with any applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least two (2) weeks before the proof approval deadline. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

7 1 4 Legal Protection You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we shall take the action we think appropriate and shall have the right to control the proceedings.

7 2 Quality Assurance

7 2 1 Initial Training Program You or your Designated Manager must faithfully attend all phases of the initial training program and complete it to our satisfaction, as certified by us in writing. Our primary criterion for this certification will be whether you and/or

your Designated Manager pass our verbal, written, and demonstration tests with a score of 90% or higher. Failure to complete successfully any aspect of the training program, as we determine in our reasonable discretion, constitutes grounds for immediate termination of your franchise. However, we have the right to offer you one or more remedial courses of action, such as additional training or employment of supplemental personnel, if we believe the alternative or alternatives may make it unnecessary for us to terminate your franchise. If you do not accept the alternative course of action within the time we allow, we may terminate your franchise, effective immediately.

7 2 2 Attendance at Additional Training If we advise you that attendance at an additional training program is mandatory, you and your Designated Manager must attend and complete the program, at your own expense, to our reasonable satisfaction.

7 2 3 Site Development You must plan, construct, equip and furnish your Restaurant according to our currently effective standards, as described in the Manual, as applicable. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld. You will take all necessary action to develop your Restaurant in a timely manner in relationship to the Start Date stated in Article III or any written extension of the Start Date. Failure to begin operation of your Restaurant by the Start Date will be a default of this Agreement. Default under your lease or sublease, if noncurable or if uncured within any applicable cure period, is a noncurable default under this Agreement and may, at our option, be grounds for immediate termination of this Agreement.

7 2 4 Opening You may not open the Restaurant to the public until we certify in writing that, in the view of our management, you and your employees are prepared to begin operation. **By certifying that our management believes the Restaurant is prepared to open, we do not guarantee that your Restaurant will be successful.** Success is dependent on many factors that are not within our control.

7 2 5 Compliance with Manual You must operate the Restaurant in total compliance with the standards and specifications stated in the Manual or specified by us, from time to time, as applicable. Subject to applicable law, we have the right to set prices for specified goods and services to enable the Franchise Network to compete more effectively and achieve marketing advantages. We may make changes in our standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may require the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. If you have a paper copy or copies of the Manual, you must at all times keep your copy of the Manual current by inserting in it any revised pages we give you and deleting superseded pages. If there is any dispute as to the requirements of the Manual at any point in time, the terms of our master copy of the Manual will control.

7 2 6 Goods and Services Offered Because the reputation of TRI TIP GRILL Restaurants and our Marks depend on a uniform high quality of goods and services, you may sell only approved goods and services obtained from specified or approved vendors. We will provide a list of approved or designate suppliers, and you must use and sell all the goods and services and only the goods and services that we authorize and/or require you to provide. You may only sell or use approved goods and services from vendors that we specify or approve. You must maintain, at all times, a sufficient supply of products to meet customer demand. We require that you purchase your beef from a Certificated Angus Beef® supplier, and the beef must be of a grade level of choice or higher. We also require that you use and sell other goods and services, which include all menu items, as well as paper goods and other items. You may negotiate with vendors other than the vendors we approve or designate if you think such alternate vendors could benefit your Restaurant or the Franchise Network, but if you want to use any goods and services other than those that we have approved or designated, you must obtain our prior written approval at least 30 days in advance, and we have no obligation to give our approval. Under all circumstances, you must obtain our written approval of your supply sources before their use. You must purchase and use a POS (point-of-sale) computer system, designated by us from time to time. You must also use our proprietary back office software system, designated by us from time to time, and you will be responsible for your pro-rata share of expenses in accordance with Section 6 10. You must use a video surveillance system that is capable of broadcasting video feeds over the Internet. At all times, we have the right to determine quality control and customer service considerations, and we reserve the right to disapprove of the quality of ingredients you use or goods you sell and to require that the ingredients you use and goods you sell comply with our standards and specifications. We reserve the right to change the authorized ingredients, goods, services, suppliers, computer systems, or hours of operation in our discretion at any time. If we advise you that certain ingredients or goods may only be purchased from designated or approved vendors or according to our specifications or quality standards, you must comply with our requirements. We have the right to approve pricing of all menu items. Failure to comply with this provision shall constitute a default.

In the event we require you to provide new goods or services that we have later developed ("Later Developed Products"), you must use and sell such Later Developed Products for a period of at least six (6) months ("New Product Period"). If you do not wish to continue using and selling any Later Developed Products at your Restaurant(s), at the end of a New Product Period, you may make a written recommendation to us requesting that you no longer be required to provide such Later Developed Products and identifying the reasons for your request. A written recommendation must be submitted for each Restaurant that you own. Within fifteen (15) days after our receipt of your written recommendation, we will determine, in our reasonable discretion, whether or not to grant your request.

7 2 7 Customer Satisfaction Program We may use various techniques to obtain customer feedback concerning your services. If the feedback indicates that your performance does not meet our currently effective standards, as described in the Manual, as applicable, or if we receive an unusual number of customer complaints about your Restaurant, we may suggest ways in which you can improve your performance. You must distribute customer response cards in the form prescribed by us for return by your customers to us. If your scores from the customer response cards do not meet our currently effective standards, as described in the Manual, as applicable, or if we receive unusual numbers of customer complaints about your Restaurant, we

may suggest ways in which you can improve your performance. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a breach of this Agreement.

7.2.8 Maintenance and Upgrades You agree to keep your Restaurant premises, equipment and furnishings clean and in excellent repair. Periodically, we will ask you to remodel the premises and to upgrade the equipment and furnishings to meet our currently effective standards. In order to assure the continued success of your Restaurant, you shall promptly, in no event more than 120 days following our written request, comply with any such request at your expense, *provided however*, you shall not be obligated to incur costs in excess of \$100,000 per any five-year period for any remodel or upgrade that we have requested. The obligations under this section 7.2.8 are in addition to, and shall not relieve you from, any other obligations under this Agreement or the Manual.

7.2.9 Professional Conduct In all your dealings with us, your customers, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, courtesy, honesty, integrity, ethical behavior, dependability, good faith and fair dealing. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and Marks. You must do everything you can to promote and maintain the excellent reputation of the TRI TIP GRILL Franchise Network. Breach of this clause is a default of the franchise agreement and, if material, is grounds for immediate termination without opportunity to cure.

7.2.10 Inspections We will conduct periodic quality assurance inspections of the Restaurant during normal business hours, comprised of an operations audit and third-party external evaluation, as described in Sections 6.4.2 and 6.11. You will cooperate with our representatives during inspections. We may make quality assurance inspections with or without prior notice. You must promptly correct any deficiencies in your operation of which we advise you.

7.2.11 Proprietary Products The Proprietary Products used in the Restaurant are unique and their formula and manufacturing process are trade secrets that are important to the success of the System. The Proprietary Products must be used as prescribed. If at any time we authorize production of Proprietary Products outside of your Restaurant, you may purchase the Proprietary Products only from us or our designated supplier. Use or sale of any substitute for the Proprietary Products without our prior written consent, which we may withhold in our sole discretion, is a material breach of this Agreement.

7.2.12 Notification of Complaints You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to the Restaurant or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority, consumer protection agency or any agency charged with protecting public health, including any health department. You must also notify us promptly of any customer complaints relating to health and safety concerns.

7.2.13 POS Computer Maintenance You are responsible for the ongoing maintenance, repairs, upgrades, or updates to the POS (point-of-sale) computer system and back

office system required by Section 7.2.6 Your computer must be in good repair, with sufficient memory to carry out ordinary business functions as provided in the Manual, as applicable You are obligated to maintain a service contract for the POS system that we designate During the term of this Agreement, you shall be obligated to update the POS software to a version designated by us within thirty (30) days of our written notice In the event we designate a different POS computer system during the term of this Agreement, you shall be obligated to switch to the new POS computer system designated by us within ninety (90) days of our written notice

7.3 Attendance at Annual Conferences We may, at our sole discretion, arrange an annual conference to provide updates, offer continuing education, and encourage discussion of topics of importance to the Franchise Network If we designate attendance at the annual conference as mandatory, you and your Designated Manager must attend at your own expense

7.4 Personnel

7.4.1 Management You or your Designated Manager must devote full time and best efforts to the management and operation of the Restaurant He or she must be fully authorized to manage the operation and financial aspects of the Restaurant and to represent you in dealing with us All your Restaurant managers, including the Designated Manager, and other key employees, as designated by us from time to time, must sign and return to us a nondisclosure and noncompetition agreement in the form of Attachment 4 to this Agreement, within a reasonable time after you sign this Agreement All your Related Parties, including without limitation all of your employees, must promptly sign and return our standard nondisclosure and confidentiality agreement In the event you fail to obtain such a signed, written agreement from any of your managers, key personnel, or your Related Parties (including without limitation all employees), you will be responsible for any failure of such person to comply with its requirements You must keep us informed of the identity of your Designated Manager(s) When the employment of a Designated Manager terminates, you must promptly appoint a successor who must successfully complete the initial training program described in Section 5.3 and be certified as a Designated Manager by us, at your expense In addition, all your Restaurant managers must either complete the initial training program described in Section 5.3 to our satisfaction, or must achieve certification by us, which may require that they undergo testing or additional training, as necessary If we, in our reasonable discretion, determine that any your Restaurant managers, including the Designated Manager(s), is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation

7.4.2 Employees You must always employ a sufficient number of properly trained and qualified employees to operate the Restaurant according to our standards To achieve qualification, each new employee must be properly trained at his or her position and pass our written and demonstration tests within thirty (30) days after he or she is hired You must see that your employees preserve good customer relations and comply with this Agreement and the Manual If your employees do not meet our standards or receive an unusual amount of negative customer feedback, we may require them to undergo additional training, at your expense

7.5 Advertising Obligations

7 5 1 Grand Opening You must spend at least Five Thousand Dollars (\$5,000) on a grand opening advertising program conducted in accordance with the general guidelines in the Manual, as applicable, for an initial advertising program

7 5 2 Local Advertising You must spend at least two per cent (2%) of your Adjusted Gross Revenue per quarter on local advertising and promotion in a manner that conforms with the Manual, as applicable. You will use only advertising, marketing and promotional materials approved by us. You must adhere to, participate in, and follow our marketing programs and guidance, including local store marketing activities, displays, signage, customer loyalty, gift certificates, stored value cards, or gift cards, online ordering and advertising in accordance with the Manual. For any local advertising or promotion that involves directly distributing food samplings to potential customers, your direct costs for the food samplings may be credited towards your local advertising obligations. You must submit, on or before the 15th day of each calendar quarter, copies of invoices for advertising materials, public relations activities, and/or media space and time, showing that you have complied with the provisions of this paragraph during the immediately preceding quarter. We reserve the right to establish an advertising cooperative between our franchises when we determine one is warranted. If we establish an advertising cooperative, you will be required to contribute to the cooperative a percentage of your total gross sales, which may not exceed 1% of your total gross sales. In these circumstances, your contribution to the advertising cooperative may be offset against your local advertising obligations for the period. Advertising cooperative fees will be billed quarterly and will be payable 30 days after invoicing.

7 5 3 Signs Subject to applicable law and your landlord's consent, if required, you must prominently and permanently display, at your expense, both on the interior and exterior of your Restaurant premises and on all vehicles you use in the franchised Restaurant, all signs of any nature, form, dimensions, materials, color, design, number, location and size, and containing any Marks, logos, slogans, graphics, legends, or other designs that we designate in writing, either in our design package, Manual, or elsewhere in writing. All signs must be obtained from a source designated or approved by us. You must obtain all permits and licenses required for such signs and you also are responsible for ensuring that all signs comply with all laws and ordinances. Exterior signs must be the maximum size allowed by law and permitted by your landlord. In the event you want to alter or deviate from our previously approved or designated design plan (including without limitation with respect to physical characteristics or dimensions, number, placement, or otherwise), you will first obtain our written approval, which approval shall be in our sole discretion. Any modified signs must also be obtained from a source designated or approved by us. You will not display in or upon the Restaurant premises or vehicles any sign or advertising of any kind to which we object.

7 6 Records and Reports

7 6 1 Sales Records Your electronic cash registers shall be integrated at the individual store level with the back office system and the POS (point-of-sale) computer system. We have the right to access and copy the data on your electronic cash registers and computer system upon reasonable advance notice, and we have the right to poll the data on your electronic cash registers nightly. You must record all sales and all receipts of revenue on individual machine serial-numbered receipts. Cash registers must validate the receipts that you present to

your customers. You must retain daily sales reporting forms and accompanying cash register tapes for at least two (2) years after the dates of sale. If your cash register must be repaired, you must use a similar replacement cash register while it is absent.

7.6.2 Financial Reports You must submit to us financial reports on the income and expenses of the Restaurant at the times and in the format specified in the Manual, as applicable. You shall use the back office system described in Section 5.11 to create financial reports, transmit them to us electronically, receive e-mail communications, and enable you to participate in our intranet, if we should establish one. You must give us access to your cash register or computer by broadband connection at your own expense. You must submit to us, upon request, copies of all federal, state, and local income, sales, and property tax returns. We may use this data to confirm that you are complying with your obligations under this Agreement, to formulate earnings and expense information to show to prospective franchisees and to advise you on Restaurant operations.

7.6.3 Health Department Inspection Reports You must provide us with a copy of any inspection reports issued by a Health Department or similar entity within forty-eight (48) hours after your receipt of such reports. If you do not take immediate, effective steps to bring any health deficiencies in your operation up to the inspector's standards, your failure to do so will be a material breach of this Agreement.

7.6.4 Leases You must provide us with a copy of your fully signed lease within seven (7) days after it is signed. The lease you sign must be in all material respects the same as the lease we approved, and the franchisee (i.e. you) must be the same party as the tenant under the lease. You must obtain our prior written approval of any subsequent amendments to your lease and provide us with a fully signed copy of each such amendment within seven (7) days after it is signed.

7.7 Insurance You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all Restaurant assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than Two Million Dollars (\$2,000,000). We may increase the minimum coverage requirement annually if necessary to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in the Restaurant premises, including furniture, fixtures, and equipment, and (2) business interruption insurance in an amount sufficient to cover the rent of the Restaurant premises, salary, or wages of key personnel, and other fixed expenses. Each of these insurance policies must contain a provision that the policy cannot be canceled or modified without thirty (30) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured, and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us as soon as the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, state disability insurance, and any other types of insurance required by applicable law.

7.8 Financial and Legal Responsibility

7 8 1 Compliance with Law You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to your Restaurant. You must achieve a health department rating that conforms to the standards stated in the Manual, as applicable. You must strictly follow all laws and regulations relating to unemployment insurance, workers' compensation insurance, and withholding and payment of payroll taxes. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with your operation of the Restaurant.

7 8 2 Payment of Indebtedness You must pay promptly when due all taxes and debts that you incur in the conduct of your business, particularly debts to your landlord and approved or designated suppliers. If you dispute a trade debt, you must promptly give written notice of the dispute to the supplier, explain your reasons for disputing the debt and pay the portion of the debt that you do not dispute. You must remain current in any financial responsibilities to your lessor and to us or our Related Parties.

7 8 3 Anti-Harassment Policy You must promote our anti-harassment policy as set forth in the Manual. Currently, our requirements are as follows. You must enroll and participate in a toll-free *We Want to Know* Hotline® for your employees to use for anonymous reporting of workplace problems, including but not limited to discrimination, sexual harassment, theft, threats of violence, and safety hazards. The *We Want to Know* Hotline® must provide operators fluent in English and Spanish. You must pay directly to the service provider the cost of enrolling and participating in the *We Want to Know* Hotline®, which currently is about One Hundred Dollars (\$100) per year. We reserve the right to change the reporting agency from time to time. You, or any person you have appointed as your Designated Manager, must hold quarterly, on-site meetings attended by all your Restaurant employees. You must use our forms, questionnaires, and sign-off sheet, all of which are provided by us or are in the Manual. All Designated Managers must take an anti-harassment training class (a) initially, within the first six months of becoming a Designated Manager, and (b) subsequently, every two years. The training class must be conducted by a certified trainer and approved in advance by us. You must comply with any other requirements relating to our anti-harassment policy that we establish.

7 9 Site Selection, Leases, and Approvals

7 9 1 Site Location You must, on your own initiative and at your own expense, locate, lease, or buy and occupy the site for the Restaurant. When you locate a proposed site, we will review it and decide if it is suitable, from our point of view. You must obtain our written approval of the proposed site and proposed lease before you sign the lease. We may not withhold our approval unreasonably.

7 9 2 Proposal To seek our approval of a site, you must advise us in writing of the street address of the proposed site and provide a copy of any demographic information you have about it. We will base our approval of the site on general guidelines for suitable franchise premises that will be given to you in writing. By approving a particular site for the premises of a TRI TIP GRILL Restaurant, we do not guarantee that the TRI TIP GRILL Restaurant operating at that location will be successful. Success will depend on many factors, including your ability, hard work, and financial resources, that are not within our control.

To seek our approval of the lease for the premises of the Restaurant, you must give us a copy of the proposed lease or a lease summary. The terms of the lease must, in our reasonable opinion, allow you to operate profitably under the terms of the Franchise Agreement. A lease must grant us an option, without cost or expense to us, to assume or authorize our assignee to assume the lease if the franchise agreement is terminated or if you should fail to cure a material default under the lease within the time it allows. Your lessor and you may meet this requirement by adding the Lease Provisions in Attachment 7 to this Agreement to the lease.

7 10 Hours of Operation You must keep your Restaurant open for business and in normal operation for the minimum hours and days, and during such specified times as we require in the Manual, as applicable, or otherwise in writing, except as may be limited by local law or your landlord's rules and regulations.

ARTICLE VIII: RELATIONSHIP OF PARTIES

8 1 Interest in Marks and System You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks, or System. You have not been granted any rights in our Trade Name, Marks, or System except for your right to use them according to the express terms of this Agreement. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your rights described in Article IV of this Agreement.

8 2 Independent Status You are an independent contractor and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, customers, and others. You must rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold yourself out as our employee, partner, member, shareholder, joint venturer, or representative, nor may you state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not use the TRI TIP GRILL Trade Name as part of your legal name (corporate, limited liability company, or partnership name), although you may use it as your fictitious business name as described in the Manual, as applicable.

8 3 Display of Statement You must conspicuously display a sign that says that "THIS TRI TIP GRILL RESTAURANT IS AN INDEPENDENTLY OPERATED FRANCHISED BUSINESS OWNED BY _____ (your full legal name)" at the Approved Location. Business cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a TRI TIP GRILL Restaurant franchise.

8 4 Confidentiality The information, ideas, forms, marketing plans, and other materials we disclose to you under this Agreement, whether or not included in the Manual, are our confidential and proprietary information and trade secrets. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of the Restaurant and except as we authorize in writing. It is your responsibility to obtain compliance of your Related Parties with the provisions of this section. You and each of your Related Parties must sign a

written nondisclosure and noncompetition agreement, in the form of Attachment 4 to this Agreement, when you sign this Agreement. You must obtain a nondisclosure agreement from each new Related Party with which you become affiliated during the term of this Agreement and promptly send a copy of the nondisclosure agreement to us.

8.5 Indemnification You must indemnify, defend (with counsel of our choice), and hold us harmless from all claims, expenses, and liabilities of any kind whatsoever, arising from or in any way connected (either directly or indirectly) to the operation of your TRI TIP GRILL Restaurant in any manner, including, without limitation, those alleged to be or found to have been caused by our negligence or willful misconduct, unless (and then only to the extent that) the claims, expense, and liabilities are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court of arbitrator with competent jurisdiction. For the purpose of this indemnification, expense includes but is not limited to reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

We must indemnify and hold you harmless from all expenses and liabilities of any kind arising from or in any way connected to any third party claim that your operation of a TRI TIP GRILL Restaurant infringes its intellectual property rights or misappropriates its trade secrets. If you are made a party to a legal proceeding in connection with a claim of this type, we may hire counsel to protect our interests and may defend you at our own expense. Any settlement we negotiate will bind you, but we will reimburse you for your direct cost of compliance with the settlement agreement. To receive any reimbursement, you must have notified us immediately in writing when you learned about the alleged infringement or challenge.

8.6 Covenant Not to Compete You may not, during the term of this Agreement, operate or own a beneficial interest in any company that is competitive with any Restaurant and that is located within the United States. For two (2) years after Termination of this Agreement, you may not operate or own a beneficial interest in any company that is competitive with any Restaurant and that is located within twenty (20) miles of another Restaurant. You agree to obtain the individual written agreement of each of your managers, key employees, and Related Parties, including without limitation all of your employees, pursuant to Section 7.4.1. In the event you fail to obtain a signed, written nondisclosure and noncompetition agreement from any of the aforementioned parties, you agree that you will be responsible for any failure of such person to comply with its requirement. You expressly acknowledge and understand that, among other things, we hold as trade secret all recipes of menu items as well as the quality, selection, preparation, aging, seasoning, cooking, smoking, finishing and presentation of cuts of beef commonly described as "tri tip," including without limitation, the five-step process for the preparation of char-roasted tri-tip steak.

8.7 Non-Solicitation During the term of this Agreement and for two (2) year after its Termination, you may not disrupt, damage, impair, or interfere with our business or that of any of our franchisees by directly or indirectly soliciting (a) their employees to work for you or for any individual or company then in competition with the Franchise Network, or (b) any customer or prospective customer with whom you did business during your relationship with us or one of our franchisees for the purpose of promoting or selling any products or services that are competitive with those offered by us or our franchisees. Violation of this clause is a material

breach of the Franchise Agreement and may result in Termination of the franchise and in institution of legal proceedings against you for such interference

ARTICLE IX: TRANSFER OF FRANCHISE

9 1 Purpose of Conditions for Approval of Transfer We grant this franchise in reliance on your integrity, ability, experience, and financial resources. You may sell neither the franchise nor the Restaurant operated under it unless you have first obtained our written consent, which may not be unreasonably withheld. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Restaurant, we will consent to a Transfer only if you comply with the provisions of Sections 9 2 through 9 4 of this Agreement.

9 2 Notice of Intention to Transfer If you would like to transfer this franchise, you must submit to us (a) the form of franchise purchase application we currently use, completed by the prospective transferee, (b) a written notice, describing all the terms and conditions of the proposed Transfer, and (c) the transfer fee described in Article VI of this Agreement.

9 3 Consent and Franchisor's Right of First Refusal We must respond in writing to your written notice within fifteen (15) days after receiving it, or, if we request additional information, within the later date of fifteen (15) days after receipt of the additional information or the final day of the original fifteen (15) day period. We may either consent in writing to the Transfer, state in writing our reason for refusing to consent, or purchase the Restaurant from you ourselves on the same terms and conditions as those offered by the third party. We may substitute cash in the fair market value of any non-monetary consideration you will receive under the proposed offer by the third party. Silence is not consent. If we consent to the Transfer, then you may transfer the interest described in the notice only to the named transferee and only on the terms and conditions stated in the notice. Our consent to a particular Transfer will not be consent to any other or subsequent Transfer.

9 4 Conditions for Consent to Transfer Our consent to your Transfer will not be unreasonably withheld, but it will be subject to certain conditions, including, but not limited to

(a) Our determination, based on the information that you submit and any other information available, that the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we customarily apply to new franchisees at the time of Transfer,

(b) Payment of all your outstanding debts to us and our Related Parties,

(c) Cure of all defaults under the Franchise Agreement, any other agreement(s) between us and you or your Related Parties, and the Manual,

(d) At our sole option, signing by the transferee of an assumption of the rights and obligations of this Franchise Agreement or signing by the transferee of the then-current form of franchise agreement, and signing by the transferee's Related Parties of required ancillary agreements in the forms attached to the applicable franchise agreement,

(e) Completion by the transferee of our initial training program to our satisfaction,

(f) Signing by you and your Related Parties of a release of claims against us and our Related Parties in the form of Attachment 2 of this Agreement,

(g) Our determination, based on our review of the proposed purchase agreement or notice, that the agreement and any financing of the sale will give the buyer a reasonable chance to succeed as our franchisee,

(h) Your opening an escrow for the franchise Transfer to ensure compliance with the bulk sales laws and fulfillment of the conditions for Transfer listed above, and

(i) Your payment of the transfer fee described in Article VI of this Agreement

9.5 Assignments Not Treated as Transfers The Transfer provisions described above do not apply to an assignment to

(a) Any Trustee, Guardian, Executor, or Conservator for the account and benefit of a spouse, ancestor, or descendent

(b) Any of your employees under any employee stock option plan or stock purchase plan, if any share certificate distributed in connection with a plan of this type is marked with a legend describing the restrictions and conditions of Transfer required by this Agreement

(c) Any business entity if the beneficial ownership of the franchisee immediately after the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. We will consent to an assignment of this type only if you fulfill all of the following conditions

(i) You promptly advise us in writing of the assignment and send us a copy of the assignee's organizational documents and a list of names of the assignee's owners together with a statement of percentage of ownership

(ii) You sign a guarantee, in the form attached as Attachment 6, of the obligations of the assignee

(iii) You sign a new franchise agreement in our currently effective form at the time of assignment

9.6 Change of Ownership upon Death or Total Disability If you or your principal owner dies or becomes totally disabled while this Agreement is in effect, your heirs, successors or beneficiaries will have sixty (60) days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we require of new franchisees at that time. If we approve your heirs, successors, or beneficiaries as transferees of the franchise, we will waive any transfer fee in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove the Transfer within sixty (60)

days following your death or total disability, your heirs or beneficiaries may have one hundred twenty (120) additional days from the date of disapproval of the Transfer or the end of the sixty (60)-day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee. If your heirs or beneficiaries do not advise us of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time.

9.7 Assignment by Us We may assign this Agreement or any rights or obligations created by it without your consent upon the following conditions: (a) we reasonably believe that the assignee can perform our obligations under this Agreement and (b) the assignee expressly agrees in writing to assume our obligations under this Agreement.

ARTICLE X: TERMINATION OF FRANCHISE

10.1 Termination by Consent of the Parties The parties may terminate this Agreement by mutual written consent.

10.2 Termination by Us We may terminate this Agreement prior to its expiration only for good cause:

10.2.1 Notice of Default and Opportunity to Cure Except as provided in section 10.2.2, "good cause" shall mean your failure to substantially comply with the lawful requirements imposed by this Agreement after being given notice and reasonable opportunity to cure the default. In the event you have failed to substantially comply with this Agreement, we, at our option, may terminate this Agreement 60 days after delivering written notice of default to you, provided you have not cured all defaults described in the default notice. In addition to the lawful requirements imposed by this Agreement, the following shall also be events of default of this Agreement:

(a) If you do not successfully complete the initial training program and we conclude, in our reasonable discretion, that you are unable or unwilling to do so,

(b) If any other agreement between you or your Related Party and us or our Related Party is terminated because of your material default,

(c) If your act or omission materially jeopardizes your ability to maintain or renew the lease for the Approved Location,

(d) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a Restaurant or that uses the System or the Marks without authorization from us, or

(e) If you or your Related Parties intentionally misuse the Trade Name, Marks, or the System or engage in conduct that reflects materially and unfavorably on the goodwill associated with them and we reasonably believe

10.2.2 Immediate Termination "Good cause" shall mean any of the following acts or other acts provided by law. On the occurrence of any of the following defaults,

we, at our option, may terminate this Agreement immediately by providing you written notice, without an opportunity to cure

(a) Except as otherwise required by the United States Bankruptcy Code, if you become insolvent, are adjudicated a bankrupt, or file or have filed against you a petition in bankruptcy, reorganization, or similar proceeding or if you admit your inability pay your debts as they become due,

(b) If you stop operating the Restaurant for five consecutive days during which you are required to operate under the terms of this Agreement, or any shorter period after under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond your control,

(c) If you or your Related Party has made any material misrepresentation in connection with the acquisition of a Restaurant or to induce us to enter into this Agreement, or if you intentionally make any material misrepresentation to us during the term of this Agreement,

(d) You fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise,

(e) You repeatedly fail to comply with one or more requirements of Agreement, whether or not you have cured the defaults after notice,

(f) If you are convicted of criminal misconduct that is relevant to the operation of the Restaurant or any felony, or if you violate our standards of professional conduct in a manner that injures the goodwill of our Marks or System, in our reasonable opinion,

(g) If your Health Department inspection rating falls short of the standard stated in the Manual, as applicable, twice in any twelve (12) month period, or if we make a reasonable determination that the continued operation of the Restaurant will pose a threat to public health or safety,

(h) If the Restaurant is seized, taken over, or foreclosed by a government official in the exercise of the official's duties, the Restaurant is seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against you remains unsatisfied for 30 days, or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Restaurant, and it is not discharged within five days of such levy,

(i) If you fail to pay any franchise fees, royalties, or any other amounts due us or our Related Parties within five days after receiving written notice that such fees are overdue,

(j) If you, after curing any failure in accordance with Section 10 2 1, engage in the same noncompliance, whether or not such noncompliance is corrected after notice,

(k) If you fail to obtain and give us a signed copy of the nondisclosure agreements required under Section 7.4, and, after five (5) business days written notice of your noncompliance we have reason to believe that one of your Related Parties intends to misuse our confidential or proprietary information, or

(l) If you or your Related Party attempt to assign your rights under this Agreement or to transfer the Restaurant in any manner not authorized by this Agreement,

10.3 Rights and Obligations after Termination On Termination of this Agreement for any reason, the parties will have the following rights and obligations

(a) We may stop performing our obligations under this Agreement

(b) You must give us a final accounting for the Restaurant, pay us within thirty (30) days after Termination all payments due to us, and return the Manual, marketing materials, proprietary forms, software, videotapes and any other property belonging to us or our Related Party or containing proprietary information

(c) On our written request, you must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a Restaurant

(d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign to us any telephone numbers that have been used in connection with the Restaurant, and terminate all other references that suggest you are or ever were associated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this Agreement is terminated

(e) You must maintain all records we require you to maintain under this Agreement for not less than six (6) years after final payment of any money you owe to us when this Agreement is terminated

(f) We have the right to buy the franchised business from you, during the sixty (60) day period following the effective date of Termination, on the following terms

(i) The physical assets of the Restaurant, including its equipment, supplies and inventory, during the sixty (60) day period following the effective date of Termination, will be valued, at our option, at their depreciated cost or at fair market value. We must send written notice to you within thirty (30) days after Termination of this Agreement if we elect to exercise the option to purchase. If we elect to value the physical assets of the Restaurant at fair market value, and the parties do not agree on a price for the physical assets within the option period, the option period may be extended for up to fifteen (15) business days to permit an appraisal by an

independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree on an appraiser within the specified period, each must appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after Termination who must determine the price for the physical assets of the Restaurant according to the standards specified above. This determination will be final and binding on both us and you.

(ii) Upon our request, you must give us copies of the leases for any equipment used in the Restaurant and allow us the opportunity, at a mutually satisfactory time, to inspect the leased equipment. We must advise you of our wish to assume any equipment lease within fifteen (15) days after we have received the information and/or inspected the equipment. We may assume any equipment lease in consideration of our assumption of future obligations under the lease. On our exercise of this option, we will indemnify you against future rents and other future liabilities under the equipment lease, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iii) If you rent the premises of the Restaurant, we will assume the lease in consideration of our assumption of future obligations under the lease. Upon our assumption of the lease, we will indemnify you against future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iv) Payment for the franchised business will be made by our promissory note, payable in sixty (60) equal monthly payments. Interest will be payable at the rate of five per cent (5%) per year. There will be no prepayment penalty. We may offset against the total price for the business any amounts we must advance to the landlord or trade vendors to cure your pre-Termination defaults and to bring your equipment and premises up to our current standards as well as any money you owe us and our Related Parties at Termination.

(v) On our written election to buy the franchised business, we have the right to immediate possession and may seek provisional relief from any court of competent jurisdiction to enforce this right. Until such time as the purchase price for the business has been determined as described above and the purchase has been concluded, we will operate the business on your behalf. During any such interim period, we have the right to use the proceeds of the business to pay a reasonable salary to the manager that we place in the premises, to meet your payroll obligations, and to pay trade debts as they arise. In addition, we may make any necessary repairs to the business assets and premises, advancing the funds against the ultimate purchase price if the current income is insufficient. We will deliver any excess of income over expenses to you, less any amounts that you owe us, when the purchase is concluded.

(vi) If there is any dispute between the parties regarding the purchase and the rights and obligations described in this subsection, the prevailing party will be entitled to attorney's fees and costs incurred in resolving the dispute, as determined by the arbitrator.

(g) If the franchise granted in this Agreement is terminated because of either party's material default, the rights described in this section may not necessarily be the injured party's exclusive remedies, but will instead supplement any other equitable or legal remedies.

available. If this Agreement is terminated because of either party's material default, the other party has the right to recover damages as compensation for lost future profits.

(h) Termination of this Agreement will not end any obligation of either party that has come into existence before Termination. All obligations of the parties that by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

ARTICLE XI: MISCELLANEOUS PROVISIONS

11.1 Construction of Contract Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control.

11.2 Governing Law and Venue This Agreement is made in the State of California and its provisions will be governed by and interpreted under the laws of that State, with the following exceptions: (a) the California Franchise Investment Law and California Franchise Relations Act will not apply except to the extent that they would be applicable without this Agreement's designation of governing law, (b) the arbitration clause will be exclusively governed by and construed in accordance with the Federal Arbitration Act, and (c) trademark rights will be governed by and construed in accordance with the Lanham Act. The parties to this Agreement hereby irrevocably consent to the personal jurisdiction and venue of the federal or state courts of Contra Costa County, State of California for any disputes arising under this Agreement or in connection with any breach thereof.

11.3 Notices The parties to this Agreement should direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first-class mail), e-mail (with simultaneous mailing of a copy by first-class mail), delivery service or first-class mail. Notice by facsimile or e-mail will be considered delivered upon transmission, by delivery service, upon delivery or attempted delivery, and by first-class mail, three days after posting. Notice of Termination or nonrenewal must be given by a receipted form of delivery or personally delivered.

11.4 Amendments This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

11.5 Waiver Waiver of any breach of this Agreement may not be interpreted as a waiver of any other or subsequent breach.

11.6 Integration This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than the representations in the disclosure document, are superseded by it.

11.7 Dispute Resolution

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 Pickapple Franchise, LLC offers you a franchise, Pickapple Franchise, LLC must provide this disclosure document to you fourteen (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.

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign a Franchise Agreement.

If Pickapple Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and to the California Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90012-2344.

Pickapple Franchise, LLC authorizes Ms. Christie Miller, at 301 County Airport Road #214, Vacaville, California 95688, to receive service of process for Pickapple Franchise, LLC.

The authorized franchise sellers are John Pickerel and Tom McLaughlin.

Effective Date _____

On _____, I received a disclosure document for the State of California dated _____, that included the following exhibits:

EXHIBITS

- | | |
|----------|---|
| Addendum | Specific State Disclosures |
| A | State Administrators |
| B | Financial Statements |
| C | Franchise Agreement |
| | Attachments |
| | 1 Designation of Approved Location and Protected Area |
| | 2 Release of Claims |
| | 3 Authorization Agreement for Prearranged Payment (Direct Debit) |
| | 4 Nondisclosure and Noncompetition Agreement |
| | 5 Assignment of Telephone Numbers, E-Mail Addresses, and Web Addresses, and Special Power of Attorney |
| | 6 Personal Guaranty and Subordination Agreement |
| | 7 Lease Provisions |
| D-1 | Receipt (your copy) |
| D-2 | Receipt (our copy) |

Date _____ Your Name (Please print) _____

Your Signature _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Pickapple Franchise, LLC at 301 County Airport Road #214, Vacaville, CA 95688, or by faxing a copy of the signed receipt to Pickapple Franchise, LLC at (707) 446-1713. You may keep the other copy for your records.

EXHIBIT D-1 (your copy)

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 Pickapple Franchise, LLC offers you a franchise, Pickapple Franchise, LLC must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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| D-1 | Receipt (your copy) |
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Your Signature _____

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EXHIBIT D-2 (our copy)

11 7 1 Agreement to Use Procedure The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first attempt to negotiate a settlement and, if either party demands mediation, participate in such mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

11 7 2 Initiation of Procedures The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

11 7 3 Direct Negotiations The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

11 7 4 Mediation If the Dispute has not been resolved within thirty (30) days after the initial meeting, either party may, at its option, begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association ("AAA"), as varied by the express provisions of this Agreement, in the City of Walnut Creek, County of Contra Costa, State of California.

11 7 5 Arbitration Any dispute arising out of or in connection with this Agreement, if not resolved by negotiation or mediation above, must be determined by binding arbitration in the City of Walnut Creek, County of Contra Costa, State of California, under the rules for commercial arbitration of the AAA, as varied by the express provisions of this Agreement. This arbitration clause does not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. The arbitrator must be an attorney with substantial experience in representing franchisors, franchisees or both. There will be no discovery except the minimum required for an arbitration proceeding by applicable state law unless the parties expressly agree otherwise in writing. If proper notice of any hearing has been given, the arbitrator will have full power to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement. Any award must include interest from the date of any damages incurred for breach of contract and from the date of the award until judgment on the award is paid in full. Judgment on any award may be entered by any court of competent jurisdiction.

11 7 6 Limitation of Actions Except as to those causes of action based upon non-waivable statutory rights, neither party may maintain an arbitration petition against the other.

party unless (a) the party follows the negotiation and mediation procedures described above, and (b) files an arbitration petition within one (1) year after the party knows or should know the facts on which the arbitration petition is based

11.7.7 Individual Dispute Resolution Any arbitration or litigation between or among the parties to this agreement and any of their Related Parties will be conducted on an individual basis and not on a consolidated or class-wide basis

11.8 Waiver of Punitive Damages Except as to those causes of action based upon non-waivable statutory rights, each party waives any claim for punitive or exemplary damages against the other

11.9 No Attorney Fees Except for the limited circumstance provided above in Section 10.3(f)(vi), if legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, neither party will be permitted to recover attorney fees from the other, unless either party is entitled to recover attorney fees under applicable law if it prevails. In that case, if the opposing party prevails, it has a reciprocal right to recover attorney fees

11.10 Severability Each provision of this Agreement is severable. If any of its provisions is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if we decide that the finding of illegality adversely affects the basic consideration for our performance under this Agreement, we may, at our option, terminate it

11.11 Acceptance by Us This Agreement will not be binding on us unless and until it has been signed by our President, John R. Pickerel, or our Chief Operations Officer, Thomas McLaughlin

11.12 Disclaimer of Representations WE MAKE NO REPRESENTATIONS OR PROMISES OF ANY KIND EXCEPT THOSE SPECIFICALLY STATED IN THE FRANCHISE OFFERING CIRCULAR THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF THE TRI TIP GRILL RESTAURANT. WE ARE NOT A FIDUCIARY AND HAVE NO SPECIAL

RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it on the date stated in Article I

FRANCHISOR

Pickapple Franchise, LLC,
a California limited liability company

(sign here)

By _____
(print name)

Title _____
301 County Airport Road #214
Vacaville, CA 95688

Sign here if Franchisee is an individual:

FRANCHISEE

(print name)

(sign here)

(print address)

Sign here if Franchisee is a company:

FRANCHISEE

(print company name)

By (print name and title) _____

(print address)

DESIGNATION OF APPROVED LOCATION AND PROTECTED AREA

Franchisee: _____

Date of Franchise Agreement: _____ (date)

Proposed Location: _____ (address)

Protected Area:

Franchisee submits the proposed location and Protected Area described above to PICKAPPLE FRANCHISE, LLC ("Us") for approval as its Approved Location and Protected Area under the Franchise Agreement referenced above. On our acceptance of the proposed location and Protected Area by signing below, this Designation of Approved Location and Protected Area will supplement the Franchise Agreement referenced above and will be subject to all of its terms.

Sign here if Franchisee is an individual

FRANCHISEE

Dated _____

(print name)

Sign here if Franchisee is a company

FRANCHISEE

(print company name)

Dated _____

By (print name and title)

We approve the location and Protected Area described above

FRANCHISOR

Dated _____

By _____

Its _____

RELEASE OF CLAIMS

This Release of Claims is signed on _____, at _____, California ("Release"), by _____ (name), referred to herein as "Releasor," in favor of PICKAPPLE FRANCHISE, LLC, referred to herein as "Releasee "

Recitals

This Release is made and delivered with reference to the following facts

A Releasee and Releasor are parties to a TRI TIP GRILL franchise agreement dated _____ (the "Franchise Agreement")

B Releasor would like to transfer the Franchise Agreement and the franchised business operated under it to a transferee described in the accompanying documents,

[or]

B Releasor would like to renew the Franchise Agreement

C Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement One of these conditions is that Releasor must sign a release of claims in favor of Releasee

D For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release

Release

1 Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges Pickapple Franchise, LLC and its affiliated entities, successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, except non-waivable statutory claims, that in any manner arise from or relate to the franchise relationship described above

2 This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, except non-waivable statutory claims, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor " Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Release

3 Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this Agreement. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Sign here if Releasor is an individual

RELEASOR

Dated _____

(print name)

Sign here if Releasor is a company

RELEASOR

(print company name)

Dated _____

By _____
(print name and title)

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENT (DEBIT)

I (we) hereby authorize Pickapple Franchise, LLC, hereinafter called "COMPANY", to initiate debit entries and, if necessary, credit correction and adjustment entries to my (our) account at the financial institution listed below, hereinafter called DEPOSITORY. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U S laws and regulations.

Depository
Name _____ Branch _____

Address _____ City _____ State _____ Zip _____

Routing & Account
Transit Number _____ Number _____

Account Type	☐ Checking/Draft	☐ Savings/Share
--------------	---	--

This authorization 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 a time and manner as to afford COMPANY and DEPOSITORY a reasonable time to act upon it.

Name(s) _____ ID Number _____
(Please Print)

Date _____ Signature(s) _____

Please attach a voided check or financial institution account verification letter to this form.

Note: Written debit authorization must provide that the receiver may revoke the authorization only by notifying the originator in the manner specified in the authorization.

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

Confidant is about to undergo training by PICKAPPLE FRANCHISE, LLC ("Franchisor") or one of its franchisees, or is about to sign a franchise agreement with Franchisor. Consequently, Confidant will learn a great deal about the TRI TIP GRILL System, including information about Franchisor's business affairs, finances, management, marketing programs, philosophy, customers and methods of doing business. Confidant will have access to confidential and proprietary information developed and maintained at substantial cost by Franchisor. This information is proprietary to Franchisor. Its use by third parties could cause substantial and irreparable damage to the company.

Therefore, in return for (a) his or her training by Franchisor to operate a Restaurant, (b) his or her employment by Franchisor or by one of its franchisees, or (c) his or her receipt of a TRI TIP GRILL franchise, the undersigned ("Confidant") agrees as follows:

1 Definition of Trade Secrets and Confidential Information For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to brand concepts, recipes, products, product names, food ordering systems, seasonings and processes, information about the cost of materials and supplies, supplier lists or sources of supplies, sales and marketing information, pricing information, proprietary software, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, audiotapes and video tapes, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Franchisor, and any other information or property of any kind of Franchisor that may be protected by law as a Trade Secret, confidential, or proprietary. In addition, we hold as Trade Secret the quality, selection, preparation, aging, seasoning, cooking, smoking, finishing and presentation of cuts of beef commonly described as "tri tip," including without limitation, the five-step process for the preparation of char-roasted tri-tip steak. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Franchisor.

2 Nondisclosure of Trade Secrets and Confidential Information Confidant agrees, during the term of the Franchise Agreement and following termination, expiration, or assignment of the Agreement, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Franchisor to any other person or company unless authorized in writing by Franchisor. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Franchisor, including all ideas made or conceived by Confidant.

3 Return of Proprietary Materials Upon termination or expiration of franchise ownership or employment by Franchisor or a Buckhorn Grill or Buckhorn BBQ franchisee, Confidant must surrender to Franchisor all materials considered proprietary by Franchisor, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Franchisor. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of Franchisor.

4 Solicitation of Customers During the term of Confidant's relationship with Franchisor or one of its franchisees, and for two (2) years after the relationship terminates, Confidant agrees that he or she will not, directly or indirectly or by action in concert with others, solicit, induce or influence or seek to solicit, induce or influence any customer or prospective customer with whom Confidant did business during his or her relationship with Franchisor or one of its franchisees for the purpose of promoting or selling any products or services that are competitive with those offered by Franchisor and its franchisees.

5 Solicitation of Employees Confidant further agrees that, during the term of his or her relationship with Franchisor or one of its franchisees and for two (2) years after its expiration, he or she will not, directly or indirectly or in concert with others, furnish to or for the benefit of any competitor of Franchisor, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed or engaged as an independent contractor by Franchisor or by any other franchisee of Franchisor. In addition, Confidant agrees that, during the term of his or her relationship with Franchisor or one of its franchisees, and for two (2) years after the relationship terminates, he or she will not, directly or indirectly or by action in concert with others, solicit, induce or influence, or seek to solicit, induce or influence any person who is employed by or engaged as an independent contractor by Franchisor to terminate his or her employment or engagement.

6 Noncompetition Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Franchisor, Confidant will not, until the expiration of the two (2) years after the termination of the employment relationship between Confidant and Franchisor or the franchisee that employs him or her, or termination of the ownership interest of Confidant in a TRI TIP GRILL franchise, engage in, own an interest in, or serve as an officer, director, employee, agent, independent contractor, partner, shareholder, member or principal, directly or indirectly, or through any organization or Related Party, in any company that is competitive with any TRI TIP GRILL Restaurant or Buckhorn Grill or Buckhorn BBQ restaurant and that is located within twenty (20) miles of another TRI TIP GRILL Restaurant or Buckhorn Grill or Buckhorn BBQ restaurant.

7 Saving Provision Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Franchisor. However, Confidant and Franchisor are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding

paragraph, Confidant and Franchisor agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Franchisor to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable

8 Irreparable Harm to Franchisor Confidant understands and agrees that Franchisor will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Franchisor Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Franchisor for Confidant to enter into this Agreement If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction

9 Binding Effect This Agreement will bind Confidant's heirs, executors, successors, and assignees as though originally signed by them

10 Applicable Law The validity of this Agreement will be governed by the laws of the State where Confidant lives If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms

Sign here if Confidant is an individual

CONFIDANT

Dated _____

(print name)

Sign here if Confidant is a company

CONFIDANT

(print company name)

Dated _____

By _____
(print name and title)

ASSIGNMENT OF TELEPHONE NUMBERS, E-MAIL ADDRESSES, AND WEB ADDRESSES, AND SPECIAL POWER OF ATTORNEY

1 _____ (name) ("Franchisee"), to induce PICKAPPLE
FRANCHISE, LLC ("Franchisor") to grant Franchisee a franchise, assigns to Franchisor all
telephone numbers, e-mail addresses, web addresses and listings (collectively "Addresses") that
Franchisee advertises, publicizes, or otherwise makes known to customers or the public in the
operation of a TRI TIP GRILL franchised Restaurant, both now and in the future, in the city
where the Restaurant is operated

2 This assignment will automatically become effective immediately upon Termination (meaning “termination, expiration, or nonrenewal”) of Franchisee’s TRI TIP GRILL franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Restaurant to promptly transfer its Addresses to Franchisor or its designee.

3 Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the Addresses, including payment for any advertisements or listings in a classified directory or directories Franchisee further agrees to indemnify Franchisor for any money Franchisor must pay the service providers before the service providers will carry out this agreement

4 Franchisee appoints Franchisor as attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if Franchisee fails to sign or do them within three (3) business days after termination of the franchise agreement Franchisee further agrees to indemnify Franchisor for any expenses, including legal fees, that Franchisor incurs which would not have been incurred if Franchisee had performed as promised under this agreement

Sign here if Franchisee is an individual

FRANCHISEE

Dated _____

(*print name*)

Sign here if Franchisee is a company

FRANCHISEE

(print company name)

Dated _____

By (print name and title)

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce PICKAPPLE FRANCHISE, LLC ("Franchisor") to enter into or permit assignment of a TRI TIP GRILL Franchise Agreement with _____ (name) ("Franchisee"), signed on the same date as the date of this Guaranty, the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly

The undersigned expressly waive notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial

by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator

If this Personal Guaranty is signed by more than one individual or if more than one Personal Guaranty has been signed, each person signing a Personal Guaranty will be jointly and severally liable for the obligations created in it

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied

IN WITNESS TO THE FOREGOING, the undersigned signed this guaranty on the date written below

Sign here if Guarantor is an individual

GUARANTOR

Dated _____

(print name)

Sign here if Guarantor is a company

GUARANTOR

(print company name)

Dated _____

By (print name and title)

LEASE PROVISIONS

Please give the following language to your prospective lessor and ask that it be added to the terms of the lease. We will not approve leases that do not include substantially similar provisions.

- Lessor will simultaneously give written notice to both PICKAPPLE FRANCHISE, LLC ("Franchisor") and Lessee of any default under the lease. If Lessee does not cure any curable default during the time allowed by the lease, Franchisor may have an additional 15 days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to Franchisor at 301 County Airport Road #214, Vacaville, CA 95688.
- If the franchise agreement between Franchisor and Lessee is terminated for any reason or expires prior to expiration of the lease, Franchisor may enter the leasehold premises for purposes of removing all signs and other materials bearing Franchisor's trade name, marks, or other commercial symbols.
- If the franchise agreement between Franchisor and Lessee is terminated for any reason or expires prior to expiration of the lease, lessor automatically consents to assignment, without further action on its part, of this lease to Franchisor. Under these circumstances, Lessor will not unreasonably withhold its consent to assignment of the lease by Franchisor to another TRI TIP GRILL franchisee with financial qualifications comparable to those of Lessee.
- Lessor may, on Franchisor's written request, disclose to Franchisor all reports, information, or data in Lessor's possession regarding sales made in, on, or from the leased premises.
- The leased premises may be used by Lessee only for operation of a TRI TIP GRILL Restaurant.

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 Pickapple Franchise, LLC offers you a franchise, Pickapple Franchise, LLC must provide this disclosure document to you fourteen (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.

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign a Franchise Agreement.

If Pickapple Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and to the California Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90012-2344.

Pickapple Franchise, LLC authorizes Ms. Christie Miller, at 301 County Airport Road #214, Vacaville, California 95688, to receive service of process for Pickapple Franchise, LLC.

The authorized franchise sellers are John Pickerel and Tom McLaughlin.

Effective Date _____

On _____, I received a disclosure document for the State of California dated _____, that included the following exhibits:

EXHIBITS

- | | |
|----------|---|
| Addendum | Specific State Disclosures |
| A | State Administrators |
| B | Financial Statements |
| C | Franchise Agreement |
| | Attachments |
| | 1 Designation of Approved Location and Protected Area |
| | 2 Release of Claims |
| | 3 Authorization Agreement for Prearranged Payment (Direct Debit) |
| | 4 Nondisclosure and Noncompetition Agreement |
| | 5 Assignment of Telephone Numbers, E-Mail Addresses, and Web Addresses, and Special Power of Attorney |
| | 6 Personal Guaranty and Subordination Agreement |
| | 7 Lease Provisions |
| D-1 | Receipt (your copy) |
| D-2 | Receipt (our copy) |

Date _____ Your Name (Please print) _____

Your Signature _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Pickapple Franchise, LLC at 301 County Airport Road #214, Vacaville, CA 95688, or by faxing a copy of the signed receipt to Pickapple Franchise, LLC at (707) 446-1713. You may keep the other copy for your records.

EXHIBIT D-1 (your copy)

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Date _____ Your Name (Please print) _____

Your Signature _____

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EXHIBIT D-2 (our copy)