FRANCHISE DISCLOSURE DOCUMENT

Burrito Holdings Franchise Services, Inc.
a Texas corporation
12000 Aerospace Avenue, Suite 400
Houston, Texas 77034
832-300-5858
Uberrito.com

You will operate a distinctively designed restaurant that offers freshly prepared burritos, tacos and salads under the ÜBERRITO trade name, trademark, and business system in an atmosphere designed to be a neighborhood gathering place. If you acquire food truck rights, you will have the right to operate a food truck selling products in a Protected Territory.

The total investment necessary to begin operation of an ÜBERRITO franchise ranges from $549,000 to $985,000. This includes $40,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of an ÜBERRITO food truck ranges from $151,100 to $237,500. This includes $20,000 that must be paid to the franchisor or affiliate, unless you have an existing Traditional Restaurant already.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Development & Support, Burrito Holdings Franchise Services, Inc., 12000 Aerospace Avenue, Suite 400, Houston, Texas 77034; 832-300-5858.

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

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

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

Issuance Date: April 29, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

EXHIBITS:

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

To simplify the language in this disclosure document, the term "we" means Burrito Holdings Franchise Services, Inc., the franchisor. The term "you" means the person buying the franchise, the franchisee. If the franchisee is a partnership, the term "you" includes the general partners. If the franchisee is a corporation, limited liability company, or other business entity, the term "you" refers to the franchisee, and the term "Owners" refers to any individual or entity with a beneficial ownership in the franchisee (including shareholders of a corporation and members of a limited liability company).

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Texas corporation that was organized on April, 1, 2015. We began offering the franchises described in this disclosure in June 2016. Our principal business address is 12000 Aerospace Avenue, Suite 400, Houston, TX 77034. We do business under our corporate name and under the name "ÜBERRITO Fresh Mex". Our agents for service of process are listed in Exhibit H.

We grant franchises for the operation of a distinctively designed fast casual restaurant, either operated as a traditional sit-down style in a building ("Traditional Restaurant") or in a mobile food truck, (both options being considered a "Restaurant") that offers freshly prepared burritos, tacos and salads. under the Marks and System described below, in an atmosphere designed to be a neighborhood gathering place. We call this the "Franchised Business."

We have no predecessor. We are a wholly owned subsidiary of Burrito Holdings, Inc. ("BHI"), which is our direct parent company. The name and principal business address of each of the companies that directly or indirectly control us and our parent company are as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
MRI Heritage Brands, Inc. ("MRIHB")	12000 Aerospace Avenue, Suite 400, Houston, TX 77034	Our ultimate parent
Mexican Restaurants, Inc. ("MRI")	12000 Aerospace Avenue, Suite 400, Houston, TX 77034	Wholly owned by MRIHB
Mexican Restaurant Holdings, Inc. ("MRHI")	12000 Aerospace Avenue, Suite 400, Houston, TX 77034	Wholly owned by MRI
Mexican Restaurant Management, Inc. ("MRMI")	12000 Aerospace Avenue, Suite 400, Houston, TX 77034	Wholly owned by MRHI
Burrito Holdings, Inc. ("BHI")	12000 Aerospace Avenue, Suite 400, Houston, TX 77034	Wholly owned by MRMI

Our affiliate, Casa Olé Franchise Services, Inc., which is wholly owned by MRMI, franchised the operation of Mexican-themed restaurants under the CASA OLÉ® trade name. As of the date of this disclosure document, there are 22 CASA OLÉ® restaurants operating in the United States, 3 of which are franchised and 19 of which are company-owned.

Our affiliate, Mexican Restaurants, Inc., which is wholly owned by MRMI, operates a Mexican-themed restaurant under the Tortuga Mexican Kitchen™ trade name. As of the date of this disclosure document, there is one Tortuga Mexican Kitchen™ restaurant operating in the United States.

Our affiliate, Mexican Restaurants, Inc., which is wholly owned by MRMI, operates a Mexican-themed restaurants under the Monterey's Little Mexico® trade name. As of the date of this disclosure document, there are nine Monterey's Little Mexico ® restaurants operating in the United States.

Our affiliate, Mexican Restaurants, Inc., which is wholly owned by MRMI, operates a Mexican-themed restaurant under the Crazy Jose's® trade name. As of the date of this disclosure document, there is one

Crazy Jose's ® restaurant operating in the United States.

Description of the Franchised Business

We franchise the right to operate Restaurants according to the ÜBERRITO proprietary business format and system ("System"), which includes: (1) proprietary recipes and ingredients for food and alcoholic and non-alcoholic beverages, (2) distinctive building designs, interior and exterior layout, and trade dress, (3) standards and specifications for construction build-outs and materials, equipment, furnishings, fixtures, supplies, signs, and product lists, (4) technical assistance and training, (5) sales and management assistance and training, and (6) advertising techniques; all of which we may periodically change, improve, and further develop.

Restaurants are identified by the service mark ÜBERRITO and other proprietary trademarks, service marks, and indicia of origin that we designate to identify businesses operating according to our System ("Marks").

If we award you multi-unit development rights, you will sign our Development Agreement (see Exhibit B) and commit to develop at least two Restaurants. The Development Agreement will state the number of Restaurants to be developed and will establish a development timetable. Each Restaurant will operate according to the terms of a separate Franchise Agreement. Your first Restaurant will operate according to the terms of our current Franchise Agreement (see Exhibit C). Your second Restaurant and each additional Restaurant developed under the Development Agreement will operate according to the terms of the Franchise Agreement being offered to new franchisees at that time, which may be materially different than our current Franchise Agreement.

Under certain conditions, we will also offer you the opportunity to operate a food truck in a protected territory with our approval. If you acquire these rights, you will sign a food truck license amendment ("Food Truck License Amendment"), and pay us an additional license fee (see Item 5). Your food truck will offer and sell a limited, approved version of the ÜBERRITO Restaurant menu, utilizing our formulas and methods for preparing approved products.

Market and Competition

The restaurant business, and in particular the market for taco, burrito and freshly prepared salad restaurants, is highly competitive and well developed. If you qualify to operate a Restaurant, you will compete with independent, local, regional, and national chains offering the same or similar goods and services. Other nearby restaurants may be owned by us and/or our affiliates, under the same or different trade name or trademark. Some competitors may be well established. Your success in competing in this market will be largely dependent on your abilities, skills, involvement with the Restaurant, financial strength, general economic conditions, geographical area, and specific location.

The Franchised Business will also compete with other restaurants and retail businesses for management personnel and for highly sought-after commercial real estate.

Industry Specific Regulation

The Franchised Business must comply with laws and regulations that apply to businesses generally, including the Americans with Disabilities Amendments Act, Federal Wage and Hour Laws, the Fair and Accurate Credit Transactions Act, and the Occupational, Health, and Safety Act. The Franchised Business also must comply with all laws and regulations that apply to restaurants and food safety handling including regulations promulgated by the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and those issued and enforced by state and local health departments. State and local agencies inspect Restaurants to ensure that they comply with these laws and regulations.

You must have a liquor license before you can sell alcoholic beverages at your ÜBERRITO Restaurant. The difficulty and cost of obtaining a liquor license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. Dram Shop laws may result in liability for injuries that directly or indirectly relate to the sale and consumption of alcohol.

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

Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans fats and sodium contained in a food item. For example, the city of New York recently passed legislation requiring restaurants with at least 15 establishments to identify, with a tiny salt shaker symbol, menu items with more than 2,300 mgs of salt. Additionally, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act requires employers of a certain size to provide health insurance to its employees, and the U.S. Food and Drug Administration has issued regulations that require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to provide additional written nutrition information to consumers upon request.

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

ITEM 2
BUSINESS EXPERIENCE

Pete Pascuzzi: Chief Executive Officer

Pete Pascuzzi has served as our Chief Executive Officer since April 2020. Additionally, he has also served as Chief Executive Officer of our ultimate parent company, MRIHB, since April 2020. Mr. Pascuzzi served as the President of Fatz Café in Greenville, South Carolina from May 2019 to April 2020. From February 2017 to November 2018 Mr. Pascuzzi served as President of the QSR Division of Falcon Holdings, Inc. in Westlake, Texas. From March 2015 to December 2016 Mr. Pascuzzi served as the President and CEO of Pasta Pomodoro, Inc. in San Francisco, California. From March 2013 to March 2015, Mr. Pascuzzi served as the Ryan’s Steakhouse Brand President for Ovations Brands, Inc. in Greer, South Carolina.

Greg Snodgrass: Chief Operations Officer

Greg Snodgrass has served as our President of Operations since our founding in April 2015. Additionally, he has served as President of Operations for our ultimate parent company, MRIHB, in Houston, Texas since March 2014; as Interim Chief Executive Officer from December 2019 to April 2020; and as President of Operations of our former ultimate parent company, Williston Holding Company, Inc. from June 2012 to December 2019.

Bryan Pelt: Vice President of Franchise Sales

Bryan Pelt has served as our Vice President of Franchise Sales since April 2022. Additionally, he served as Director of Franchise Development with iCode Franchise, Inc. located in Frisco, TX from November 2019 to March 2022. From April 2019 to November 2019, Mr. Pelt served as Director of Franchise Sales for Boston’s Pizza Restaurants, LP Located in Dallas, Texas. From July 2011 through October 2018, Mr. Pelt served as Vice President of Portfolio Management for Dickey’s Barbecue Restaurants, Inc. located in Dallas, Texas.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

If you are acquiring the right to develop a single Restaurant, you will pay us a $40,000 initial franchise fee when you sign the Franchise Agreement. If you are acquiring the right to develop a single food truck, you will pay us a $20,000 initial franchise fee when you sign the Franchise Agreement, and you will sign the Food Truck License Amendment, unless you have an existing Traditional Restaurant already. The initial franchise fee is uniform for all franchisees and is nonrefundable upon payment.

Development Agreement

If we award you multi-unit development rights, you will pay us a development fee when you sign the Development Agreement. The development fee is the product of $40,000 for the first Restaurant to be developed and then $25,000 for the second, and each of the subsequent Restaurants to be developed under the Development Agreement.

When you sign the Development Agreement, you will also sign a Franchise Agreement for the first Restaurant to be developed, and $40,000 of your Development Fee payment will be applied as a credit against the initial franchise fee. In addition to the $40,000 for the first Restaurant, you will pay $10,000 down for each additional Restaurant to be developed hereunder ($80,000 for five Restaurants). The balance of $15,000 for each Restaurant to be developed shall be due upon the execution of the lease for that Restaurant being developed and the full $40,000 of your development fee payment will be applied as a credit against the initial franchise fee. If the initial franchise fee imposed under the franchise agreement we are offering to new franchisees at that time is more than $40,000, you will pay us the additional balance when the Franchise Agreement is signed.

The development fee is calculated uniformly for all franchisees, and is nonrefundable upon payment.

Limited Veteran Fee Waiver

For qualifying military veterans, we will waive the initial franchise fee for your first three Restaurants. The military veteran fee waiver is available to veterans who have served at least two years in any of the four main military branches, and received a discharge (other than dishonorable) as well as any active-duty personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must maintain at least 51% ownership interest in the entity to qualify for this discount. To apply for the discount, you must provide us a copy of form DD-214, reflecting your military status, before the Franchise Agreement is signed.

Site Selection Assistance

We or our representative will conduct one site selection visit, and will conduct one site visit during the construction period. There is no charge for this visit. However if you request additional visits or if we determine additional visits are necessary, we may require that you reimburse us for costs of transportation, lodging and meals.

ITEM 6
OTHER FEES

Franchise Agreement

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales	Thursday following the week for which the fee is calculated	See Note 2 for the definition of Gross Sales. You will pay the Royalty Fee by electronic funds transfer.
Production and National Advertising Fund Contribution	2% of Gross Sales	Thursday following the week for which the contribution is calculated	This fund is the primary source to create all Company approved advertising materials and other marketing, research and national advertising activities to support the brand.
Local Marketing Requirement	1% of Gross Sales	Monthly	You must spend at least this amount for local market advertising, such as print, radio, TV, direct mail pieces and other pre-approved advertising. If a local cooperative is formed, this Local Advertising Requirement may be part of your payment to the Advertising Cooperative.
Local Advertising Cooperative	Up to 1% of Gross Sales when instituted	As Cooperative specifies	You must participate in a Local Advertising Cooperative if one is formed. The members of the Local Advertising Cooperative will determine the amount each member will contribute, but the amount will not to exceed 1% of your Gross Sales. Amounts contributed to a Local Advertising Cooperative will be credited against your Local Advertising Requirement. You may elect to spend more on local advertising if you so desire.
Pre Opening and Grand Opening Marketing Campaign	At least $25,000	During the construction of the Restaurant through the first 30 days of Opening	Paid to your advertising vendor

Type of Fee[1]	Amount	Due Date	Remarks
Business Directory Listing	Cost	On demand	You will place and pay the cost of business directory listings (which may be print and/or electronic format) in the directories and categories as we specify. This expense may be part of your Local Advertising.
Interest	18% per year or highest commercial contract interest rate law allows, whichever is greater	On demand	We may charge interest on all overdue amounts.
Non-sufficient Funds Fee	$50 for each returned check or draft; may be increased each year by an amount not to exceed 10% of the then-current amount plus reimbursement of our costs incurred to collect	On demand	
Additional On-Site Evaluation	Reimbursement of actual costs meals, lodging and transportation for personnel providing services.	On demand	If we conduct any additional on-site evaluation(s) of your proposed site or provide in-person site selection assistance, we will not charge a fee for first evaluation, but reserve our option to charge for transportation, lodging and meal costs for the second and any additional on-site evaluation or site selection assistance performed.
Additional Opening Assistance	If you request additional assistance, or if we believe them to be necessary, we may charge you for additional onsite visits which would cover our actual costs for meals, lodging and transportation.	Before additional training	You must also pay the expenses of your personnel who attend training; subject to availability of our personnel.

Type of Fee[1]	Amount	Due Date	Remarks
Additional Ongoing Training	Cost of tuition as determined at the time plus expenses of your personnel who attend training	Before additional training	You must also pay the expenses of your personnel who attend training.
On-site Remedial Training	Reimbursement of actual costs for meals, lodging and transportation for personnel providing services.	When billed	If you ask, or if we require, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Restaurant.
Noncompliance Fee	$250	On demand	Payable only in instances of non-compliance with System standards or the franchise agreement (other than non-payment of fees owed to us). If such non-compliance is ongoing, we may charge you $250 per week until non-compliance ceased.
Transfer Fee: Convenience of Ownership or non-controlling interest	$1,500 fee to transfer for convenience of ownership or non-controlling interest	$1,000 deposit due upon receipt of your request, and the balance before transfer.	Convenience of ownership is the assignment by an individual franchisee to a business entity for convenience of operation.
Transfer Fee: Transfer of Controlling Interest	50% of our then-current initial franchise fee	$1,000 deposit due upon receipt of the buyer's application, qualifying material, and signed LOI or Purchase Agreement; and the balance before transfer.	The $1,000 deposit is due per each event and is non-refundable.
Private or Public Offering Fee	Reimbursement of our reasonable costs and expenses associated with the proposed offering	When billed	We limit our review to the manner in which the offering materials treat our relationship with you.

Type of Fee[(1)]	Amount	Due Date	Remarks
New Vendor request by you for Inspection and Testing	Cost of inspection, if applicable, and cost of test	When billed	Before approving a supplier at your request, we may require you to pay the cost of testing the supplier's products and the cost of inspecting its facilities, including reimbursement of transportation, lodging, meals, and salary expense for individuals performing the evaluation.
Indemnification	Varies according to claim	On demand	You must defend and indemnify us against claims and certain losses relating to your actions.
Audit Fee	Cost of audit	When billed	Payable to us if an audit shows you have understated any amount owed to us by 2% or more.
Insurance Fee	Reimbursement of actual costs to maintain coverage	On demand	If you fail to maintain the required insurance, we may (at our option) obtain it for you. If we do, you must reimburse us our costs.
Customer Comment Reimbursement	Will vary	On demand	If a customer contacts us with complaints about your Restaurant, we have the right to refund amounts paid or otherwise compensate the customer, in our discretion; you must reimburse us the amount of the refund or compensation.
Equipment Replacement or Repair Fee	Will vary	As incurred	If obsolete equipment must be replaced or repaired, we have the right to replace such equipment or to make arrangements to have such equipment serviced, repaired, and/or cleaned at your expense.
Relocation	50% of our then-current franchise fee or our actual training expenses, whichever is less.	Upon our approval of your relocation	Relocation normally requires some pre-opening and opening assistance which is the purpose of the amount paid.

Type of Fee[1]	Amount	Due Date	Remarks
Step In Rights	Not to exceed 10% of Gross Sales plus travel and lodging expenses for our personnel	On demand	Payable only if we manage the Restaurant on your behalf.
De-identification Fee	Reimbursement of actual costs	On demand	If you fail to de-identify the Restaurant premises when the franchise terminates or expires, we have the right to enter the Restaurant premises and take all actions necessary to de-identify the premises.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, we impose all fees uniformly, and all fees are payable to us via electronic funds transfer.

(2) Gross Sales is the total "Selling Price" of all services and products and all income of every other kind and nature related to your ÜBERRITO Restaurant, including income related to catering operations and special events and the full value of meals provided to your bona fide employees as a benefit of their employment (except you may deduct from Gross Sales the value of any employee discounts that are given during the week in which the meals are provided), whether for cash or credit and regardless of collection in the case of credit. Gross Sales does not include (i) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (ii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your ÜBERRITO Restaurant; (iv) tips or gratuities paid directly by Restaurant customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or (v) returns to shippers or manufacturers. Gross Sales also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to us), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. You are responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales. You have until 30 days after the end of our fiscal year to notify us of any errors you made in calculating Gross Sales as those errors relate to the reporting of gift certificate and stored value card sales. "Selling Price" is defined as the non-discounted, regular menu price.

Development Agreement

Type of Fee	Amount	Due Date	Remarks
Transfer Fee: Transfer for Convenience	$1,500 to transfer for convenience of ownership or non-controlling interest.	$1,000 deposit due upon receipt of your request, and the balance before transfer.	Convenience of ownership is the assignment by an individual to a corporation, limited liability company, or other entity controlled by the same individual.
Transfer Fee: Transfer of Controlling Interest	$10,000, plus our reasonable attorneys' fees	$1,000 deposit due upon receipt of the buyer's application, qualifying material, and signed LOI or Purchase Agreement; and the balance before transfer.	The $1,000 deposit is due per each event and is non-refundable.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR INITIAL ESTIMATED INVESTMENT

Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee(1)	$40,000 for each Restaurant to be developed.	Lump Sum	When you sign the Development Agreement, $40,000 for the first Restaurant to be developed, plus $10,000 for each additional location will be due with the $15,000 balance for each Restaurant due when that lease is signed.	Us
Professional Services(2)	$8,000 - $15,000	As Arranged	As Arranged	Accountants, Lawyers, Us, Architect, etc.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
TOTAL	$58,000-$65,000+			

Notes:

(1) The Development Fee depends on the number of Restaurants to be developed under the Development Agreement. $40,000 is required for the first unit and $10,000 down for any additional units. At signing of lease on all subsequent units, the you will pay the $15,000 balance of the Initial Franchise Fee at that time.

(2) This estimate covers professional and state filing fees for forming a business entity, professional fees for engaging an attorney and accountant to assist you with your franchise purchase. The cost of professional services can vary widely.

Franchise Agreement – Traditional Restaurant

Type of Expenditure(16)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees(1)	$40,000	Lump Sum	When you sign the Franchise Agreement	Us
Site Selection Assistance(2)	$0 - $500	As Arranged	As Arranged	Us
First Month's Rent and Security Deposit(3)	$6,000 – $12,000	As Arranged	As Arranged	Lessor
Deposits(4)	$0-$5,000	Lump Sum	Prior to Opening	Utility Companies
Leasehold Improvements(5)	$175,000 – $400,000	As Incurred	As Arranged with Contractors	Landlord or Contractor
Permits, Licenses, Architect Fee, and Legal Lease Assistance(6)	$43,000 - $65,500	As Incurred	Prior to Opening	Governing Agencies
Site Development(7)	$5,000 - $12,000	As Incurred	Prior to Opening	General Contractor
Furniture, Fixtures, Equipment, and Signage(8)	$158,000 - $228,000	As Incurred	Prior to Opening	Approved Suppliers
Smallwares(9)	$20,000 - $22,000	As Incurred	Prior to Opening	Suppliers
Initial & Opening Training Costs(10)	$10,000 - $15,000	As Arranged	As Invoiced	Employees and Suppliers
Computer Hardware and Software(11)	$22,000 - $35,000	As Arranged	As Arranged	Suppliers

Type of Expenditure[16]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Pre-opening Inventory/Supplies[12]	$18,000 - $25,000	As Arranged	As Arranged	Suppliers
Initial Advertising and Marketing Expenses[13]	$25,000 - $45,000	As Arranged	As Arranged	Suppliers
Insurance[14]	$2,000 - $5,000	As Arranged	As Arranged	Insurance Broker
Additional Funds[15]	$25,000 - $75,000	As Needed	As Needed	Various Items
TOTAL[16]	$549,000 - $985,000			

Franchise Agreement - Food Truck License

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$20,000	Lump sum	When you sign the Food Truck License Amendment	Us
Computer Hardware and Software[11]	$4,000 - $7,500	As arranged	As invoiced	Suppliers
Food Truck	$125,000 - $200,000	As arranged	As invoiced	Supplier
Permits, Licenses, and Legal Assistance[6]	$100 - $1,500	As arranged	As invoiced	Government agency
Smallwares[9]	$500 - $2,000	As Incurred	Prior to Opening	Suppliers
Initial Inventory/Supplies[12]	$1,000 - $2,000	As arranged	As invoiced	Suppliers
Insurance[14]	$500 - $4,500	As arranged	As invoiced	Insurance Broker
TOTAL[15]	$151,100 - $237,500			

Notes:

(1) See Item 5 for more information about the initial franchise fee.

(2) See Item 5 for more information about these charges. The high figure assumes that one additional site visit was requested or required and the actual cost to us would be $500. This fee varies and is payable only if we demand it. It is our option to waive this fee under special circumstances.

(3) ÜBERRITO Restaurants are typically located in commercially zoned shopping or entertainment areas. Due to the cost of land acquisition and new construction, we anticipate that you will lease space for your Restaurant, and we have included security deposit and rent estimates based on this assumption. If you acquire land or construct a new building, your costs will be substantially higher than those reflected in the chart. The figures in the chart reflect an estimated one month's security deposit and first month's rent. These

costs may vary greatly depending on geography location, building type and class, market conditions, and your credit history.

(4) Your required deposits may depend on your past relationship with your local utility companies, credit standing and past history, if any, with the provider.

(5) These figures reflect the estimated cost of building out an existing mall or strip center location. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 2,500 square feet in a suitable free-standing building, or other leased space. These costs may vary the way in which you acquire the lease and at which state of condition and finish out of the facility will result in your actual Leasehold Improvements. Many Landlords provide for TI (Tenant Improvement) allowance which may reduce your overall investment and expense. **However, the TI allowance is not guaranteed. The estimated cost figures for building out and improving the leasehold may be significantly less depending on the site acquired. For example, conversion of an existing restaurant site costs less than the conversion of another type of retail site.**

(6) This represents a range of cost of acquiring local and state permits, architect fees, legal fees if an attorney is hired to help you negotiate the lease and other professional services. Amounts may exceed this range depending on differing state, or county requirements.

(7) The range in the chart includes costs to prepare a site investigative report, engaging a permit expediter, and permit fees.

(8) This includes furniture, fixtures, equipment and signage. The low figure contains one building store sign and the high figure includes additional signage if allowed. For a foor truck, furniture, fixtures, equipment and signage are included in the cost of the food truck.

(9) This cost includes paper, chemicals, cook ware, silverware, cups and other items necessary to serve food to customers.

(10) This estimate includes one manager and one assistance manager, their travel and lodging, food, incidentals and 30 employees at 40 hours each of pre-opening training. Costs will be higher if you hire personnel in advance of training and/or opening. Much of the variance on training costs will be effected by the location of the management training.

(11) You must install computer and POS systems that we have approved. See Item 11. Costs will depend on the number of POS units needed.

(12) This estimate includes the cost of food, beverages, condiments, packaging, and other supplies for approximately the first two to ten days of operations. Due to differences in local laws, prices, suppliers, geography, storage space and commercial practices, you may elect to carry a larger inventory. Local costs will greatly affect these investments.

(13) You must spend at least $25,000 on an initial pre opening and post opening marketing campaign. See Item 11.

(14) This amount represents an estimated down payment of your annual insurance premiums, equal to one month's payment. See Item 8 for a description of your minimum insurance requirements. Your cost of insurance may vary depending on the insurer, the location of your Restaurant, your claims history, and other factors. An annual range should be between $15,000 and $20,000 and less for a food truck. Depending on the number of restaurants you develop, you may be required to purchase and umbrella policy with limits between $2M and $10M.

(15) These figures reflect estimated working capital needs for the first three months of operation to pay employees, purchase supplies, and pay other expenses. These amounts do not include any estimates for debt service. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, business acumen, local

economic conditions; the local market for the product; competition; and the sales level reached during the initial period. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. In compiling these estimates, we relied on our affiliates' and management's experience in establishing similar restaurants. You should review these figures carefully with your business advisor.

(16) Whereas, as mentioned in note 5 above, conversion of an existing restaurant site costs less than the conversion of another type of retail site, if you convert a former restaurant to an ÜBERRITO Restaurant, this total costs may range from $150,000 and $350,000 instead of $549,000 - $985,000.

(17) We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers; Purchases According to Specifications

You must purchase from us or from designated sources all: (1) fixtures, furniture, equipment, interior and exterior signage, graphics, decor, trade dress, and Restaurant design consulting services; (2) point of sale systems, equipment and software; (3) computer systems and software; (4) digital menu boards and related hardware, software and services; (5) food products, ingredients, and condiments; (6) beverages; (7) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing our Marks); (8) advertising, point-of-purchase materials, and other printed promotional and marketing materials; (9) gift certificates and stored value cards; (10) stationery, business cards, contracts, and forms; (11) bags, packaging, and supplies bearing our Marks; and (12) all other goods and/or services as we require. In addition to approved suppliers, we may require you to buy your requirements of food, ingredients, and supplies from affiliated or third-party distributors. Information concerning approved and designated suppliers will be communicated to you via the Manual.

We will provide a list of approved suppliers and approved food and beverage products, ingredients, and condiments, including designation by brand and our standards and specifications, as contained in the Operations Manual or otherwise in writing. You must strictly comply with the standards and specifications and comply with all required purchases of products and services from approved suppliers and in conformity with our standards and specifications. We expressly reserve the right to revise these standards and specifications as we deem appropriate.

You must purchase the computer hardware and software that we require from our approved third party vendor. See Item 11 for more information about computer hardware and software requirements.

You may purchase approved products or services from any supplier approved or designated by us (which may include us and/or our affiliates). We, or our affiliates, may derive revenue or profit from such transactions. We maintain approved supplier criteria; however, we do not issue these criteria to you.

If you enter into a Food Truck Amendment, you must purchase the truck from the unaffiliated supplier that we designate.

We, and our affiliates, do not currently sell any products or services to franchisees, but we reserve the right to do so in the future. We have developed and may continue to develop for use by ÜBERRITO Restaurants certain products that are prepared by third parties from confidential secret recipes and other proprietary products that bear our Marks. If those additional products become a part of our franchise system, we may require you to purchase those items solely from us, our affiliate, or from an approved supplier.

If you want to use any products, or services for or at the Restaurant that we have not yet evaluated or purchase any product, or service from a supplier that we have not yet approved (for products and services that we require you to purchase only from designated or approved suppliers), you first must submit sufficient information, specifications, and samples as we require for us to determine whether the product or service complies with our standards and specifications or the supplier meets our criteria. We will decide within a reasonable time (no more than 30 days). We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria. We may inspect the proposed supplier's facilities and require the proposed supplier to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. We may periodically re-inspect the facilities and products of any approved supplier and revoke our approval of any supplier, product or service that does not continue to meet our criteria by notifying you and/or the supplier. Despite these procedures, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or if we believe that doing so is in the best interests of the Restaurant network.

We reserve the right periodically to designate and approve standards, specifications, and/or suppliers of products that we periodically authorize for use at or sale by the Restaurant. You will purchase or lease all products for the Restaurant only according to our standards and specifications and, if we require, only from suppliers that we designate or approve. We, or our affiliates, may derive revenue based on your purchases and leases, including from charging you for products that we, or our affiliates, provide to you and from promotional allowances, volume discounts and other payments made to us or our affiliates by suppliers that we designate, approve or recommend for some or all ÜBERRITO Restaurant franchisees. We, and our affiliates, may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes that we deem appropriate. We have the right to request and receive a detailed report of the contents of any purchases that you may make from any third party vendor from which you purchased any products that we periodically authorize for use at or sale by the Restaurant.

Currently, neither we nor any of our Affiliates are designated or approved suppliers for any products or services, and neither we, nor any of our officers owns an interest in any privately-held suppliers or a material interest in any publicly-held suppliers of our franchise system.

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

Franchised Location and Lease

You must acquire a site for your Restaurant that meets our site selection criteria and that we approve. If the Restaurant occupies a space according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment D to the Franchise Agreement.)

You must construct, equip, and improve the Restaurant in compliance with our current design standards and trade dress, and you must obtain initial Restaurant design consulting services from us or an approved supplier. You must purchase and install, at your expense, all millwork and customized seating, fixtures, furnishings, equipment, decor, and signs from us or an approved third-party supplier.

Insurance

You must obtain and maintain insurance policies protecting you and us and our affiliates as additional insureds on a primary non-contributory basis. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Restaurant is located and with a rating of "A" or better. These policies must include the coverage that we require, which currently includes: (1) "all risk" property insurance, including business interruption, plate glass, and flood insurance at full replacement value for real and personal property, no deductible should be in excess of $50,000, customarily obtained by similar businesses in the Restaurant's principal trade area; (2) comprehensive general liability insurance, including but not limited to contractual liability, property damage, bodily injury and death, builder's risk, personal injury, food safety, and products/completed operations liability coverage with a minimum combined single limit of liability in an amount of $1,000,000 per occurrence per location and $2,000,000 aggregate; (3) employment practices liability in a minimum amount of $1,000,000 per occurrence and in the aggregate; (4) automobile liability insurance including coverage all owned, non-owned and hired vehicles and equipment with a minimum combined single limit of liability in an amount of $1,000,000 for bodily injury and death and property damage; (5) workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $1,000,000; (6) liquor liability insurance with a minimum combined single limit of liability in an amount of $1,000,000 per occurrence per location and $2,000,000 aggregate; and (7) umbrella insurance in an amount not less than $2,000,000. You and your insurers shall agree to waive rights of subrogation against us and our affiliates. At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the waiver.

We reserve the right to unilaterally modify the minimum coverage requirements set forth above as market or industry conditions warrant. We do not require but recommend you discuss with your insurance professional whether or not you should carry other types of insurance applicable to the Franchised Business, such as insurance relating to data privacy breaches.

Revenue Derived from Franchisee Purchases and Leases

We may negotiate purchase arrangements for the benefit of the system, and we or our affiliates may derive revenue from your purchases or leases to the extent that you buy products or services from us or from our affiliates.

During our fiscal year ending December 26, 2021, neither we nor any of our affiliates derived any revenue from franchisee purchases or leases.

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

We estimate that your purchases and leases from us or our designated suppliers will be approximately 90% of your total initial investment (not including the initial franchise fee) and 90% of your ongoing purchases and leases in the operation of the Franchised Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of our franchisees. If we negotiate a purchase agreement for the region where your Restaurant is located, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

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

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1 and 3.3	Not applicable	Items 8 and 11
b. Pre-opening purchase/leases	Sections 3.4, 6.5, 6.6, 10.1, and 10.2	Not applicable	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	Section 3.4	Article 4	Items 1, 7, 8, and 11
d. Initial and ongoing training	Sections 5.1 and 5.5	Not applicable	Items 6, 7, and 11
e. Opening	Sections 3.5 and 5.3	Section 4.5	Items 7 and 11
f. Fees	Sections 4.1, 4.2, 4.8, 4.10, 4.12, 9.3, 9.4, and 9.5	Article 3	Items 5, 6, 8, and 11
g. Compliance with standards and policies/operating manual	Article 8	Not applicable	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Article 7	Not applicable	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 6.4, 6.5, and 6.6	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable	Item 16
k. Territorial development and sales quotas	Not applicable	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 6.5, 6.6, and 8.2	Not applicable	Items 8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Sections 6.7 and 6.10	Not applicable	Item 8
n. Insurance	Section 11.2	Section 7.2	Items 7 and 8
o. Advertising	Article 9	Not applicable	Items 6, 8, and 11
p. Indemnification	Section 11.3	Section 7.3	Item 6
q. Owner's participation/ management/staffing	Sections 6.2 and 6.3	Not applicable	Items 1, 11, and 15

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
r. Records and reports	Sections 10.4, 10.5, and 10.6	Not applicable	Item 11
s. Inspections and audits	Sections 6.9 and 10.7	Not applicable	Items 6 and 11
t. Transfer	Article 12	Article 8	Items 6, 12, and 17
u. Renewal or extension of rights	Section 2.2	Section 4.4	Items 6, 12, and 17
v. Post-termination obligations	Section 15.2	Section 2.2	Item 17
w. Noncompetition covenants	Section 15.1 and 15.2	Article 10	Item 17
x. Dispute resolution	Article 19	Article 14	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, Burrito Holdings Franchise Services, Inc., is not required to provide you with any assistance.

Before you open your Restaurant, we or our designee will:

1. Provide you site selection assistance you request or we believe to be necessary, which will include one in-person visit to your market. (Franchise Agreement, Section 3.1.).

2. Review your proposed site for compliance with our site selection guidelines and accept or refuse to accept the site and your proposed lease or contract of sale within 45 days after receiving from you complete site information. You must submit the information that we request when you propose a site. We may require you to seek a third party legal review, at your expense and from a vendor of our choice or approved by us, to review the terms of your lease. However, once your site is approved, we are not responsible for any construction delays due to change orders, acts of God, disputes with landlords, architects, contractors, subcontractors, or any other vendor or due to any other action or reason occurring under your management of the build-out. (Franchise Agreement, Section 3.2.).

3. Provide you access to an approved architect who will provide specifications and layouts for your Restaurant, at your expense, including requirements or recommendations (as applicable) for dimensions, design, interior layout, decor, decorative materials, fixtures, equipment, furniture, and signs. We will conduct one on-site visit to the Restaurants during the construction phase (Franchise Agreement, Section 3.4.).

4. Provide you access to our operating manual and other technical manuals ("Operations Manual") (Franchise Agreement, Section 8.1.).

5. Provide you a list of food items, condiments, inventory, supplies, and other products and services that you must use and provide you a list of any approved suppliers (Franchise Agreement, Sections

6.4, 6.5., and 6.6.).

6. Conduct an initial training program and provide pre-opening consultation (Franchise Agreement, Sections 5.1. and 5.2.).

7. Provide you up to eight-days of on-site training and opening assistance (Franchise Agreement, Section 5.3.).

8. Review your written start-up marketing program that explains how you will spend the Grand Opening Expenses (Franchise Agreement, Section 9.2.).

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

1. Provide ongoing consultation and offer remedial or additional training, at our option (Franchise Agreement, Section 5.4., 5.5, and 5.6.).

2. Give you any advice and written materials we may develop on the techniques of managing and operating ÜBERRITO Restaurants. (Franchise Agreement, Section 5.4.).

3. At our discretion, make available to you at a reasonable cost any merchandise we develop or approve for resale (Franchise Agreement, Section 6.6.).

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

5. Administer the ÜBERRITO Production Fund once instituted and provide any advertising and promotional materials we develop for local advertising (Franchise Agreement, Section 9.3.).

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

Advertising

Our advertising program for the products and services offered by ÜBERRITO Restaurants currently consists primarily of local Restaurant marketing initiatives developed at the corporate level and coordinated at the Restaurant level by individual franchisees. These activities may include both marketing inside the Restaurant to current customers, as well as external efforts. In addition, some marketing activities are coordinated at the national level. These activities may include public relations, social media, email marketing, local marketing program development and consultation with franchisees, loyalty programs, stored value card programs, catering programs and other national-level efforts. You may develop your own advertising and marketing materials in compliance with the corporate program, at your own expense, subject to the requirements described below.

All of your (and your Cooperative's) advertising, promotional, and marketing materials and plans must be completely clear, factual, and not misleading and conform to the highest ethical standards and the advertising and marketing policies that we periodically specify. We must approve all of your promotional and marketing materials that we have not prepared or previously approved within the previous six months before you may use them, whether in paper, electronic, or digital format. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 15 days from the date we receive them. You may not use the materials until they are approved, and we have the right to disapprove materials that we have previously approved. If you do not receive written notice of approval from us within 30 days after we receive the materials, they are deemed not approved, and you may not use any advertising, promotional, or marketing materials that we have not approved. We assume no liability to you or any other party for our approval or disapproval of any advertising, marketing or promotional materials or programs, and you must ensure that all of these materials and programs you use comply with all applicable laws.

Pre Opening/Grand Opening Marketing Campaign

Unless we agree otherwise, during the construction of the restaurant and through the opening of the Restaurant, of opening the Restaurant, you must spend at least $25,000 on a grand opening marketing campaign that promotes the opening of the Restaurant. Your campaign must comply with our standards, which may include your use of certain materials and media and the length of the promotion. We must approve, in advance, your grand opening marketing campaign, including all advertising items, methods, and media.

Production and National Advertising Fund ("Fund")

We will use monies from the Fund to pay for creating marketing, promotional and advertising program developments such as, but not limited to, cost and expenses related to payment of talent and residuals, research and development, shipping, design and development of trademarks and logos, creation of materials, promotions, public relations, market research, the employment of advertising and or public relations agencies for such purposes, national advertising of the brand and reimbursement to us or our affiliates of general and administrative expense and allowances directly related to Fund activities.

You will pay the Fund 2% of Gross Sales from your restaurant simultaneously with your weekly royalty payments. Company operated ÜBERRITO's will also pay to the fund at the rate.

You must participate in all advertising and sales and branding promotion programs that we may authorize or develop for ÜBERRITO Restaurants.

You must provide us, upon request, an accounting of your local advertising expenditures for the time periods we require. Prior to using them, you must submit for our approval samples of all local advertising and promotional materials not prepared or previously approved by us. You may not use any advertising or promotional materials that we have not approved or that we have disapproved. You must list and advertise your Restaurant in the business directory listings that we require (which may be traditional book listings or online listings) and in the format we require. Your cost for these listings is credited toward your spending requirement on local advertising.

We require approval of all advertising programs and have sole discretion to approve the creative concepts, materials, and media used in the programs and their placement and allocation. Upon establishment of the Fund, we will direct all advertising programs developed out of and managed by the Fund.

We or someone we designate will administer the Fund. We have the right to use Fund monies, in our sole discretion, to pay for: creative development services (including creation and modification of Restaurant design and trade dress, logos, menu design, graphics, and vehicle wraps, and advertising and promotional items); preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, new product development; conducting customer surveys, focus groups, and marketing-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Restaurant advertising and promotion in a particular area or market, or for the benefit of a particular Restaurant or Restaurants relating to Restaurant opening promotions or otherwise); conducting and administering in-Restaurant promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, menus and menu boards, and other sales aids and promotional items and materials); developing, updating, and hosting our Website (including development of locator programs) and/or an intranet or extranet system; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, certificates and stored value card programs, and the cost of products associated with the redemption of free coupons, gift certificates and stored value cards; developing and administering other customer loyalty programs; developing and administering online ordering platforms; providing and procuring public relations services; conducting public relations activities; and membership fees in international, national, regional, and/or local trade or other associations or organizations. From time to time, we may engage in initiatives, new or otherwise, relating to the brand development activities stated above, and in order to implement or maintain the new or existing initiatives, we may use Fund monies to pay for the initial and recurring costs of new or existing initiatives.

We will provide an annual unaudited statement of the operations of the Fund and we will make it available to you. We are not required to have the Fund statements audited.

We may terminate the Fund at any time. However, we will not terminate the Fund until all monies contributed to the Fund have been expended for permitted uses or returned to contributing franchisees and to us on the basis of our respective contributions.

In any fiscal year, we may spend an amount greater or less than the aggregate contributions to the Fund in that year. We may arrange for loans to, or for the benefit of, the Fund by third parties, and we may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and cause the Fund to invest any surplus for future use by the Fund.

In each calendar year during the term of the Franchise Agreement, you must spend the minimum amount that we require to promote the Restaurant in your market area. However, we may require you to contribute all or a portion of your local advertising dollars to the Fund and/or to an Advertising Cooperative, described below. You will be given credit for having made your required local advertising expenditures when these substitute contributions are made by you. We will have the sole discretion to approve any marketing and advertising materials you use.

<u>Local Store Marketing (‘LSM’); Local Advertising Cooperative</u>

You must spend at least 1% of Gross Sales to promote the Restaurant in your market area. Contributions to a Local Advertising Cooperative, as described below, will be credited to satisfy your spending obligation.

We may designate a geographic area in which two or more ÜBERRITO Restaurants are located as an area for an advertising cooperative (“Cooperative”). The Cooperative's members in any area are the owners of all of the ÜBERRITO Restaurants operating in that area (including us and our affiliates, if applicable). We will determine how each Cooperative is organized and governed and when it begins. We may form, change, dissolve and merge Cooperatives as store counts change or the market area changes. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop local advertising marketing strategies for the area that the Cooperative covers. You must sign the documents that we require to become a member of the Cooperative we specify and participate in the Cooperative as those documents require. No Cooperatives have been formed yet, and sample governing documents are not currently available for your review. Any amounts you contribute to an advertising cooperative, as described below, will count toward satisfaction of your minimum local advertising expenditure. We have the sole discretion to approve any marketing and advertising materials used by the Advertising Cooperative.

All material decisions of the Cooperative, including contribution levels will be decided by the affirmative vote of at least 51% of all ÜBERRITO Restaurants in good standing located in the area served by the Cooperative, including Restaurants that we or our affiliates may operate. Your contributions, however, will not exceed 1% of Gross Sales. Each ÜBERRITO Restaurant located in the area served by the Cooperative will have one vote. If there is a tie, we have the tie-breaking vote. We require that each Cooperative prepare and provide to us an annual statement of expenditures, but the Cooperative may vote to prepare a more frequent or a more detailed accounting to be made available for review by franchisees.

<u>System Websites and Electronic Advertising</u>

We have established a website for the ÜBERRITO network (“System Website”). We or one or more of our designees may use the System Website: (1) to advertise, market, and promote ÜBERRITO Restaurants and other products they offer, and/or the ÜBERRITO Restaurant franchise opportunity; (2) to function as the Intranet; and/or (3) for any other purposes that we determine are appropriate for ÜBERRITO Restaurants. If we include information about the Restaurant on the System Website, you must give us the information and materials that we periodically request concerning the Restaurant and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights.

We own all intellectual property and other rights in the System, Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing, and promotional materials that you develop for the Restaurant must contain notices of the System Website's URL in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the Restaurant or displays any of the Marks without our prior approval. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

Computer and POS Systems

The Franchise Agreement requires that you use only the point of sale cash registers and computer systems and equipment that we prescribe for ÜBERRITO Restaurants ("Computer System") and that you adhere to our requirements for use. Requirements may include hardware components, a dedicated telephone, modems, printers, and other computer-related accessories and peripheral equipment. We may require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, replace or upgrade your Computer System (software and hardware) and other computers, and enter into maintenance agreements for the Computer System.

The Computer System currently includes the Positouch point of sale system. You must acquire software downloads from the developer of that software so that your Computer System can access the primary software over the Internet. The Computer System's hardware components include a processor, credit card swipes, and receipt and other printers, which are generally available from a number of retailers. It will cost between $30,000 and $35,000 to buy the Computer System's components when you develop the Restaurant. Ongoing subscriptions for internet, telephone, computer services, etc. will incur additional operations costs of approximately $750 to $1,000 per month. You need not obtain, and no party has any obligation to provide, any specific maintenance, repairs, updating, upgrading or support contracts for the Computer System. Because of varying market conditions and retailers who provide the Computer System's components, we are unable to estimate the annual cost of any optional maintenance, updating, upgrading or support contracts.

We will provide you 30 days advance written notice of any changes to our Computer System requirements. You must acquire, install, and maintain such anti-virus and anti-spyware software as we require, and must adopt and implement such Internet user policies as we may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with the operation of the Computer System.

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

You must acquire and use, from the date the Franchise Agreement is signed until the expiration or termination of the Franchise Agreement, a valid email address. You must provide us notice of any changes to your email address and provide us the new or revised email address immediately upon its acquisition. We may provide you an email address of our corporate domain for you to receive email correspondence.

We may independently poll your Gross Sales and other information input and compiled by your Computer System from a remote location. We also may require that you install software and/or connect to a web-based application that enables us to independently access and poll the information on your Computer System. There is no contractual limitation on our right to independently access this information.

Neither we, nor affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your Computer System or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the Computer System or other computer equipment. If you decide to enter into optional contracts, we have no way of knowing the costs associated with those optional contracts, however, we estimate that the annual costs of such contracts may be as much as $2,500 per year.

You must, at all times, be compliant with all applicable and current Payment Card Industry Data Security Standards ("PCI DSS") requirements and other data security policies that we may implement. You must notify BHFSI by telephone and confirm in writing within 24 hours of any investigation or violation, actual or alleged, concerning any of any PCI DSS data breach event. You may procure cyber insurance with sufficient coverage for legal defense costs and fines, along with other costs, including forensic investigations and crisis management. You must defend and indemnify us and hold us harmless from and against all claims arising out of or related to your violation of these provisions. For more information about PCI DSS, you may visit https://www.pcisecuritystandards.org/.

<u>Training</u>

Our training program is offered under the direction of Greg Snodgrass, the Chief Operations Officer who has been with us since our inception in April 2015, and has over 20 years' experience in the restaurant industry. Some training may be provided by one or more managers of our affiliate-owned restaurants.

Your Key Person or your Designated Manager must successfully complete our training program by receiving a Certification of Completion to be eligible to open your Restaurant. The Operations Manual contains the primary instruction material for training, in addition to other relevant materials which we will provide during training.

Before you begin soliciting customers for the Restaurant, and within 60 days after signing the lease or purchase contract for the Restaurant premises, your Key Person or your Designated Manager must attend and receive a Certification of Completion from our initial training program on the general business aspects of operating an ÜBERRITO Restaurant. We will provide initial training for no additional fee for up to two additional people associated with your Restaurant, including you (or your managing owner) and others whom you choose, but you will be responsible for all travel and living expenses and related costs incurred by those who attend training. Both persons who attend training must attend at the same time.

The initial training program consists of classes conducted at one of our affiliate-owned Restaurants or other designated locations. This training will cover basic aspects of establishing and operating an ÜBERRITO Restaurant, including all phases of restaurant opening and closing procedures, food preparation and food safety handling and presentation, pricing strategy, customer service issues, employee training, cleaning procedures, cash management, budgeting and bill paying, forms, purchasing, inventory control and disposition, comprehensive marketing, selling skills, job functions, and maintenance of quality standards. The initial training is anticipated to last approximately four to six weeks.

Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees. If you notify us within six months of completing the initial training program that you believe you did not receive adequate training, we will permit you and one additional person to attend our next regularly scheduled training program without charge, but you will be responsible for all travel and living expenses and related costs incurred by those who attend such training. If we do not receive notification within this six-month period, then you will be deemed to have waived any claim that you did not receive adequate training.

The on-site, opening training will occur at your Restaurant but will not start until all improvements have been completed, a Certificate of Occupancy has been received, all food has been received and the required liquor license, if applicable, has been received. The duration of this training will depend upon your, experience, aptitude, and training progress as well as your Designated Manager's experience, aptitude and training progress.

If your Key Person or your Designated Manager do not complete initial training to our satisfaction, in our sole discretion, we may delay the opening until satisfied or terminate the Franchise Agreement. The training program consists of 36 hours of classroom training and 173 hours of on the job training, and will take approximately four to six weeks to complete. The following is an outline of the training you will receive:

INITIAL TRAINING PROGRAM

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Introduction/Orientation	3	3	Houston, Texas
Recipes and Food Preparation	10	55	Houston, Texas
Restaurant Operations	15	90	Houston, Texas
Guest Relations	8	25	Houston, Texas
TOTAL HOURS	36	173	

This training program is provided as an example of our recent training courses. We reserve the right to make adjustments to the training agenda above, without notice to you.

You are responsible for all travel, entertainment, lodging, living expenses, and compensation incurred for you or your manager and/or employees while attending any training program. The training will be conducted by one or more of our qualified training staff working under our supervision.

We may also offer additional mandatory, optional, refresher, advanced, or other training programs or seminars from time to time, addressing common problems experienced by you or addressing new products, services, or techniques to be utilized by our franchisees, and we may establish reasonable fees for attendance at such events. Such seminars and training programs may discuss sales techniques, personnel training, bookkeeping, accounting, inventory acquisition and control, performance standards, advertising programs and merchandising procedures. You are responsible for all travel, lodging, living expenses and compensation for you and your manager and/or employees incurred while attending any such training program.

<u>Confidential Operations Manual</u>

After you sign the Franchise Agreement, we will provide you access to our current Operations Manual to be used throughout the term of your Franchise Agreement. The Operations Manual currently consists of 202 pages. You must return the Operations Manual before receiving updated editions or at the expiration of your Franchise Agreement. The Manual may be in electronic format. A copy of the current table of contents of the Manual is attached as Exhibit F. We consider the contents of the Operations Manual to be proprietary, you must treat them as confidential, and you may not make any copies of the Operations Manual.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a "Site Selection Area" within which you may locate the Restaurant. You must identify an acceptable site for the Restaurant within 180 days after the execution of the Franchise Agreement. For each proposed site that you identify, you must deliver to us a Site Approval Packet in a form that we prescribe, including information about the site as we may reasonably require to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. Our failure to provide notification within this time period will not be considered either approval or disapproval. The criteria that we use to evaluate the site include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. If you fail to identify a site that is acceptable to us, and as a result you do not open the Restaurant by the Opening Date, defined below, we may terminate the franchise.

We anticipate that an ÜBERRITO Restaurant will open for business 365 days after the Franchise Agreement is signed or you pay consideration for the franchise. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to identify a location which we will accept; to obtain any financing you need; us to approve the site, approve the lease and approve the plans and to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

Once you take possession of the Franchised Location, we will mutually agree on an "Opening Date" for the Restaurant, which will be no later than 180 days after you take possession of the site. If you fail to open the Restaurant by the Opening Date, we may terminate the Franchise Agreement.

You may operate a Food Truck only within your Protected Territory as defined under your Franchise Agreement. If you choose to operate an Food Truck, you must purchase and commence operations of the Food Truck within three (3) months after the execution of the Food Truck License Amendment.

If you operate a Food Truck, and not a Traditional Restaurant location, we may offer your Protected Territory to another franchisee to operate a Traditional Restaurant location in. However, we will grant you a right of first refusal to sign a Franchise Agreement and open a Traditional Restaurant location in that Protected Territory. If this happens, we will give you six month's advance notice, and then you will have 30 days to exercise your right of first refusal.

ITEM 12
TERRITORY

Franchise Agreement

You will operate the Restaurant from a location that you select and that we accept. You may not relocate the Restaurant without our prior written consent.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will, however, receive a "Protected Territory" within which we provide you limited territorial protection. If you are in full compliance with the Franchise Agreement, however, except as stated below, neither we nor our affiliates will operate, or authorize any other party to operate, an ÜBERRITO Restaurant within the

Protected Territory. Typically, the “Protected Territory” will be a two-mile radius surrounding the Restaurant. However, the Protected Territory may be smaller in densely populated urban areas (New York City or Washington DC, for example), and the Protected Territory may be as small as an office or retail building. You are not restricted from soliciting or accepting orders from consumers outside of your Protected Territory; however, you may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, or telemarketing.

We and our affiliates retain all other rights, including but not limited to, the right: (a) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing you any rights; (b) to advertise and promote the System in the Protected Territory; (c) to operate, and license others to operate, ÜBERRITO Restaurants under the Marks and the System at any location in any Captive Market, regardless of whether the Captive Market is located in the Protected Territory or not, and outside the Protected Territory, including locations that are adjacent to or surrounded by the Protected Territory; and (d) to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Protected Territory, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, carts, or kiosks (which facilities may provide, in whole or in part, the products and services offered by an ÜBERRITO Restaurant regardless of the proximity to, or the competitive impact on, your operations in the Protected Territory. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Territory.

“Captive Markets” means the enclosed area of retail sales establishments in excess of 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings, stadiums, arenas, ballparks, festivals, fairs, military bases, and other mass gathering locations or events.

As described in Item 1, our affiliate, Casa Olé Franchise Services, franchises the operation of Mexican-themed restaurants that do business under the trade name and service mark “CASA OLÉ.” Our affiliate may grow this system through franchising. Casa Olé Franchise Services, its affiliates operating company-owned outlets, and franchisees operating under the CASA OLÉ trademark may solicit business and otherwise compete with you in your Protected Territory.

Casa Olé Franchise Services shares our principal offices and may also share all or certain of our training facilities. There are no formal procedures in place for resolving conflicts between us and the franchisees of the “CASA OLÉ” franchise system or between ÜBERRITO franchisees and franchisees of the CASA OLÉ franchise system regarding territory, customers, or franchisor support, although we are not anticipating that any conflicts will arise. Casa Olé Franchise Services will be responsible for fulfilling its contractual obligations to its franchisees and we will be responsible for fulfilling our contractual obligations to our franchisees.

Unless you sign a Development Agreement, you have no options or similar rights to acquire additional franchises. Continuation of your territorial rights does not depend on your achieving a certain sales volume market penetration or other contingency.

You may also have the opportunity, in our sole discretion, to operate a food truck license under the terms and conditions described in the Food Truck License Amendment attached to the Franchise Agreement as Attachment G (“Food Truck License”). The Food Truck License will feature an approved menu utilizing our formulas and methods for preparing approved food products. If you operate an Food Truck License, you may operate the Food Truck License at events and locations within the Protected Territory.

If you operate a Food Truck, and not a Traditional Restaurant location, We may offer your Protected Territory to another franchise to operate a Traditional Restaurant location in. However, we will grant you a right of first refusal to sign a Franchise Agreement and open a Traditional Restaurant location in that Protected Territory.

Development Agreement

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

Under the Development Agreement, we grant you the right to develop and operate a specified number of ÜBERRITO Restaurants. If you fail to meet any of your obligations under the Development Agreement, including the development obligations timeline, we may reduce the number of Restaurants you were initially allowed to establish under the Development Schedule, terminate the Development Agreement, or we may unilaterally reduce the size of the Development Area. You are not restricted from soliciting or accepting orders from consumers outside of your Development Area; however, you may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, or telemarketing.

When the Development Agreement expires or is terminated, you cannot develop additional Restaurants in the Development Area, unless you enter into a new or amended Development Agreement with us, at our sole discretion.

If you and your affiliates are in full compliance with this Agreement and all other agreements with us and our affiliates, and except as written below, neither we nor any of our affiliates will establish or authorize any person or entity other than you or any of your affiliates to establish, an ÜBERRITO Restaurant in the Development Area defined in the Development Agreement, except that, once a Restaurant opens, the only territorial protection granted for that Restaurant will be the Protected Territory defined in the Franchise Agreement for that Restaurant.

We and our affiliates retain all other rights, including but not limited to, the right: (a) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing you any rights; (b) to advertise and promote the System in the Development Area; (c) to operate, and license others to operate, ÜBERRITO Restaurants under the Marks and the System at any location in any Captive Market, regardless of whether the Captive Market is located in the Development Area or not, and outside the Development Area, including locations that are adjacent to or surrounded by the Development Area; and (d) to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Development Area, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, carts, or kiosks (which facilities may provide, in whole or in part, the products and services offered by an ÜBERRITO Restaurant) regardless of the proximity to, or the competitive impact on, your operations in the Development Area. We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

"Captive Market" means any enclosed area of retail sales establishments in excess of 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, universities and schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events.

Except for development rights granted under a Development Agreement, we do not grant any rights of first refusal to obtain additional Restaurants. If you wish to obtain an additional location, you must enter into a new Franchise Agreement for that location. The only provisions available to you to relocate a Restaurant are contained in the Restaurant's Franchise Agreement, which requires you to obtain our prior written consent before relocating the Restaurant. The Development Agreement does not grant you any rights in the Marks.

If you enter into a Development Agreement, you must provide us a preliminary Territory Development Plan for the trade areas within your Exclusive Territory. Your plan must include demographic information for each potential site describing residential population, traffic counts (if applicable), what part of town you will consider, competition, household incomes, per capita income, psychographics, three years of historical population growth and projected population growth and other data which may be requested. Your plan must also include projected opening dates of each Restaurant to be developed in your Exclusive Territory.

ITEM 13
TRADEMARKS

Our affiliate, MRI, owns and has registered the following Marks on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits and renewals have been filed.

Mark	Registration Number	Registration Date	Class of Goods/Services
ÜBERRITO	4878248	December 29, 2015	29, 30
ÜBERRITO	4933204	April 5, 2016	30
ÜBERRITO	4933203	April 5, 2016	43
ÜBERRITO	5475751	May 22, 2018	9
Ü Design (stamp)	5700881	March 19, 2019	25

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

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

Our rights to the Marks and the proprietary System know-how are derived from a nonexclusive, perpetual license between us and MRI (“Intercompany License”). The Intercompany License grants us the right to use the Marks and the know-how for the purpose of sublicensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License may be terminated only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

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

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

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

You may not use the Marks or any part or derivative of the Mark on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration, as part of any user name on any commercial, gaming, marketing, promotional, or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain or as part of any unauthorized email address.

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

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise, nor do we have any pending patent applications. While not registered with the U.S. Copyright Office, we do claim copyright protection and proprietary rights in the original materials used in the System, including our menus, Operations Manual, bulletins, correspondence, communications with our franchisees, training, advertising, and promotional materials, the content and design of our Website, and other written materials relating to the operation of ÜBERRITO Restaurants and the System ("Copyrighted Works"). We or our affiliates own all works of authorship relating to the franchise system and created in the future. We license you to use the Copyrighted Works to operate your Restaurant.

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

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

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

The Franchised Business must be supervised on-premises by a Key Person. If the franchisee is an individual or general partnership, the Key Person will be the individual franchisee or one of the general partners. If the franchisee is a business entity, the Key Person must hold at least a 10% equity interest in the business entity. The Key Person must successfully complete our initial training program and must devote full-time efforts to the management and operation of the Franchised Business.

If the franchisee operates multiple ÜBERRITO Restaurants, or if the Key Person will not devote full-time efforts to the management and operation of the Restaurant, then, in addition to the Key Person, you must appoint an individual to serve as your Designated Manager. Your Designated Manager need not have an equity interest in the franchise, but must have completed our initial training program to our satisfaction. Your Designated Manager must devote his or her full-time efforts to Restaurant operations and management and may not engage in any other business or activity that requires substantial management responsibility or time commitment. We must approve your Designated Manager as meeting our qualifications for the position. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate a replacement Designated Manager within 30 days. Your replacement Designated Manager must successfully complete our initial training program before assuming responsibility.

If, at any time, the Restaurant is not being managed by a Designated Manager who has satisfactorily completed the training program, we or a designated management services provider may, but are not required to, enter into a management services agreement with you. The management services agreement will not relieve you of your obligations under the Franchise Agreement or constitute a waiver of our right to terminate the franchise. We are not liable for any debts, losses, costs, or expenses incurred in the operation of your Restaurant while the management services agreement is in place, and we or the management services provider may charge you a management services fee. We may cease to provide such management services at any time, in our sole discretion.

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

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all menu items that we require, and only those menu items that we have approved, and in the method or manner we determine, including dine-in, carry-out, and catering. You shall prepare, package, and serve all menu items according to our recipes, standards and procedures for preparation, presentation and service as communicated to you from time to time via the Operations Manual or other written directives. Our standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times, and other standards for displaying for sale menu items and other merchandise. We may add, eliminate, or modify authorized goods and services, in our sole discretion. There are no contractual limitations on our rights to make these changes.

In addition, you are prohibited from using the Restaurant for any purpose not related to the conduct of the Restaurant's business. We do not impose limitations on the persons to whom you may provide food, beverages, products, and services, or place any restrictions or conditions that limit your access to customers. You may not advertise, offer for sale or sell any damaged products. All such inferior items must be withdrawn from sale and removed from the premises of the Restaurant.

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

You may not co-brand with another concept, or offer or provide catering or delivery services from a cart, kiosk, or food truck/vehicle without our prior written consent. You may not ship ÜBERRITO products, regardless of the destination, without our prior written consent, nor distribute ÜBERRITO products through wholesale channels, such as supermarkets, convenience Restaurants or other retailers, or through food service providers such as Restaurants or airlines through in-flight services.

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

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

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.1	The Initial Term will begin on the Effective Date and will continue until the earlier of (a) 10 years from the Opening Date, or (b) if applicable, upon the expiration of termination of your right to possess the Restaurant premises.
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew for the same remaining term of your lease or up to 10 additional years, whichever period is shorter.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of Franchise Agreement, which may be materially different terms and provisions than your original Franchise Agreement. Other requirements are: You must have complied with your obligations during the Term; satisfied all monetary obligations to us and third-party suppliers; provided us with your notice of intent to renew; not be in default under the Franchise Agreement or any other agreements; demonstrate that you have the right to remain in possession of the Restaurant premises; must, at our request, refurbish, renovate or modernize your Restaurant to comply with our then-current standards for a new ÜBERRITO Restaurant; comply with the then-current qualifications and training requirements; and each Owner must sign a personal guaranty and general release.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3, 13.4, 13.5, and 13.6	We can terminate if you materially default under your Franchise Agreement, any other individual Franchise Agreement, or any other agreement between you and us. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer requirements.

Provisions	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 13.3, 13.4, and 13.5	You have 10 days to cure (a) failure to obtain or maintain insurance, (b) failure to pay amounts due us, your landlord, your suppliers, or other trade creditors, (c) failure to pay amount that we have advanced on your behalf, (d) violation of the Franchise Agreement concerning the use and/or protection of the Marks or Copyrighted Works and (e) violation of any provision concerning the preparation, service, appearance, or quality of the ÜBERRITO products. You have 30 days to cure non-compliance with laws and defaults not listed in Sections 13.1. and 13.2. You have six months to transfer the interest of an owner in the event of death or permanent incapacity.
h. “Cause” defined – non-curable defaults	Sections 13.1 and 13.2	Non curable defaults include: bankruptcy, foreclosure, insolvency, failure to successfully complete training, failure to open the Restaurant by the Opening Date, abandonment of your Restaurant, failure to maintain the right to operate the Restaurant, plea of no contest or conviction of a felony, unapproved transfer or attempt to transfer, failure to comply with confidentiality and noncompetition requirements, material misrepresentations in your franchise application, failure to comply with Crises Management Event procedures, understating your Gross Sales or required payments, poor operations that lead to an imminent threat to public health or safety, knowingly maintaining false books or records, offering unapproved products or services, purchasing products from unapproved suppliers, failure to pass two or more quality assurance inspections within any rolling 12-month period, violation of Restaurant operations policies within any rolling 12-month period, failure to participate in advertising or marketing programs, failure to maintain required hours two or more times within any rolling 12-month period, violation of non-disparagement requirements, violation of any Dram Shop laws, or we deliver three or more notices of default to you in any rolling 12-month period.

Provisions	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Article 14	You must cease use of our trademarks, de-identify the Restaurant premises, pay all amounts due to us, and return the Operations Manual to us. We may, at our option, assume all telephone numbers for the Restaurant. We may, at our option, assume your lease and purchase certain Restaurant assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or email addresses which contain our Marks. See also "r" below.
j. Assignment of contract by franchisor	Section 12.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Sections 12.2, 12.3, 12.4, 12.7, and 12.9	Includes transfer of the Franchise Agreement, changes in ownership of the franchisee entity, transfers of assets, and private and public offerings.
l. Franchisor approval of transfer by franchisee	Sections 12.2, 12.3, and 12.4	Transfers require our prior written consent, which will not be unreasonably withheld. However, transfers that do not result in a change of control of you may, subject to certain conditions described in the Franchise Agreement, be completed without our prior written consent, but you must provide us notice.
m. Conditions for franchisor approval of transfer	Sections 12.2, 12.3, and 12.4	Transfer for Convenience: a new business entity formed solely to operate Restaurant; you provide us required Business Entity formation documents; you are in compliance with your Franchise Agreement and all other agreements with us and or affiliates; you pay the transfer fee; and you and each Owner execute a General Release (see Exhibit D). Transfer of Non-Controlling Interest: you provide us notice; you are in compliance with your Franchise Agreement and all other agreements with us and our affiliates; you sign an amendment that reflects the ownership changes; each new owner signs a guarantee; you pay the transfer fee; and each remaining owner signs a general release. Transfer of Franchised Business or Controlling Interest: you provide us notice and transfer documents; you are in compliance with your Franchise Agreement and all other agreements with us and our affiliates, and you pay us all

Provisions	Section in Franchise Agreement	Summary
		monies owed; new franchisee must qualify, complete training, sign a new Franchise Agreement in our then-current form; you or new franchisee must refurbish the Restaurant and pay the transfer fee, additional requirements apply to business entities. (See also "r" below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.8	We can match any bona fide offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 14.4	We have the option, but not the obligation, to purchase some or all of your equipment, furnishings and fixtures on expiration or termination of your Franchise Agreement, at their then-current fair market value.
p. Death or disability of franchisee	Section 12.9	Same requirements as for transfer in "m" above, except there is no transfer fee and we do not have right of first refusal. If your interest is not transferred within six months following your (or a major member, partner, or shareholder's) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; you may not divert any present or prospective customer of ours to a competitor.

Provisions	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads: (i) at the location of the Restaurant developed by you or previously operated by you or your Affiliate(s) under the terms of a Franchise Agreement; (ii) that is within a five-mile radius of any Restaurant developed by you or operated by you or your Affiliate(s) under the terms of a Franchise Agreement; or (iii) is within a five-mile radius of any other Restaurant operating under the System and Marks that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which we or our Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer for a period of two years following expiration, termination, or transfer. If you are a multi-Restaurant operator, this restriction does not affect your right to continue to operate your remaining Restaurants for which you have a valid Franchise Agreement with us.
s. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties.
t. Integration/merger clause	Sections 18.1 and 18.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and the Franchise Agreement and other related written agreements between you and us may not be enforceable.

Provisions	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections 19.2 and 19.3	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on money damages, ownership of Marks or Copywrighted Works or Confidential Information. If the claims, controversies, or disputes are not resolved in mediation, they must be submitted for arbitration.
v. Choice of forum	Sections 19.2, 19.3, and 19.4	Mediation and arbitration at the AAA offices located in the city where our principal business office is located at the time mediation and/or arbitration occurs. Venue for claims money damages, for injunctive relief and actions we bring which are related to or based on our ownership of Copywrighted Works or Confidential Information or any other proceeding is the courts in the county in which we maintain our principal business office.
w. Choice of law	Section 19.1	The Franchise Agreement will be governed by and construed under Texas law, without giving effect to any conflict of laws.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the development term	Section 2.1	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the development schedule described in the Development Agreement.
b. Renewal or extension of the term	Section 4.4	Unless we consent in writing, you may not open more than the total number of Restaurants comprising your Development Obligation. You do not have the right to renew your Development Agreement.
c. Requirements for Developer to renew	Not applicable	Not applicable

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

Provision		Section in Development Agreement	Summary
k.	"Transfer" by Developer – defined	Sections 8.2, 8.3, 8.4, 8.5., 8.8, and 8.10	Includes transfer of the Development Agreement, changes in ownership of the developer entity, changes in transfers of assets, and private and public offerings; and assignment of Franchise Agreement.
l.	Franchisor approval of transfer by Developer	Sections 8.2., 8.3., 8.4., and 8.10	Transfers require our prior written consent, which will not be unreasonably withheld. However, transfers that do not result in a change of control of you may, subject to certain conditions described in the Development Agreement, be completed without our prior written consent, but you must provide us notice.
m.	Conditions for franchisor approval of transfer	Sections 8.2., 8.3., and 8.4.	Transfer for Convenience: new business entity formed solely to perform development obligations; you provide us required Business Entity formation documents; you are in compliance with your Development Agreement and all other agreements with us; you pay our reasonable attorneys' fees. Transfer of Non-Controlling Interest: you provide us notice; you are in compliance with your Development Agreement and all other agreements with us; you sign an amendment that reflects the ownership changes; each new owner signs a guarantee; you pay our reasonable attorneys' fees; and you and each remaining owner signs a general release. Transfer of Franchised Business or Controlling Interest: you provide us notice and transfer documents; you are in compliance with your Development Agreement and all other agreements with us and you pay us all monies owed; new developer must qualify, complete training, sign a new Development Agreement in our then-current form; you or new developer must refurbish each Restaurant and pay the transfer fee; additional requirements apply to business entities. (See also "r" below).
n.	Franchisor's right of first refusal to acquire Developer's business	Section 8.9	We may match any bona fide offer to purchase your business.
o.	Franchisor's option to purchase Developer's business	Not applicable	Not applicable

Provision		Section in Development Agreement	Summary
p.	Death or Disability of Developer	Section 8.10	Same requirements as for a transfer in "m" above. If your interest is not transferred within six months following your (or a major member, partner or shareholder's) death or legal incapacity, your Development Agreement may be terminated.
q.	Non-competition covenants during the term of the Agreement	Section 10.1	Neither you nor your owners may have any involvement in any business (other than an ÜBERRITO Restaurant operated under a valid Franchise Agreement with us) located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r.	Non-competition covenants after the Agreement is terminated or expires	Section 10.2	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have an interest in any restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos and salads: (i) at the location of the Restaurant developed by you or previously operated by you or your Affiliate(s) under the terms of a Franchise Agreement; (ii) that is within a five-mile radius of any Restaurant developed by you or operated by you or your Affiliate(s) under the terms of a Franchise Agreement; or (iii) is within a five-mile radius of any other Restaurant operating under the System and Marks that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which we or our Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer for a period of two years following expiration, termination, or transfer. If you are a multi-Restaurant operator, this restriction does not affect your right to continue to operate your remaining Restaurants for which you have a valid Franchise Agreement with us.

Provision		Section in Development Agreement	Summary
s.	Modification of the Development Agreement	Sections 13.1 and 13.2	Must be in writing and signed by all parties.
t.	Integration/merger clause	Section 13.1	Only the terms of the Development Agreement and other related written agreements are binding. Any representations or promises outside of the disclosure document and the Development Agreement and other related written agreements between you and us may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 14.2 and 14.3	Claims, controversies, or disputes from or relating to the Development Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on money damages, ownership of Marks or Copywrighted Works or Confidential Information. If the claims, controversies, or disputes are not resolved in mediation, they must be submitted for arbitration.
v.	Choice of forum	Sections 14.2, 14.3, and 14.10	Mediation and arbitration at the AAA offices located in the city where our principal business office is located at the time or mediation and/or arbitration. Venue for claims for injunctive relief and actions we bring which are related to or based money damages, ownership of Marks or Copywrighted Works or Confidential Information or any other proceeding is the courts in the county in which we maintain our principal business office.
w.	Choice of law	Section 14.1	The Development Agreement will be governed by and construed under Texas law, without giving effect to any conflict of laws.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 26, 2021, we had three company or affiliate-owned ÜBERRITO restaurants in operation, all of which operated for the full calendar years of 2019, 2020, and 2021. There were three franchised restaurants in operation for only part of this time period. The chart below reflects historical information concerning the 2021 gross revenue information provided by the three company or affiliate-owned restaurants that operated the entire past two calendar years.

Location	Gross Revenue[1, 2] 2020	Gross Revenue 2021
Atascocita	$1,367,365	$1,453,398
Durham	$762,952	$840,249
Katy	$1,259,516	$1,399,141

Note 1: "Gross Revenue" is the total gross revenue actually realized for the year in operation during fiscal year ended. Gross Revenue does does not include sales tax collected.

Note 2: The franchisee-owned restaurants will pay royalties and other fees due under the franchise agreement that the company or affiliate-owned restaurants may not pay. The start-up costs for franchisee-owned restaurants may also be higher due to experience levels of the operators and the up-front capital required to start a business.

Some restaurants have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Greg Snodgrass, COO, Burrito Holdings Franchise Services, Inc., 12000 Aerospace Avenue, Suite 400, Houston, Texas 77034; 832-300-5858, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System wide Outlet Summary

For Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	3	3
	2021	3	1	-2
Company Owned	2019	7	6	-1
	2020	6	5	-1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2021	5	3	-2
Total Outlets	2019	7	6	-1
	2020	6	8	+2
	2021	8	4	-4

Note 1. Our fiscal year-end is based on a 52/53 reporting period that ends on the Sunday closest to December 31. Therefore, all 2021 numbers are as of December 26, 2021, all 2020 numbers are as of December 27, 2020 all 2019 numbers are as of December 29, 2019.

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)

For Years 2019 to 2021

State	Year	Number of Transfers
Total	2019	0
	2020	1
	2021	0

Table No. 3
Status of Franchised Outlets

For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	1	0
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Texas	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	2	0
Totals	2019	0	0	0	0	0	0	0
	2020	0	3	0	0	0	0	3
	2021	3	1	0	0	0	3	1
*Some restaurant closures may have been impacted by declining traffic due to Covid 19.								

Table No. 4
Status of Company-Owned Outlets

For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2019	2	0	0	1	0	1
	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0
Texas	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	2	0	3
Total	2019	7	0	0	1	0	6
	2020	6	0	0	0	1	5
	2021	5	0	0	2	0	3

Table No. 5
Projected Openings
As of December 27, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	0	1	0
Texas	1	1	3
Texas	0	1	0
Totals	1	3	3

Exhibit E reflects the name of each of our franchisees and the address and telephone numbers of their Restaurants as of December 26, 2021. Exhibit E also reflects the name, city, state, and current business (or if unknown, home) telephone number, of every franchisee who ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed, or transferred within the last fiscal year ended December 26, 2021, or who has not communicated with us within 10 weeks of the application date of this disclosure document.

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

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

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are the audited balance sheets of Burrito Holdings Franchise Services, Inc. as of December 26, 2021, December 27, 2020, and December 29, 2019, and the related statements of operations, changes in stockholders' equity, and cash flows for the fiscal years then-ended, and the related notes, as well as unaudited financial statements for ending March 27, 2022.

ITEM 22
CONTRACTS

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

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

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

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

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt contains the names of our franchise sellers or brokers.

STATE APPENDIX TO THE FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

Item 17 of the Disclosure Document is supplemented by the following:

> The franchisee is not required to commence litigation in Texas, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

None of the representations required to be made by the franchisee to ÜBERRITO in the documents to be executed by the franchisee are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FOR THE STATE OF MINNESOTA

Item 13 of the disclosure document is supplemented by the following:

> The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
>
> As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the disclosure document is supplemented by the following:

> With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
>
> To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to require any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or

incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota, to waive compliance with the Minnesota Franchises Law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

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

EXHIBIT A

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

BURRITO HOLDINGS FRANCHISE SERVICES, INC.

FINANCIAL STATEMENTS

For the Fiscal Years Ended

December 26, 2021, December 27, 2020, and December 29, 2019

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
Houston, Texas

FINANCIAL STATEMENTS
For the Fiscal Years Ended
December 26, 2021, December 27, 2020, and December 29, 2019

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder of
Burrito Holdings Franchise Services, Inc.
Houston, Texas

Opinion

We have audited the financial statements of Burrito Holdings Franchise Services, Inc. (a Texas corporation), which comprise the balance sheet as of December 26, 2021, and the related statements of operations, changes in stockholder's equity and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Burrito Holdings Franchise Services, Inc. as of December 26, 2021, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Burrito Holdings Franchise Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Burrito Holdings Franchise Services, Inc. for the fiscal years ended December 27, 2020 and December 29, 2019, were audited by other auditors, who expressed an unmodified opinion on those statements on March 23, 2021.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Burrito Holdings Franchise Services, Inc.'s ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Burrito Holdings Franchise Services, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Burrito Holdings Franchise Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Crowe LLP

Crowe, LLP

Houston, Texas
March 31, 2022

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
BALANCE SHEETS
December 26, 2021, December 27, 2020, and December 29, 2019

	12/26/2021	12/27/2020	12/29/2019
ASSETS			
Current assets			
Cash	$ 141,658	$ 278,643	$ 274,801
Royalties receivable, net	-	-	-
Advertising fees receivable, net	-	-	9,029
Franchise contracts receivable, net	20,000	37,500	-
Prepaid expenses	1,945	-	-
Total current assets	163,603	316,143	283,830
Equipment	69,521	-	-
Franchise contracts receivable, net of current portion	-	72,500	110,000
Receivable from affiliate	457,187	397,187	397,187
Franchise Disclosure Document, net	6,875	8,375	9,875
Deferred franchise contract costs, net	-	67,903	71,579
Total assets	$ 697,186	$ 862,108	$ 872,471
LIABILITIES AND STOCKHOLDER'S EQUITY			
Production fund accounts payable	$ 64,443	$ 26,235	$ 7,920
Payable to affiliate	223,939	108,083	108,083
Contract liabilities for franchise fees	20,000	343,958	349,458
Total liabilities	308,382	478,276	465,461
Commitments and contingencies	-	-	-
Stockholder's equity			
Common stock, $0.001 par value; 10,000 shares issued and outstanding	10	10	10
Additional paid-in capital	90	90	90
Stock subscription receivable	(100)	(100)	(100)
Accumulated earnings	388,804	383,832	407,010
Total stockholder's equity	388,804	383,832	407,010
Total liabilities and stockholder’s equity	$ 697,186	$ 862,108	$ 872,471

See accompanying notes to financial statements.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
STATEMENTS OF OPERATIONS
For the fiscals ended
December 26, 2021, December 27, 2020, and December 29, 2019

	12/28/2020 to 12/26/2021	12/30/2019 to 12/27/2020	12/31/2018 to 12/29/2019
Revenues			
Advertising fees	$ -	$ 21,425	$ 103,155
Royalty fees	-	16,100	2,187
Franchise fees	243,958	5,500	115,500
Total revenues	243,958	43,025	220,842
Operating expenses			
Franchise Disclosure Document amortization expense	1,500	1,500	1,500
Franchise commissions amortization expense	67,903	3,676	3,676
Production fund expense	105,674	38,427	11,575
Bad debt expense	-	22,600	-
General and administrative	63,909	-	1,251
Total operating expenses	238,986	66,203	18,002
Net income (loss)	$ 4,972	$ (23,178)	$ 202,840

See accompanying notes to financial statements.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
For the fiscal years ended
December 26, 2021, December 27, 2020, and December 29, 2019

	Common Stock	Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Earnings (Deficit)	Total
Balance at December 31, 2018	$ 10	$ 90	$ (100)	$ 204,170	$ 204,170
Net income	-	-	-	202,840	202,840
Balance at December 29, 2019	10	90	(100)	407,010	407,010
Net loss	-	-	-	(23,178)	(23,178)
Balance at December 27, 2020	10	90	(100)	383,832	383,832
Net income	-	-	-	4,972	4,972
Balance at December 26, 2021	$ 10	$ 90	$ (100)	$ 388,804	$ 388,804

See accompanying notes to financial statements.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the fiscal years ended
December 26, 2021, December 27, 2020, and December 29, 2019

	12/28/2020 to 12/26/2021	12/30/2019 to 12/27/2020	12/31/2018 to 12/29/2019
Cash flows from operating activities			
Net income (loss)	$ 4,972	$ (23,178)	$ 202,840
Amortization expense	69,403	5,176	5,176
Non-cash franchise fees earned	(5,500)	(5,500)	(5,500)
Bad debt expense	-	22,600	-
Changes in operating assets and liabilities:			
Royalty fees receivable	-	(16,100)	-
Advertising fees receivable	-	2,529	1,217
Franchise contracts receivable	90,000	-	25,000
Prepaid expenses	(1,945)	-	-
Receivables from affiliate	(60,000)	-	(52,187)
Production fund accounts payable	38,208	18,315	7,920
Payable to affiliate	115,856	-	1,250
Contract liabilities for franchise fees	(318,458)	-	(85,000)
Net cash from (used in) operating activities	(67,464)	3,842	100,716
Cash flows from investing activities			
Purchase of equipment	(69,521)	-	-
Cash used in investing activities	(69,521)	-	-
Net change in cash	(136,985)	3,842	100,716
Cash, beginning of period	278,643	274,801	174,085
Cash, end of period	$ 141,658	$ 278,643	$ 274,801

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATIONS

The accompanying financial statements include the accounts of Burrito Holdings Franchise Services, Inc., a Texas corporation, (the "Company"). The Company was organized on April 1, 2015, to offer, sell, and service franchises for the operation of restaurants under the name of ÜBERRITO®. The Company currently has two franchisees with rights to operate one restaurant each.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Fiscal Year: The Company's financial statements are reported on a 52/53 week fiscal year that ends on the last Sunday of December's calendar month. The accompanying financial statements are for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019. Each fiscal year consisted of 52 weeks.

Use of Estimates and Assumptions: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Receivables: Receivables are stated at face value less an allowance for doubtful accounts. Company management evaluates the collectability of receivables and establishes an allowance for doubtful accounts based primarily upon collection history and the obligor's financial condition. Uncollectible accounts are written off when it is determined that there is minimal chance of recovery, such as bankruptcy or other condition that severely impacts an obligor's ability to repay amounts owed. The Company had allowances for doubtful accounts in the balance sheets as of December 27, 2020 in the amount of $22,600 related to fees due from a franchisee. The Company had no allowances for doubtful accounts in the balance sheets as of December 26, 2021 and December 29, 2019.

Revenue Recognition: The Company has revenue streams from franchising through individual franchise sales, development agreements, development agent agreements, royalty fees, and advertising fees. For royalty and advertising income, contracts with customers are sales-based and the income is recognized based on the sales of the franchisees. For franchise fees, revenue related to pre-opening services is recognized at a point in time in which the services are delivered. The remainder, if any, is recognized on a straight-line basis over the term of each respective franchise agreement upon store opening. The unearned portion of these fees is presented in the balance sheets as a contract liability.

On January 29, 2018, the Company entered into a development agreement and a development agent agreement as amended on January 1, 2019 with a new franchisee. The development agreement is for three restaurants to be opened during the fiscal years 2019 to 2021 and the development agent agreement is for 60 restaurants to be opened during the fiscal years 2019 to 2031. The development agreement is for an initial term of 10 years and the development agent agreement is for an initial term of 40 years. The contracts required franchise and territory fee payments to the Company of $310,000 upon execution of the agreements. During 2019, the Company recognized $60,000 in franchisee fees upon the opening of two new restaurants by the developer in accordance with the franchise agreements. These contracts also require future franchise fee payments of $110,000 during fiscal years ended 2021 to 2023.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These fees are included in franchise contracts receivable in the balance sheets as of December 27, 2020 and December 29, 2019. Incremental costs of $78,624 were incurred to obtain the agreements. These costs are included in deferred franchise contract costs, net in the balance sheets as of December 29, 2019 and will be amortized on a straight-line basis to expense over the lives of the contracts. Annual amortization expense is approximately $3,600 for the agreements. During fiscal year 2021, these contracts were terminated and the Company recognized $181,208 in franchise fees and $66,065 in franchise commission amortization. The $110,000 franchise contracts receivable and related contract liability were relieved in accordance with the termination agreement. The Company also paid $50,000 to the franchisee to terminate these contracts.

In 2018, the Company entered into a brand licensing agreement with an airport food service operator for one new store to be opened in an airport. The agreement required a $25,000 fee which was received in 2018 and recognized in contract liabilities for franchise fees. During 2019, the operator opened a new store and the Company recognized $25,000 in franchise fees. Due to extensive construction at the airport, the operator closed the location during 2019 until further notice.

In 2019, the Company entered into a franchise agreement with a new franchisee. The franchise agreement was for the transfer of ownership and operations of a Company owned restaurant. The Company recognized $25,000 in franchise fees related to the agreement. During 2021, the restaurant was permanently closed.

On December 30, 2019, the Company was spun off from Williston Holding Company, Inc. in a tax free share exchange between related parties. As a result of the spin off, the Company became a subsidiary of MRI Heritage Brands, Inc.

In 2021, the Company entered into two separate franchise agreements with two new franchisees. One of the franchisees opened a new restaurant during 2021 and the other is scheduled to open during 2022. Franchise fees of $60,000 and contract liabilities for franchise fees of $20,000 were recognized related to these contracts. Franchise contracts receivable of $20,000 are included within the balance sheets as of December 26, 2021 related to these contracts.

<u>Equipment</u>: Property is stated at cost. In 2021, the Company purchased a food truck to promote the brand. The food truck is in the process of customization and is expected to be placed in service during fiscal year 2022. Depreciation on the food truck will be calculated on the straight-line method over its estimated useful life of 15 years. Significant expenditures are capitalized if they extend the utility or useful life of the asset. All other maintenance and repair costs are charged to current operations.

<u>Risk and Uncertainties</u>: Many countries around the world, including the United States of America, have been adversely impacted by the coronavirus (the “virus” or COVID-19) outbreak. While the virus is continuing to evolve, its implications could continue to involve unavailability of personnel, and disruptions of supply chains throughout the world. In addition, in February of 2022 a military conflict between Ukraine and Russia began. This conflict could have far reaching impacts that may create significant social, economic, and political uncertainties. Although management is not aware of any material risk to the Company at this time, management is unable to determine the full extent of the impact that COVID-19 and the military conflict between Ukraine and Russia may have on the Company’s ongoing financial condition and operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements: In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes, Simplifying the Accounting for Income Taxes*. Under the new guidance, an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements. For public business entities, the amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for the periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. The amendments in this update related to separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented. The Company elected to early adopt this guidance in fiscal year 2019. The financial statements for fiscal year 2018 were restated by derecognizing the income tax provision for that year.

In January 2021, the FASB issued ASU No. 2021-02, *Franchisors – Revenue From Contracts With Customers (Subtopic 952-606)*, which introduces a new practical expedient for nonpublic business entities that simplifies the application of the guidance about identifying performance obligations related to pre-opening services. Because the Company previously adopted ASC 606, the ASU is effective for annual and interim reporting periods beginning after December 15, 2020. The Company has elected to adopt the practical expedient which has been retroactively applied to, January 1, 2018, the date that ASC 606 was adopted.

NOTE 3 – FRANCHISE DISCLOSURE DOCUMENT

The Franchise Disclosure Document was completed in August 2016 at a cost of $15,000 and will be amortized using the straight-line method over an estimated life of 10 years. Future annual amortization will be $1,500 for each of fiscal years 2022 through 2025 and $875 for fiscal year 2026.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2022, the date which the financial statements were issued.

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN, OR SELLERS OF, FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
BALANCE SHEETS

	Unaudited 03/27/2022	Audited 12/26/2021	Audited 12/27/2020
ASSETS			
Current assets			
Cash	**$ 77,687**	$ 141,658	$ 278,643
Royalties receivable, net	**-**	-	-
Advertising fees receivable, net	**8,905**	-	-
Franchise contracts receivable, net	**20,000**	20,000	37,500
Prepaid expenses	**-**	1,945	-
Total current assets	**106,592**	163,603	316,143
Equipment	**78,457**	69,521	-
Franchise contracts receivable, net of current portion	**-**	-	72,500
Receivable from affiliate	**463,845**	457,187	397,187
Franchise Disclosure Document, net	**6,500**	6,875	8,375
Deferred franchise contract costs, net	**-**	-	67,903
TOTAL ASSETS	**$ 655,394**	$ 697,186	$ 862,108
LIABILITIES AND STOCKHOLDER'S EQUITY			
Production fund accounts payable	**4,960**	64,443	26,235
Payable to affiliate	**234,874**	223,939	108,083
Contract liabilities for franchise fees	**20,000**	20,000	343,958
Total liabilities	**259,834**	308,382	478,276
Commitments and contingencies	**-**	-	-
Stockholder's equity			
Common stock, $0.001 par value; 10,000 shares issued and outstanding	**10**	10	10
Additional paid-in capital	**90**	90	90
Stock subscription receivable	**(100)**	(100)	(100)
Accumulated earnings	**395,560**	388,804	383,832
Total stockholder's equity	**395,560**	388,804	383,832
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$ 655,394**	$ 697,186	$ 862,108

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
STATEMENTS OF OPERATIONS

	Unaudited 12/27/2021 to 03/27/2022	Audited 12/28/2020 to 12/26/2021	Audited 12/30/2019 to 12/27/2020
Revenues			
Advertising fees	**$ 22,162**	$ -	$ 21,425
Royalty fees	**6,658**	-	16,100
Franchise fees	**-**	243,958	5,500
Total Revenues	**28,820**	243,958	43,025
Costs and expenses			
Franchise Disclosure Document amortization expense	**375**	1,500	1,500
Franchise commissions amortization expense	**-**	67,903	3,676
Production fund expense	**17,743**	105,674	38,427
Bad debt expense	**-**	-	22,600
General and administrative	**3,946**	63,909	-
Total Operating Expenses	**22,064**	238,986	66,203
Net income (loss)	**$ 6,756**	$ 4,972	$ (23,178)

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid in Capital	Stock Subscription Receivable	Accumulated Earnings	Total
Balance at December 29, 2019 Audited	$ 10	$ 90	$ (100)	$ 407,010	$ 407,010
Net loss	-	-	-	(23,178)	(23,178)
Balance at December 27, 2020 Audited	$ 10	$ 90	$ (100)	$ 383,832	$ 383,832
Net income	-	-	-	4,972	4,972
Balance at December 26, 2021 Audited	$ 10	$ 90	$ (100)	$ 388,804	$ 388,804
Net income	-	-	-	6,756	6,756
Balance at March 27, 2022 Unaudited	$ 10	$ 90	$ (100)	$ 395,560	$ 395,560

BURRITO HOLDINGS FRANCHISE SERVICES, INC.

STATEMENT OF CASH FLOWS

	Unaudited **12/27/2021 to 03/27/2022**	Audited 12/28/2020 to 12/26/2021	Audited 12/30/2019 to 12/27/2020
Cash flows from operating activities:			
Net income (loss)	**$ 6,756**	$ 4,972	$ (23,178)
Amortization expense	**375**	69,403	5,176
Non-cash franchise fees earned	**-**	(5,500)	(5,500)
Bad debt expense	**-**	-	22,600
Changes in operating assets and liabilities:			
Royalty fees receivable	**-**	-	(16,100)
Advertising fees receivable	**(8,905)**	-	2,529
Franchise contracts receivable	**-**	90,000	-
Prepaid expenses	**1,945**	(1,945)	-
Receivable from affiliate	**(6,658)**	(60,000)	-
Production fund accounts payable	**(59,483)**	38,208	18,315
Payable to affiliate	**10,935**	115,856	-
Contract liabilities for franchise fees	**-**	(318,458)	-
Net cash from operating activities:	**(55,035)**	(67,464)	3,842
Cash flows from investing activities:			
Purchase of equipment	**(8,936)**	(69,521)	-
Cash used in investing activities	**(8,936)**	(69,521)	**-**
Net change in cash	**(63,971)**	(136,985)	3,842
Cash, beginning of period	**141,658**	278,643	274,801
Cash, end of period	**$ 77,687**	$ 141,658	$ 278,643

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN, OR SELLERS OF, FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Mexican Restaurant Management, Inc.
BHFS
For the Five Months Ending Sunday, May 22, 2022

		2022 Period 5	2021 Period 12	$ VARIANCE	% VARIANCE
Assets					
Current Assets					
Cash and Cash Equivalents					
1 CASH					
1 CHANGE FUNDS	1110	0	0	0	0.00%
1 CONSTRUCTION GreenBank	1115	0	0	0	0.00%
1 WHC CHECKING	1120	0	0	0	0.00%
1 ADOPT A FAMILY	1121	0	0	0	0.00%
1 CORP MAIN DEPOSITORY WFB	1127-000	0	0	0	0.00%
1 KONA MAIN DEPOSITORY WFB	1127-200	0	0	0	0.00%
1 CORP MAIN DEPOSITORY USB	1127-100	0	0	0	0.00%
1 ALLEGIANCE BANK - MAC	1127-110	0	0	0	0.00%
1 ALLEGIANCE BANK - BHI	1127-120	0	0	0	0.00%
1 ALLEGIANCE BANK - CHC	1127-130	0	0	0	0.00%
1 ALLEGIANCE BANK - QUA	1127-140	0	0	0	0.00%
1 ALLEGIANCE BANK - MRMI	1127-150	0	0	0	0.00%
1 GPA CLAIMS ACCOUNT/CASH RESERVE	1128	0	0	0	0.00%
1 LOCAL DEPOSITORY (not used)	1122	0	0	0	0.00%
1 A/P-DISBURSEMENT WFB	1123-000	0	0	0	0.00%
1 A/P-DISBURSEMENT USB	1123-100	0	0	0	0.00%
1 LOCAL DEPOSITORY	1126	0	0	0	0.00%
1 P/R DISBURSEMENT WFB CORP	1129-000	0	0	0	0.00%
1 P/R DISBURSEMENT WFB MAC	1129-110	0	0	0	0.00%
1 P/R DISBURSEMENT WFB BHI	1129-120	0	0	0	0.00%
1 P/R DISBURSEMENT WFB CHC	1129-130	0	0	0	0.00%
1 P/R DISBURSEMENT WFB QUA	1129-140	0	0	0	0.00%
1 P/R DISBURSEMENT WFB	1129-500	0	0	0	0.00%
1 P/R DISBURSEMENT USB	1129-100	0	0	0	0.00%
1 CONSTRUCTION	1130	0	0	0	0.00%
1 BHFS PRODUCTION FUND	1132	77,687	141,658	(63,971)	-45.16%
1 DEPOSIT IN TRANSIT	1200	0	0	0	0.00%
1 A/R CREDIT CARD AMEX	1210	0	0	0	0.00%
1 A/R CREDIT CARD DISCOVER	1215	0	0	0	0.00%
1 A/R CREDIT CARD VISA/MC	1220	0	0	0	0.00%
1 A/R CC DINERS/ONLINE SALES	1225	0	0	0	0.00%
Total Cash and Cash Equivalents		77,687	141,658	(63,971)	-45.16%
Royalties Receivable					
2 A/R - ROYALTY FEES	1250	0	0	0	0.00%
2 A/R - ROYALTY FEES ALLOWANCE FOR DOUBTFUL ACCTS	1251	0	0	0	0.00%
Net Royalties Receivable		0	0	0	0.00%
Other Receivables					
4 INTEREST RECEIVABLE	1260	0	0	0	0.00%
4 A/R - MISCELLANEOUS	1310	8,905	0	8,905	0.00%
4 A/R - CASA OLE FRANCHISE SERVICES	1310-300	0	0	0	0.00%
4 A/R-ALLOWANCE FOR DOUBTFUL ACCTS	1370	0	0	0	0.00%
4 A/R - REBATES	1312	0	0	0	0.00%
4 A/R - ONLINE ADJUSTMENTS	1355	0	0	0	0.00%
4 A/R - EMPLOYEE ADVANCE	1315	0	0	0	0.00%
4 A/R - MRMI-BHFS	1345	15,938	0	15,938	0.00%
4 A/R - S.W.SMITH & CO	1346	0	0	0	0.00%
4 A/R - CESAR ESCOBAR	1347	0	0	0	0.00%
4 A/R - EZ CATER	1348	0	0	0	0.00%
4 A/R - CLUB	1360	0	0	0	0.00%
4 A/R - CATERING	1365-000	0	0	0	0.00%
4 A/R - DOORDASH	1365-100	0	0	0	0.00%
4 A/R - OTHER DELIVERY	1365-200	0	0	0	0.00%
4 A/R - POSTMATES	1365-210	0	0	0	0.00%

		2022 Period 5	2021 Period 12	$ VARIANCE	% VARIANCE
4 A/R - GRUBHUB	1365-220	0	0	0	0.00%
4 A/R - UBEREATS/POSTMATES	1365-230	0	0	0	0.00%
4 A/R - WAITR	1365-300	0	0	0	0.00%
4 A/R - ONLINE	1365-400	0	0	0	0.00%
Total Other Receivables		24,843	0	24,843	0.00%
Inventory					
5 INVENTORY - DRY GOODS (FOODS)	1500-100	0	0	0	0.00%
5 INVENTORY - DRY GOODS (FOODS)	1500-000	0	0	0	0.00%
5 INVENTORY - DAIRY/CHEESE	1500-110	0	0	0	0.00%
5 INVENTORY - MEAT/POULTRY	1500-120	0	0	0	0.00%
5 INVENTORY - SEAFOOD	1500-150	0	0	0	0.00%
5 INVENTORY - DESSERT	1500-160	0	0	0	0.00%
5 INVENTORY - PRODUCE	1500-130	0	0	0	0.00%
5 INVENTORY - PREPPED	1500-170	0	0	0	0.00%
5 INVENTORY - BAKERY/TORTILLAS	1500-140	0	0	0	0.00%
5 INVENTORY - LIQUOR	1600-200	0	0	0	0.00%
5 INVENTORY - BEER	1600-210	0	0	0	0.00%
5 INVENTORY - WINE	1600-220	0	0	0	0.00%
5 INVENTORY - NON ALCOHOLIC BEV.	1600-230	0	0	0	0.00%
5 INVENTORY - CONSUMABLES	1600-240	0	0	0	0.00%
5 INVENTORY - PAPER GOODS	1700-300	0	0	0	0.00%
5 INVENTORY - MERCHANDISE	1700-310	0	0	0	0.00%
5 INVENTORY - MARKETING/CORPORATE	1710-300	0	0	0	0.00%
5 INVENTORY - MARKETING/CORPORATE	1710-000	0	0	0	0.00%
5 INVENTORY - TRAINING	1720-300	0	0	0	0.00%
5 INVENTORY - TRAINING	1720-400	0	0	0	0.00%
5 INVENTORY - TRAINING	1720-500	0	0	0	0.00%
5 INVENTORY - POSI COMPUTERS	1720-100	0	0	0	0.00%
Total Inventory		0	0	0	0.00%
Prepaid Expenses and Other Current Assets					
7 PREPAID EXPENSES - MISC	1800-999	0	1,945	(1,945)	-100.00%
7 PREPAID LICENSES	1800-000	0	0	0	0.00%
7 PREPAID RENTS	1800-86?	0	0	0	0.00%
7 PREPAID UNIFORMS	1800-813	0	0	0	0.00%
7 PREPAID DEBIT CARD - MARCUS J	1800-850	0	0	0	0.00%
7 PREPAID INSURANCE	1800-847	0	0	0	0.00%
18 ACCD PROPERTY INSURANCE	3329	0	0	0	0.00%
7 PREPAID MARKETING EXPENSE	1820-000	0	0	0	0.00%
7 PRE IPO OFFERING COSTS	1825-000	0	0	0	0.00%
7 PREPAID EXP COMP AGREEMENT	1830-000	0	0	0	0.00%
7 PREPAID ACQUISITION COST	1835-000	0	0	0	0.00%
7 PREPAID ANNUAL REPORTS	1855-000	0	0	0	0.00%
7 PREPAID BOD FEES	1845-000	0	0	0	0.00%
7 SUSPENSE	1900	0	0	0	0.00%
Total Prepaid Expenses and Other Current Assets		0	1,945	(1,945)	-100.00%
Property and Equipment					
8 LAND	2001	0	0	0	0.00%
8 BUILDINGS	2101	0	0	0	0.00%
8 BUILDING IMPROVEMENTS	2110	0	0	0	0.00%
8 LAND IMPROVEMENTS	2050	0	0	0	0.00%
8 RESTAURANT EQUIPMENT	2301	0	0	0	0.00%
8 LANDSCAPING	2310	0	0	0	0.00%
8 VEHICLES	2340	118,984	30,593	88,391	288.93%
8 COMPUTER EQUIPMENT	2350	0	0	0	0.00%
8 SOFTWARE	2355	0	0	0	0.00%
8 SOFTWARE-PROPRIETARY	2820-000	0	0	0	0.00%
8 SMALLWARES	2401	0	0	0	0.00%
8 LEASEHOLD IMPROVEMENTS	2201	0	0	0	0.00%

		2022 Period 5	2021 Period 12	$ VARIANCE	% VARIANCE
8 CIP - CONSTRUCTION	2501	0	0	0	0.00%
8 CIP - EQUIPMENT (DO NOT USE)	2502	0	0	0	0.00%
8 DECOR	2430	0	0	0	0.00%
8 FURNITURE AND FIXTURES	2445	0	0	0	0.00%
8 CONSTRUCTION INTEREST	2315	0	0	0	0.00%
8 FIXED ASSET SUSPENSE	2600	0	0	0	0.00%
8 FIXED ASSET CLEARING	2650	0	38,928	(38,928)	-100.00%
Total Property and Equipment		118,984	69,521	49,464	71.15%
Accumulated Depreciation					
8 ACCUM DEPR BLDGS AND IMPROVE.	2260	0	0	0	0.00%
8 ACCUM DEPR RESTAURANT EQUIP	2360	0	0	0	0.00%
8 ACCUM DEPR LEASEHOLD IMPR.	2160	0	0	0	0.00%
8 ACCUM DEPR SMALLWARES	2210	0	0	0	0.00%
8 ACCUM DEPR LANDSCAPING	2220	0	0	0	0.00%
8 ACCUM DEPR WHC	2215	2,975	0	2,975	0.00%
8 ACCUM DEPR VEHICLE	2240	0	0	0	0.00%
8 ACCUM DEPR COMPUTER EQUIP.	2250	0	0	0	0.00%
8 ACCUM DEPR SOFTWARE	2255	0	0	0	0.00%
8 ACCUM DEPR SOFTWARE PROPRIETARY	2820-100	0	0	0	0.00%
8 ACCUM DEPR DECOR	2230	0	0	0	0.00%
8 ACCUM DEPR FURN AND FIXTURES	2245	0	0	0	0.00%
Total Accumulated Depreciation		2,975	0	2,975	0.00%
Net Property, Plant and Equipment		116,009	69,521	46,489	66.87%
OPER ROU ASSETS-BLDGS	4200	0	0	0	0.00%
OPER ROU ASSETS-BLDGS (CONTRA)	4213	0	0	0	0.00%
OPER ROU ASSETS-EQUIPMENT	4201	0	0	0	0.00%
UNFAVORABLE LEASES	4310	0	0	0	0.00%
RENT DIFFERENTIAL	4215	0	0	0	0.00%
DEFERRED GAIN ON SALE LEASEBACK	4210	0	0	0	0.00%
Total Operating Lease ROU Assets		0	0	0	0.00%
10 GOODWILL	2810	0	0	0	0.00%
10 ACCUM. AMORTIZATION	2860	0	0	0	0.00%
Goodwill		0	0	0	0.00%
Intangible assets, net					
13 WBC LOGO	2700	0	0	0	0.00%
13 WBC LOGO ACCUM AMORTIZATION	2760	0	0	0	0.00%
STARBUCK'S LICENSE	2809	0	0	0	0.00%
13 WHC LOGO	2701	0	0	0	0.00%
13 WHC LOGO ACCUM AMORTIZATION	2761	0	0	0	0.00%
TRADE NAME CASA OLE	2811	0	0	0	0.00%
TRADE NAME MLM	2812	0	0	0	0.00%
FRANCHISE CONTRACTS-CASA	2813	0	0	0	0.00%
ALCOHOL LICENSES	2814	0	0	0	0.00%
ACCUM AMORT FRANCHISE CONTRACTS	2861	0	0	0	0.00%
Total intangible assets, net		0	0	0	0.00%
12 Property Held for Sale, Net	2815	0	0	0	0.00%
Other Assets					
13 FDD DEVELOPMENT	2370	6,250	6,875	(625)	-9.09%
13 DEFERRED COMMISSIONS FOR FRANCHISE CONTRACTS	2371	0	0	0	0.00%
13 FAVORABLE LEASES	2830	0	0	0	0.00%
13 ACCUM AMORT FAVORABLE LEASES	2850	0	0	0	0.00%
13 LAS-ACQUISITION COSTS	2825	0	0	0	0.00%

		2022	2021	$ VARIANCE	% VARIANCE
		Period 5	Period 12		
13 CONROE ACQUISITION COSTS	2826	0	0	0	0.00%
13 DEFERRED ACQUISITION COSTS	2828	0	0	0	0.00%
13 FFCA - FEES	1860-000	0	0	0	0.00%
13 CORPORATE REORGANIZATION	1870-000	0	0	0	0.00%
13 FRANCHISE FEES	2840	0	0	0	0.00%
13 OTHER DEPOSITS	2900-000	0	0	0	0.00%
13 OTHER DEPOSITS-LIQUOR	2900-200	0	0	0	0.00%
13 UTILITIES DEPOSITS	2900-400	0	0	0	0.00%
13 WORKERS' COMP. ESCROW DEPOSIT	2902	0	0	0	0.00%
13 OTHER LONGTERM ASSETS	2904	0	0	0	0.00%
13 INVESTMENT IN NQDC PLAN	2970	0	0	0	0.00%
13 INVESTMENTS IN BONDS	2960	0	0	0	0.00%
13 INVESTMENT IN SSM LTD	2980	0	0	0	0.00%
13 NOTE RECEIVABLE-ESCOBAR	1400	0	0	0	0.00%
13 N/R-ESCOBAR ALLOWANCE	1402	0	0	0	0.00%
13 N/R WILLISTON (PARENT COMPANY)	1410	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1430-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1431-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1432-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1433-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1434-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1435-000	0	0	0	0.00%
13 NOTE REC. - PRIVATE CLUBS	1436-000	0	0	0	0.00%
13 N/R-KILTED DEVELOPMENTS	1420	0	0	0	0.00%
13 SECURITY DEPOSIT - LA MARGARITA	1335	0	0	0	0.00%
Total Other Assets		6,250	6,875	(625)	-9.09%
Total Assets		**224,790**	**219,999**	**4,791**	**2.18%**
Accounts Payable					
14 A/P-CONTROLLED DISBURSEMENT	3110	0	0	0	0.00%
14 A/P - CHARITIES	3120	0	0	0	0.00%
14 MISC VENDORS A/P	3155	4,960	64,443	(59,484)	-92.30%
14 UNCLAIMED CHECKS	3175	0	0	0	0.00%
14 GIFT CARDS SOLD/REDEEMED	3130-000	0	0	0	0.00%
14 CONTRA GIFT CARDS SOLD/REDEEMED	3131-000	0	0	0	0.00%
14 GIFT CARDS-DUE TO FRANCHISEES	3140-000	0	0	0	0.00%
14 ACCRUED MIT	3180	0	0	0	0.00%
14 A/P PAYROLL	3190-700	0	0	0	0.00%
14 A/P - MAC MENU/PROMO	3160	0	0	0	0.00%
14 A/P - TORTUGA MENU/PROMO	3165	0	0	0	0.00%
14 A/P - MEDIA/ADVERT.	3185	0	0	0	0.00%
14 A/P - MRMI-BHFS	3186	51,801	0	51,801	0.00%
Total Accounts Payable		56,761	64,443	(7,683)	-11.92%
6 Income Taxes Payable	3710	0	0	0	0.00%
6 Prepaid Income Taxes	1850	0	0	0	0.00%
Accrued Payroll & Taxes					
17 ACCRUED PAYROLL TAXES	3300-000	0	0	0	0.00%
17 ACCRUED PAYROLL	3300-700	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3320-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3321-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3322-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3323-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3324-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3325-000	0	0	0	0.00%
17 ACCRUED PAYROLL & TAXES	3300-010	0	0	0	0.00%
17 ACCD BONUS-PERFORMANCE	3300-741	0	0	0	0.00%
17 ACCD VACATION	3300-742	0	0	0	0.00%
17 ACCD STOCK BONUS PLAN	3316-000	0	0	0	0.00%

		2022 Period 5	2021 Period 12	$ VARIANCE	% VARIANCE
Total Accrued Payroll & Taxes		0	0	0	0.00%
Accrued Expenses					
20 DEFERRED REVENUE LOYALTY REWARD DOLLARS	4217	0	0	0	0.00%
16 ACCRUED SALES TAX	3200-000	0	0	0	0.00%
7 PREPAID OKLA & LA SALES TAX	1848-000	0	0	0	0.00%
16 ACCRUED MB TAX	3250-000	0	0	0	0.00%
16 ACCRUED USE TAX	3210-000	0	0	0	0.00%
18 A/R - ADOPT A FAMILY	1325	0	0	0	0.00%
18 A/P - CESAR ESCOBAR	1330	0	0	0	0.00%
18 PROVISION FOR 401(K)	1340	0	0	0	0.00%
18 ACCD PROP TAXES -RE	3200-866	0	0	0	0.00%
18 ACCRUED RENT	3400-861	0	0	0	0.00%
18 ACCD GROUP INSUR.	3310	0	0	0	0.00%
18 ACCRUED HEALTH INSUR. REIMB.	1350	0	0	0	0.00%
18 ACCR CHILD SUPPORT DEDUCTIONS	3312	0	0	0	0.00%
18 ACCD HSA DEDUCTIONS	3313	0	0	0	0.00%
18 ACCD 401(K) DEDUCTIONS	3315	0	0	0	0.00%
18 ACCD WORKERS COMP INSURANCE	3326	0	0	0	0.00%
18 ACCD GL/LL INSURANCE	3327	0	0	0	0.00%
18 ACCR MB PROPERTY INSURANCE	3328	0	0	0	0.00%
18 LEASE DEPOSIT LIABILITY	3500	0	0	0	0.00%
18 ACCD AUDIT TAX FEES	3510	0	0	0	0.00%
18 ACCD BOD FEES	3520	0	0	0	0.00%
18 ACCD GM -MTG/CONV.	3530	0	0	0	0.00%
18 ACCD ANNUAL REPORT	3540	0	0	0	0.00%
18 ACCD SERVICE AWARDS	3550	0	0	0	0.00%
18 ACCD FINANCIAL PRINTING	3545	0	0	0	0.00%
18 ACCD OTHER	3400-000	0	0	0	0.00%
18 ACCD UTILITIES	3400-400	0	0	0	0.00%
18 ACCD GAS	3400-410	0	0	0	0.00%
18 ACCD WATER	3400-420	0	0	0	0.00%
18 ACCD TRASH	3400-833	0	0	0	0.00%
18 ACCD FRANCHISE FEE PAYABLE	3600-000	0	0	0	0.00%
18 ACCD ROYALTY FEE PAYABLE	3650-000	0	0	0	0.00%
18 ACCD UNBILLED LIABILITY	3720	0	0	0	0.00%
18 ACCD RESTAURANT CLOSING COSTS	3660	0	0	0	0.00%
18 UNEARNED INCOME	3740	0	0	0	0.00%
18 ACCD OTHER	3800	0	0	0	0.00%
18 ACCD DIVIDENDS	3750	0	0	0	0.00%
WARRANT LIABILITY	3355	0	0	0	0.00%
Total Accrued Expenses		0	0	0	0.00%
18 ACCD INTEREST PAYABLE	3700	0	0	0	0.00%
Total Accrued Interest		0	0	0	0.00%
OPER LEASE LIAB-BLDGS	3990	0	0	0	0.00%
OPER LEASE LIAB-EQUIPMENT	3991	0	0	0	0.00%
Total Lease Liabilities		0	0	0	0.00%
Lease and Exit Liabilities					
LEASE LIAB-VISSER HOUSE	3925	0	0	0	0.00%
LEASE LIAB-MISSOURI CITY LEASE	3930	0	0	0	0.00%
LEASE LIAB-SAN TAN LEASE	3940	0	0	0	0.00%
Total Lease and Exit Liabilities		0	0	0	0.00%
Debt					
13 PREPAID LOAN COST	1840-000	0	0	0	0.00%
N/P - WFB LOC	3900	0	0	0	0.00%
N/P - MIKE DOMEC	3901	0	0	0	0.00%
N/P - PATRIOT	3902	0	0	0	0.00%

		2022 Period 5	2021 Period 12	$ VARIANCE	% VARIANCE
N/P - PATRIOT CASA #3	3905	0	0	0	0.00%
N/P - MARCUS JUNDT ASSET PURCHASE	3911	0	0	0	0.00%
N/P - DMB 2009	3903	0	0	0	0.00%
N/P - FNBT #1	3904	0	0	0	0.00%
N/P - FNBT #2	3950	0	0	0	0.00%
N/P - MLS LLC	3910	0	0	0	0.00%
N/P - RED OAK	3915	0	0	0	0.00%
N/P - JOANN JUNDT	3920	0	0	0	0.00%
N/P - CROSS RIVER BAYBROOK	3906	0	0	0	0.00%
N/P - CROSS RIVER ARCADIA	3907	0	0	0	0.00%
N/P - CRAIG MCIVOR LOAN #1	3908	0	0	0	0.00%
N/P - RAK #1	3909	0	0	0	0.00%
N/P - MN FOOD COURTS	3912	0	0	0	0.00%
N/P - PAWNEE	3913	0	0	0	0.00%
N/P - RAPID CAPITAL (STA FINANCIAL #1)	3914	0	0	0	0.00%
N/P - STA FINANCIAL #2	3916	0	0	0	0.00%
N/P - STA FINANCIAL #3	3917	0	0	0	0.00%
N/P - MCIVOR LOAN #2	3918	0	0	0	0.00%
N/P - RAK #2	3919	0	0	0	0.00%
N/P - BBS CAPITAL #1 (KONA ACQ)	3921	0	0	0	0.00%
N/P - ALLEGIANCE MRM	3922	0	0	0	0.00%
N/P - ALLEGIANCE QUALITY	3923	0	0	0	0.00%
N/P - ALLEGIANCE CHC	3924	0	0	0	0.00%
N/P - ALLEGIANCE MAC	3926	0	0	0	0.00%
N/P - ALLEGIANCE BHI	3927	0	0	0	0.00%
Total Debt		0	0	0	0.00%
Other Liabilities					
20 SWAP LIABILITY	4211	0	0	0	0.00%
20 SECURITY DEPOSITS PAYABLE	4214	0	0	0	0.00%
Total Other Liabilities		0	0	0	0.00%
Contract Liabilities ASC 606					
20 DEFERRED REVENUE FRANCHISE FEES	4216	20,000	20,000	0	0.00%
Total Deferred Franchise Fees		20,000	20,000	0	0.00%
Deferred Taxes					
6 DEFERRED TAX ASSET	2800-000	0	0	0	0.00%
Total Deferred Taxes		0	0	0	0.00%
Total Liabilities		76,761	84,443	(7,683)	-9.10%
Intercompany					
I/C - CORP/WHC	1380	0	0	0	0.00%
I/C - WHC/CORP	1381	0	0	0	0.00%
I/C - BHFS/CORP	3150	(246,189)	(253,249)	7,060	-2.79%
I/C - CORP/BHFS	3151	0	0	0	0.00%
I/C - MRMI/CHC	3152	0	0	0	0.00%
I/C - MRMI/QUA	3153	0	0	0	0.00%
I/C - MRMI/MAC	3154	0	0	0	0.00%
I/C - MRMI/BHI	3156	0	0	0	0.00%
Total Intercompany		(246,189)	(253,249)	7,060	-2.79%
Investments					
9 INVESTMENT IN MAC	2950	0	0	0	0.00%
9 INVESTMENT IN LAS REST ACQ	2975	0	0	0	0.00%
9 INVESTMENT IN MSLLC	2976	0	0	0	0.00%
9 INVESTMENT IN TORTUGA FRAN CO	2981	0	0	0	0.00%
9 INVESTMENT IN BHC	2982	0	0	0	0.00%
9 INVESTMENT IN WG ENTERPRISES	2983	0	0	0	0.00%
9 INVESTMENT IN LAS MT PLEASANT	2984	0	0	0	0.00%
9 INVESTMENT IN KLEINRICHERT BROS	2985	0	0	0	0.00%

		2022	2021	$ VARIANCE	% VARIANCE
		Period 5	Period 12		
9 INVESTMENT IN LAS TRAVERSE CITY	2986	0	0	0	0.00%
9 INVESTMENT IN LAS FRANCHISE CO	2987	0	0	0	0.00%
9 INVESTMENT IN LAR MANCO	2988	0	0	0	0.00%
9 INVESTMENT IN MSLLC	2989	0	0	0	0.00%
9 INVESTMENT IN MRI BY WHC	2990	0	0	0	0.00%
9 INVESTMENT IN FIESTA	2991	0	0	0	0.00%
9 INVESTMENT IN COFS	2992	0	0	0	0.00%
9 INVESTMENT IN CHC	2993	0	0	0	0.00%
9 INVESTMENT IN CASA OLE #14	2994	0	0	0	0.00%
40 COMMON STOCK	4500	0	0	0	0.00%
40 ADDITIONAL PAID IN CAPITAL COMMON STOCK	4650	0	0	0	0.00%
Total Investments		0	0	0	0.00%
Stockholders' Equity					
40 PREFERRED STOCK	4510	0	0	0	0.00%
40 COMMON STOCK CLASS A	4501	0	0	0	0.00%
40 COMMON STOCK CLASS B WHC	4502	0	0	0	0.00%
40 ADDITIONAL PAID IN CAPITAL PREFERRED STOCK	4600	0	0	0	0.00%
40 ADDITIONAL PAID IN CAPITAL	4660	0	0	0	0.00%
40 WARRANTS OUTSTANDING WHC	4670	0	0	0	0.00%
40 INTERLOCATION TRANSFER	4680	0	0	0	0.00%
40 RETAINED EARNINGS	52?? + 53?? +	394,218	388,804	5,414	1.39%
40 RETAINED EARNINGS DIVIDENDS WHC	4800	0	0	0	0.00%
40 TREASURY STOCK WHC	4700	0	0	0	0.00%
40 ACCUM OTHER COMPREHENSIVE (INCOME) LOSS	4750	0	0	0	0.00%
Total Stockholders' equity		394,218	388,804	5,414	1.39%
Total Liabilities and Stockholders' Equity		**224,790**	**219,999**	**4,791**	**2.18%**
OUT OF BALANCE		0	0	0	0.00%

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN, OR SELLERS OF, FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

1/26/2022
9:40 AM

Mexican Restaurant Management, Inc.
BHFS
For the Twelve Months Ending Sunday, December

		2021	2020	2019
		YTD	YTD	YTD
Revenue				
DINNERS	5200-100 + 5200-	0.00	0.00	0.00
CATERING-STORE	5200-300	0.00	0.00	0.00
CATERING-CORP	5200-310	0.00	0.00	0.00
FOOD DISCOUNTS	5250-000	0.00	0.00	0.00
PAYTRONIX COMP CARDS	5255	0.00	0.00	0.00
Total Food Sales		0.00	0.00	0.00
BEVERAGE SALES	5300-23?	0.00	0.00	0.00
LIQUOR	5300-20? + 5250-	0.00	0.00	0.00
BEER	5300-21? + 5310-	0.00	0.00	0.00
WINE	5300-22? + 5250-	0.00	0.00	0.00
Net Alcohol Sales		0.00	0.00	0.00
MERCHANDISE SALES (all types)	5400	0.00	0.00	0.00
OTHER INCOME FROM OPERATIONS	5450	0.00	0.00	0.00
CLUB RENTAL INCOME	5510	0.00	0.00	0.00
TOTAL RESTAURANT SALES		**0.00**	**0.00**	**0.00**
Cost of Sales				
PURCHASE - FOOD (DRY GOODS)	6000-100	0.00	0.00	0.00
REBATE - FOOD (DRY GOODS)	6012-100	0.00	0.00	0.00
PURCHASE - DAIRY/CHEESE	6000-110	0.00	0.00	0.00
REBATE - DAIRY/CHEESE	6012-110	0.00	0.00	0.00
PURCHASE - MEAT/POULTRY	6000-120	0.00	0.00	0.00
REBATE - MEAT/POULTRY	6012-120	0.00	0.00	0.00
PURCHASE - SEAFOOD	6000-150	0.00	0.00	0.00
PURCHASE - DESSERT	6000-160	0.00	0.00	0.00
PURCHASE - PRODUCE	6000-130	0.00	0.00	0.00
REBATE - PRODUCE	6012-130	0.00	0.00	0.00
PURCHASE - PREPPED	6000-170	0.00	0.00	0.00
PURCHASE - BAKERY/TORTILLAS	6000-140	0.00	0.00	0.00
REBATE - BAKERY/TORTILLAS	6012-140	0.00	0.00	0.00
TOTAL FOOD COST		**0.00**	**0.00**	**0.00**
PURCHASE - BEVERAGES	6200-230	0.00	0.00	0.00
REBATE - BEVERAGES	6012-230	0.00	0.00	0.00
REBATES - TOTAL	6012	0.00	0.00	0.00
REVERSE REBATES - TOTAL		0.00	0.00	0.00
TOTAL BEVERAGE COST		**0.00**	**0.00**	**0.00**
PURCHASE - LIQUOR	6200-200	0.00	0.00	0.00

PURCHASE - BEER	6200-210	0.00	0.00	0.00
PURCHASE - WINE	6200-220	0.00	0.00	0.00
PURCHASE - CONSUMABLES	6200-240 + 6012-	0.00	0.00	0.00
TOTAL ALCOHOL COST		**0.00**	**0.00**	**0.00**
TOTAL COST OF SALES		**0.00**	**0.00**	**0.00**
Labor Cost				
MGMT SALARIES - HOME OFFICE	7112	0.00	0.00	0.00
VACATIONS	7420	0.00	0.00	0.00
SALARIES - G.M.	7100	0.00	0.00	0.00
SALARIES - ASSIST MGR	7110	0.00	0.00	0.00
CAR ALLOWANCE	7290	0.00	0.00	0.00
SEVERANCE PAY	7370	0.00	0.00	0.00
SUBTOTAL MGT LABOR		**0.00**	**0.00**	**0.00**
HOURLY MANAGER	7130	0.00	0.00	0.00
HOURLY MANAGER OT	7401	0.00	0.00	0.00
BACK OF HOUSE - COOKS	7200	0.00	0.00	0.00
BACK OF HOUSE - COOKS OT	7402	0.00	0.00	0.00
BACK HOUSE - DISH/UTILITY	7210	0.00	0.00	0.00
BACK HOUSE - DISH/UTILITY OT	7403	0.00	0.00	0.00
CONCESSION, CATERING, DELIVERY	7220	0.00	0.00	0.00
TRAINER	7270	0.00	0.00	0.00
TRAINER OT	7404	0.00	0.00	0.00
RUNNER	7280	0.00	0.00	0.00
FRNT HSE - WAITER/RESS	7300	0.00	0.00	0.00
FRNT HSE - WAITER/RESS OT	7405	0.00	0.00	0.00
FRNT HSE - CSHR/HOSTESS	7310	0.00	0.00	0.00
FRNT HSE - CSHR/HOSTESS OT	7406	0.00	0.00	0.00
FRNT HSE - BUSSER/BARTENDER	7320	0.00	0.00	0.00
FRNT HSE - BUSSER/BARTENDER OT	7407	0.00	0.00	0.00
FRNT HSE - BARBACKS	7330	0.00	0.00	0.00
FRNT HSE - BUSSERS/BARTENDER	7340	0.00	0.00	0.00
EMPLOYEE MEETING	7350	0.00	0.00	0.00
EMPLOYEE TRAINING	7360	0.00	0.00	0.00
SHORT TERM DISABILITY	6409	0.00	0.00	0.00
COVID WAGES	6411	0.00	0.00	0.00
OVERTIME PREMIUM	7400	0.00	0.00	0.00
SUBTOTAL HOURLY LABOR		**0.00**	**0.00**	**0.00**
PAYROLL TAXES OTHER	7430	0.00	0.00	0.00
GROUP INS PRIMARY MED-MGMT	7450	0.00	0.00	0.00
GRP INS PRM MED-HOURLY	7452	0.00	0.00	0.00
401-K EMPLOYER MATCH	7455	0.00	0.00	0.00

SUBTOTAL GROUP INSURANCE		**0.00**	**0.00**	**0.00**
WORKERS' COMP. INSURANCE PREM	7440	0.00	0.00	0.00
WORKERS' COMP. CLAIMS	7460	0.00	0.00	0.00
W. C. SAFETY VIOLATIONS	7470	0.00	0.00	0.00
SUBTOTAL WORKERS COMP		**0.00**	**0.00**	**0.00**
BONUS - PERFORMANCE	7410	0.00	0.00	0.00
TOTAL LABOR COST		**0.00**	**0.00**	**0.00**
Controllable Expenses				
CONTROLLABLE PAID-OUTS-DSR	8450	0.00	0.00	0.00
CONTROLLABLE PAID-OUTS-RECLAS	8451	0.00	0.00	0.00
TO GO SALES IN	6401	0.00	0.00	0.00
TO GO SALES OUT	6402	0.00	0.00	0.00
CREDIT CARD WITH TIPS IN	6403	0.00	0.00	0.00
CREDIT CARDS WITH TIPS OUT	6404	0.00	0.00	0.00
CREDIT CARD TIPS IN	6405	0.00	0.00	0.00
CREDIT CARD TIPS OUT	6406	0.00	0.00	0.00
MERCHANDISE COST (all types)	6310-300	0.00	0.00	0.00
LINEN	8110	0.00	0.00	0.00
PAPER SUPPLIES	6300-300	0.00	0.00	0.00
SMALLWARES/UTENSILS	8120	0.00	0.00	0.00
KITCHEN SUPPLIES	6300-320	0.00	0.00	0.00
CLEANING SUPPLIES	6300-310	0.00	0.00	0.00
CLEANING SUPPLIES REBATES	6012-310	0.00	0.00	0.00
UNIFORMS	8130	0.00	0.00	0.00
TELEPHONE, TAPES (MUSIC,TV,PCI)	8140 + 8230	0.00	0.00	0.00
SECURITY	8135	0.00	0.00	0.00
OFFICE SUPPLIES	8210	0.00	0.00	0.00
EXPRESS MAIL	8113	0.00	0.00	0.00
POSTAGE	8215	0.00	0.00	0.00
CRIME LOSS	8225	0.00	0.00	0.00
FINES	8260	0.00	0.00	0.00
REPAIRS & MAINTENANCE (R&M)	8400	0.00	0.00	0.00
LARGEWARES	8402	0.00	0.00	0.00
REPAIRS-CORP ALLOCATION	8405	0.00	0.00	0.00
LOCAL ADVERTISING	8540	0.00	0.00	0.00
MYSTERY SHOPPERS	8286	0.00	0.00	0.00
CASH (OVER) SHORT CASHIER	8220	0.00	0.00	0.00
CASH (OVER) SHORT DEPOSITS	8221	0.00	0.00	0.00
CHARGE BACKS AND RETURNED CH	8235	0.00	0.00	0.00
CHECK PROCESSING FEES	8236	0.00	0.00	0.00
CREDIT CARD FEES	8245	0.00	0.00	0.00
ELECTRIC	8300-400	0.00	0.00	0.00
GAS	8300-410	0.00	0.00	0.00

WATER, SEWAGE & TRASH REMOVA	8300-420 + 8330	0.00	0.00	0.00
VEHICLE EXPENSE	8118	0.00	0.00	0.00
SAFETY EQ & SUPPLIES	8410	0.00	0.00	0.00
PREEMPLOYMENT COSTS	8156	0.00	0.00	0.00
SPOILAGE	6100-000	0.00	0.00	0.00
PURCHASE- FUEL SURCHARGE	6110-000	0.00	0.00	0.00
TOTAL CONTROLLABLE EXPENSES		**0.00**	**0.00**	**0.00**
CONTROLLABLE PROFIT		**0.00**	**0.00**	**0.00**
Advertising				
ADV - UBER PRODUCTION FUND EXF	8510	105,674.00	38,427.00	11,575.00
ADV - MARKETING EXP	8530	1,297.00	0.00	0.00
Total Advertising Expense		**106,971.00**	**38,427.00**	**11,575.00**
MIT				
TRAINING, STAFF	8460	0.00	0.00	0.00
Total MIT Expense		**0.00**	**0.00**	**0.00**
Fixed Expenses				
Rent				
RENT, MINIMUM LEASE	8600	0.00	0.00	0.00
RENT, PERCENT LEASE	8610	0.00	0.00	0.00
RENT, SIGNAGE	8630	0.00	0.00	0.00
COMMON AREA CGS & ASSTS	8650	0.00	0.00	0.00
AMORT GAIN ON SALE	8825	0.00	0.00	0.00
AMORT SALE/LEASE BACK FEES	8855	0.00	0.00	0.00
GAIN ON SALE - LEASEBACK	8845	0.00	0.00	0.00
Total Rent		**0.00**	**0.00**	**0.00**
Property Taxes				
PROP TAXES-REAL ESTATE & PERS	8660	0.00	0.00	0.00
PROP TAXES-CONSULTANT FEES	8670	0.00	0.00	0.00
Total Property Taxes		**0.00**	**0.00**	**0.00**
Insurance				
PRIMARY GEN. LIAB/LL PROGRAM	8470	0.00	0.00	0.00
PROPERTY INSURANCE EXP.	8472	0.00	0.00	0.00
Total Insurance		**0.00**	**0.00**	**0.00**
Fixed Expenses - Other (STORES ONLY)				
COUPON EXPENSE	6410	0.00	0.00	0.00
COUPON REDEEMED	6400	0.00	0.00	0.00
OTHER SECURITY (Below CP)	8136	0.00	0.00	0.00
REPAIRS & MAINT (Below CP)	8401	0.00	0.00	0.00
RENT, EQUIPMENT-store only	8620	0.00	0.00	0.00

TAXES-GROSS RECEIPTS - BEVERA(	8740	0.00	0.00	0.00
TAXES - OTHER	8760	0.00	0.00	0.00
TAXES - TRAVEL & TOURISM	8750	0.00	0.00	0.00
STATE FRANCHISE TAX EXPENSE	8864	0.00	0.00	0.00
CHARITIES	8271	0.00	0.00	0.00
LICENSES - HEALTH PERMITS	8700	0.00	0.00	0.00
LICENCES - ALCOHOLIC BEV.	8720	0.00	0.00	0.00
LICENSES - OTHER	8730	0.00	0.00	0.00
Total Other - Stores Only		**0.00**	**0.00**	**0.00**
Corp G&A Nonlabor				
LICENSES - Corp Only	8710	0.00	0.00	0.00
SUSPENSE	8283	0.00	0.00	0.00
SUNK COSTS	8288	0.00	0.00	0.00
LEGAL AND PROFESSIONAL SERVICI	8290	0.00	0.00	1,250.00
PROF SERVICES UBER FRANCHISE (	8291	62,614.00	0.00	0.00
TRAVEL	8114	0.00	0.00	0.00
TRAVEL MEALS & ENTERTAINMENT	8116	0.00	0.00	0.00
PARKING AND TOLLS	8117	0.00	0.00	0.00
HOUSING AND RELOCATION EXPENS	8160	0.00	0.00	0.00
TUITION REIMBURSEMENT	8151	0.00	0.00	0.00
SEMINARS-OPERATIONS EMPLOYEE	8152	0.00	0.00	0.00
HEALTH CLUB REIMBURSEMENT	8153	0.00	0.00	0.00
RECRUITMENT ADVERT.	8155	0.00	0.00	0.00
EAP (Employee Assistance Program)	8157	0.00	0.00	0.00
BENEFITS COMMUNICATIONS	8158	0.00	0.00	0.00
401-K / NQDC CONVERSION & SET UI	8294	0.00	0.00	0.00
EMPLOYEE TRAINING & EDUCATION	8175	0.00	0.00	0.00
DUES & SUBSCRIPTIONS	8145	0.00	0.00	0.00
CHRISTMAS PARTY	8165	0.00	0.00	0.00
MTGS. & CONVENTIONS - INDUSTRY	8150	0.00	0.00	0.00
SERVICE AWARDS	8176	0.00	0.00	0.00
EMP GIFTS & FLOWERS	8275	0.00	0.00	0.00
CONTRACT LABOR	7142	0.00	0.00	0.00
ACH FEES - THIRD PARTIES	8249	0.00	0.00	0.00
BANK SERVICE CHARGES	8250	0.00	0.00	0.00
AUDIT AND TAX FEES	8280	0.00	0.00	0.00
PUBLIC COMPANY AND ANNUAL REF	8119	0.00	0.00	0.00
ONLINE SALES ADJUSTMENTS	8284	0.00	0.00	0.00
CONSULTING FEES - OTHER	8285	0.00	0.00	0.00
RESEARCH & DEVELOPMENT EXP.	8270	0.00	0.00	0.00
BOARD OF DIRECTORS FEES	8287	0.00	0.00	0.00
STOCK-BASED COMPENSATION EXP	8289	0.00	0.00	0.00
DIRECTORS & OFFICERS INSURANCI	8475	0.00	0.00	0.00
OFFICERS LIFE INSURANCE	8167	0.00	0.00	0.00
CAR INSURANCE	8170	0.00	0.00	0.00

WEBSITE SERVICES	8292	0.00	0.00	0.00
PAYROLL PROCESSING FEES	8295	0.00	0.00	0.00
EQUIPMENT RENTAL & MAINT-corp o	8625	0.00	0.00	0.00
RENT, PARKING LOT	8640	0.00	0.00	0.00
DISCOUNT EARNED	8818	0.00	0.00	0.00
BAD DEBT EXPENSE	8240	0.00	22,600.00	0.00
WILLISTON MANAGEMENT FEE	8296	0.00	0.00	0.00
BUSINESS INTERRUPTION INSURAN	5540	0.00	0.00	0.00
RENT INCOME, OTHER (SEC OTHER,	5500	0.00	0.00	0.00
PENALTY (SEC OTHER, NET)	8810	0.00	0.00	0.00
Total Corp G&A - Nonlabor		**62,614.00**	**22,600.00**	**1,250.00**
sec roe		**169,585.00**	**61,027.00**	**12,825.00**
Consulting Income	5550	0.00	0.00	0.00
Royalties and Expenses				
FRANCHISE ROYALTY INCOME	5600	0.00	16,100.00	2,187.00
FRANCHISE PRODUCTION FEE INCO	5610	0.00	21,425.00	103,155.00
FRANCHISE FEE INCOME	5620	243,958.00	5,500.00	115,500.00
FRANCHISE UFOC EXPENSE	8770	(1,500.00)	(1,500.00)	(1,500.00)
FRANCHISE FEE EXPENSE	8775	0.00	0.00	0.00
FRANCHISE OPENING EXPENSES	8790	0.00	0.00	0.00
Net Franchise Income (Expense)		**242,458.00**	**41,525.00**	**219,342.00**
CASH FLOW		**72,873.00**	**(19,502.00)**	**206,517.00**
Depreciation				
DEPRECIATION EXPENSE	8815	0.00	0.00	0.00
AMORT FRANCHISE CONTRACTS IN	8840	0.00	0.00	0.00
AMORT EXP WBC WHC LOGO	8870	0.00	0.00	0.00
AMORT FRANCHISE COMMISSION C	8872	67,903.00	3,676.00	3,676.00
AMORT PPD LOAN COSTS	8860	0.00	0.00	0.00
AMORT FAVORABLE LEASES	8820	0.00	0.00	0.00
AMORT OF SOFTWARE - PROPRIETA	8835	0.00	0.00	0.00
Total Depreciation & amortization		**67,903.00**	**3,676.00**	**3,676.00**
Preopening cost				
PREOPENING EXPENSES	8780	0.00	0.00	0.00
AMORT OF PRE-OPENING COSTS	8830	0.00	0.00	0.00
Total Preopening Expense		**0.00**	**0.00**	**0.00**
INTEREST EXPENSE	8800	0.00	0.00	0.00
INTEREST INCOME-CD & OTHER	5520	0.00	0.00	0.00
Net Interest Expense		**0.00**	**0.00**	**0.00**
Gain (loss) on NBV	8850-650	0.00	0.00	0.00

Proceeds	8850-600	0.00	0.00	0.00
Gain (loss) on Asset Disposals	**8850-600 + 885**	**0.00**	**0.00**	**0.00**
CASUALTY LOSSES	8850-924	0.00	0.00	0.00
HURRICANE IKE LOSSES	8850-913	0.00	0.00	0.00
RESTAURANT CLOSURE COSTS	8852	0.00	0.00	0.00
LEASE AND EXIT COSTS	8853	0.00	0.00	0.00
IMPAIRMENT LOSS EXPENSE	8880	0.00	0.00	0.00
SPIN OFF	8875	0.00	0.00	0.00
GAIN ON EXTINGUISHMENT OF DEBT	8876	0.00	0.00	0.00
EMPLOYEE RETENTION CREDIT	8877	0.00	0.00	0.00
MISC INCOME-corp only (SEC OTHER,	5350	0.00	0.00	0.00
MISC EXPENSE (SEC OTHER, NET)	8265	0.00	0.00	0.00
Non-Operating Income (Expense)		**0.00**	**0.00**	**0.00**
Income Before Income Taxes		**4,970.00**	**(23,178.00)**	**202,841.00**
Income Tax Expense				
OTHER INCOME (EXP) - G&A ALLOCA	5530	0.00	0.00	0.00
FEDERAL INCOME TAX (EXP) BENEFI	8865 - 8865-100	0.00	0.00	0.00
STATE INCOME TAX (EXP) BENEFIT	8865-100	0.00	0.00	0.00
Total Income Tax (Expense) Benefit		**0.00**	**0.00**	**0.00**
Net Income (Loss)		**4,970.00**	**(23,178.00)**	**202,841.00**
Net Income (Loss)		4,970.00	(23,178.00)	202,841.00
Plus Interest		0.00	0.00	0.00
Plus Income Tax Expense/Minus Income Tax Benefit		0.00	0.00	0.00
Plus Depreciation and Amortization		67,903.00	3,676.00	3,676.00
EBITDA		**72,873.00**	**(19,502.00)**	**206,517.00**
Plus Preopening Expenses		0.00	0.00	0.00
Plus Loss Minus Gain on Asset Disposals		0.00	0.00	0.00
Plus Non-Operating Exp Minus Non-Operating Income		0.00	0.00	0.00
Adjusted EBITDA		**72,873.00**	**(19,502.00)**	**206,517.00**

EXHIBIT B

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE: ____

DEVELOPER: ____

INFORMATION FOR NOTICES:

Address: ____

____

Telephone Number: ____

Fax Number: ____

Email Address: ____

DEVELOPMENT FEE: $ ______________________________________

BURRITO HOLDINGS FRANCHISE SERVICES, INC. ADDRESS FOR NOTICE:

Attention: President
Burrito Holdings Franchise Services, Inc.
12000 Aerospace Avenue, Suite 400
Houston, Texas 77034

DEVELOPER and DEVELOPER'S OWNERS:

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

Name	% Ownership in Developer	Nature of Interest

DEVELOPMENT AREA: ____

DEVELOPMENT SCHEDULE:

Development Period	Expiration Date of Development Period	Cumulative Total Number of Restaurants Located in the Development Area Which Developer Shall Continuously Have Open and in Operation
1		
2		
3		
4		
5		

PROJECTED OPENING DATES:

Restaurant	Projected Opening Date	Franchise Agreement Execution Date
1		
2		
3		
4		
5		

By signing below, each of the parties attests to the accuracy of the information contained in these Summary Pages and agrees to and intends to be legally bound by the terms and provisions of the Burrito Holdings Franchise Services, Inc. Development Agreement attached to these Summary Pages, effective on the Effective Date set forth above.

FRANCHISOR:
Burrito Holdings Franchise Services, Inc.
a Texas corporation

By: ____________________________________

Name: __________________________________

Title: __________________________________

DEVELOPER:

By: ____________________________________

Name: __________________________________

Title: __________________________________

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages ("**Effective Date**"), by and between Burrito Holdings Franchise Services, Inc., a Texas corporation with its principal office in Houston, Texas ("**BHFSI**" or "**Franchisor**"), and the Developer identified in the Summary Pages ("**you**" or "**Developer**").

A. BHFSI has acquired the license to use and to sublicense the use of a distinctive system relating to the establishment and operation of restaurants that market and sell authentic and freshly prepared tacos, burritos, burrito bowls, salads and/or beverages under the name ÜBERRITO ("**System**").

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

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

D. You desire the right to develop multiple ÜBERRITO Restaurants under the System and Marks ("**Restaurants**" or "**Franchised Business**"), and BHFSI desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

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

1. GRANT

1.1. <u>Grant of Restaurant Development Rights</u>

1.1.1. BHFSI hereby grants to you, and you hereby accept, the right and obligation to develop the number of Restaurants in the Development Area within the timeframe set forth in the Development Schedule identified in the Summary Pages. Each Restaurant to be developed must be developed and operated pursuant to a separate Franchise Agreement to be entered into between you and BHFSI in accordance with <u>Section 4.1</u>.

1.1.2. Subject to your full compliance with this Agreement and the full compliance by you and your affiliates with any other agreement between you and any of your Affiliates and BHFSI or any of its Affiliates, and subject to the retained rights set forth in <u>Section 1.1.3.</u> of this Agreement, neither BHFSI nor any Affiliate shall establish, or authorize any person or entity other than you or any of your Affiliates to establish, an ÜBERRITO Restaurant in the Development Area during the term of this Agreement, except that, once a Restaurant opens within the Development Area set forth in the Summary Pages, the only territorial protection granted for that Restaurant will be the Protected Territory defined in the Franchise Agreement for such Restaurant.

1.1.3. Notwithstanding the foregoing, you expressly agree that BHFSI and its Affiliates retain all other rights, including, without limitation, the right: **(a)** to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Developer; **(b)** to advertise and promote the System in the Development Area; **(c)** to operate, and license others to operate, ÜBERRITO Restaurants under the Marks and the System at any location in any Captive Market, regardless of whether the Captive Market is located in the Development Area or not, and outside the Development Area, including locations that are adjacent to or surrounded by the Development Area; and **(d)** except as expressly prohibited otherwise herein, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Development Area, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, carts, or kiosks (which facilities may provide, in whole or in part, the products and services offered by an ÜBERRITO Restaurant) regardless of the proximity to, or the competitive impact on, Developer's operations in the Development Area.

1.1.4. This Agreement grants you no right or license to use any of the Marks. Your right to operate a Restaurant and your license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.5. The development rights granted under this Agreement belong solely to you. You may not share them, divide them, subfranchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the earlier of: **(a)** the date on which you have completed your development obligations under this Agreement, or **(b)** 12:00 midnight CST on the last day of the last Development Period identified in the Summary Pages.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends, and you shall have no further right to develop any ÜBERRITO Restaurants for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreement(s).

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to BHFSI a portion of the Development Fee in the amount set forth in the Summary Pages to wit, $40,000 for the first Restaurant Franchise Agreement and $10,000 down for each additional Restaurant to be developed hereunder ($80,000 for five Restaurants). The balance of $15,000 for each Restaurant to be developed shall be due upon the execution of the lease for that Restaurant being developed. The Development Fee will be an amount equal to $40,000 for the first Restaurant to be developed and then $25,000 for the second, and each of the subsequent Restaurants to be developed hereunder ("**Development Fee**"). When each Franchise Agreement is signed, BHFSI will credit the amount of the Development Fee payment toward satisfaction of the initial franchise fee payable under the Franchise Agreement, and you will pay the balance at that time. The Development Fee is fully earned by BHFSI when paid and is not refundable, in whole or in part, under any circumstances.

3.2. Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, we will credit $40,000 (or $25,000 for subsequent Restaurants) of the Development Fee payment, when fully paid, toward satisfaction of the initial franchise fee due under the Franchise Agreement, and you will pay the balance of the initial franchise fee at that time.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Restaurant to be developed under this Agreement is the form attached as Attachment C. The Franchise Agreement for the second and each additional Restaurant to be developed will be in the form of BHFSI's then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment C.

4.2. Developer May Not Exceed the Development Obligation. Unless BHFSI otherwise authorizes in writing, you may not construct, equip, open, and operate more than the total number of ÜBERRITO Restaurants reflected on the Development Schedule.

4.3. Manner for Exercising Development Rights. Before exercising any development right granted hereunder, you shall apply to BHFSI for a franchise to operate a Restaurant. If BHFSI, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then BHFSI will grant you a franchise for each respective Restaurant:

4.3.1. Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and BHFSI or its Affiliates. You are conducting the operation of your existing Restaurants, if any, and are capable of conducting the operation of the proposed Restaurant in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manual (defined in the Franchise Agreement).

4.3.2. Financial Conditions: You and your Owners satisfy BHFSI's then-current financial criteria for developers and Owners of ÜBERRITO Restaurants. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with BHFSI. You are not in default, and have not been in default during the rolling 12 months preceding your request for financial approval, of any monetary obligations owed to BHFSI or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and BHFSI or its Affiliates. You acknowledge and agree that it is vital to BHFSI's interest that each of its franchisees must be financially sound to avoid failure of a Restaurant and that such failure would adversely affect the reputation and good name of ÜBERRITO and the System.

4.3.3. Legal Conditions: You have submitted to BHFSI, in a timely manner, all information and documents requested by BHFSI as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3. and the Development Schedule reflected in the Summary Pages. Your failure to adhere to the Development Schedule is a default under Section 9.2. of this Agreement. You may, subject to the terms and conditions of this Agreement, and with BHFSI's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Restaurants which you are required to develop during any Development Period. Any Restaurants in excess of the minimum number of Restaurants required to be developed will be applied to satisfy your development obligation during the next succeeding Development Period, if any. Notwithstanding the above, you shall not open or operate more than the cumulative total number of Restaurants you are obligated to develop under the Development Schedule.

4.4.1. If during the Term of this Agreement, you cease to operate any Restaurant developed under this Agreement for any reason, you shall develop a replacement Restaurant. The replacement Restaurant must be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Restaurant. If, during the Term of this Agreement, you transfer your interest in a Restaurant in accordance with the terms of the applicable Franchise Agreement for the Restaurant, the transferred Restaurant will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as an ÜBERRITO Restaurant. If the transferred Restaurant ceases to be operated as an ÜBERRITO Restaurant during the Term of this Agreement, you shall develop a replacement Restaurant within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by BHFSI in writing) or to any time period for the development of replacement Restaurants is a material breach of this Agreement.

4.4.3. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that BHFSI makes no representation: **(a)** that your Development Area contains a sufficient number of acceptable locations to meet the number of Restaurants to be developed under the Development Schedule; or **(b)** that your Development Area is sufficient to economically support the number of Restaurants to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Restaurants set forth in the Summary Pages.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date set forth in the Summary Pages for each Restaurant to be developed hereunder is reasonable. Subject to your compliance with the requirements of this Article 4, hereof, you must execute a Franchise Agreement for each Restaurant at or prior to the applicable execution date set forth in the Development Schedule, which must be a date no later than nine months prior to the Projected Opening Date for the applicable Restaurant. You must follow the process and timelines set forth below:

4.5.1. No later than nine months prior to the expiration date of a Development Period, you shall request to sign a Franchise Agreement for each Restaurant to be developed during the relevant Development Period.

4.5.2. Within 30 days of receiving your request, BHFSI shall deliver to you its then-current form of Franchise Disclosure Document, containing BHFSI's then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but not sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement and payment of the Initial Franchise Fee (less any applicable development credit) due thereunder.

4.5.4. BHFSI shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and BHFSI including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, BHFSI may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to BHFSI, in BHFSI's discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

5. DEVELOPER'S OBLIGATIONS

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Restaurant contemplated under this Agreement in accordance with Section 4.1. and Section 4.5., and you shall establish and operate each Restaurant in accordance with the terms and conditions of the respective Franchise Agreement.

5.2. Compliance with Laws. You shall fully comply with all federal, state, and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, and regulations and to adhere to them at all times during the Term of this Agreement.

6. CONFIDENTIALITY

6.1. Nondisclosure of Confidential Information. You and your Owners shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Restaurants, and you shall divulge Confidential Information only to your employees and only on a need to know basis. This obligation will survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement will create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or is liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name, or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of BHFSI, and shall place a conspicuous notice, in the form and at such place as BHFSI prescribes, notifying the public of such independent ownership. You will take affirmative steps to inform your employees that they are employees of you, not employees of BHFSI or of any affiliate of BHFSI.

7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the Term of this Agreement, at your expense, an insurance policy or policies protecting you, BHFSI, and its Affiliates and their respective partners, shareholders, directors, managers, agents, and employees against any demand or claim with respect to personal and bodily injury, death, property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

7.2.2. Such policy or policies will: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name BHFSI and its partners, affiliates, shareholders, directors, agents, and employees as additional insureds on a primary, non-contributory basis; and **(c)** comply with BHFSI's written requirements at the time such policies are obtained, and **(d)** provide at least the types and minimum amounts of coverage specified below or as described within BHFSI's written notice to you of any changes to the requirements.

7.2.3. Such policies must include, at a minimum, the following coverage: **(a)** "all risk" property insurance, including business interruption, plate glass, and flood insurance at full replacement value for real and personal property, no deductible should be in excess of $50,000, customarily obtained by similar businesses in each Restaurant's principal trade area; **(b)** comprehensive general liability insurance, including but not limited to contractual liability, property damage, bodily injury and death, builder's risk, personal injury, food safety, and products/completed operations liability coverage with a minimum combined single limit of liability in an amount of $1,000,000 per occurrence per location and $2,000,000 aggregate; **(c)** employment practices liability in a minimum amount of $1,000,000 per occurrence and in the aggregate; **(d)** automobile liability insurance, including coverage all owned, non-owned, and hired vehicles and equipment with a minimum combined single limit of liability in an amount of $1,000,000 for bodily injury and death and property damage, **(e)** workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $1,000,000; **(f)** liquor liability insurance with a minimum combined single limit of liability in an amount of $1,000,000 per occurrence per location and $2,000,000 aggregate; and **(g)** umbrella insurance in an amount not less than $2,000,000. BHFSI reserves the right to unilaterally modify the minimum coverage requirements set forth above as market or industry conditions warrant.

7.2.4. In connection with any and all insurance that you are required to maintain under this Section 7.2., you and your insurers shall agree to waive their rights of subrogation against BHFSI, and you shall provide evidence of such waiver in accordance with this Section 7.2.

7.2.5. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance which may be maintained by BHFSI, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 7.3. of this Agreement.

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

7.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to BHFSI certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance must expressly provide that no less than 30 days' prior written notice will be given to BHFSI in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates. If you do not provide to us the certificates of insurance within the required time period, you must pay us $250 for each certificate you do not submit, but you remain obligated to fulfill all insurance requirements in this Agreement.

7.2.8. If you fail to procure or maintain these minimum insurance requirements, BHFSI or its designee has the right (but is not required) to procure such insurance on your behalf. Such right will be in addition to and not in lieu of any other rights or remedies available to BHFSI. If this occurs, you shall reimburse BHFSI the cost of the premium upon demand.

7.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law BHFSI, its Affiliates, and their respective directors, officers, managers, employees, shareholders, and agents, individually and in their corporate capacities (collectively, "**Indemnitees**"), from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the business contemplated under this Agreement (collectively, "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity will not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement will extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3., the term "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to BHFSI's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances shall BHFSI be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and BHFSI's failure to seek such recovery or mitigate its loss will in no way reduce the amounts recoverable by BHFSI under this provision. You must give BHFSI prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, BHFSI may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that BHFSI will seek your advice and counsel. Any assumption by BHFSI will not modify your indemnification obligation. BHFSI may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in BHFSI's sole and absolute discretion, necessary for the protection of the Indemnitees or the System. This provision survives termination or expiration of this Agreement.

8. TRANSFER OF INTEREST

8.1. Transfer by BHFSI. BHFSI may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of BHFSI's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations and shall become solely responsible for all of BHFSI's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that BHFSI and/or its Affiliates may sell their assets, the Marks, Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or related to the loss of BHFSI's name, the Marks (or any variation thereof), Copyrighted Works, and/or the System and/or the loss of association with or identification of BHFSI as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that BHFSI has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise, or license those businesses and/or facilities as ÜBERRITO Restaurants operating under the Marks or any other marks following BHFSI's purchase, merger, acquisition, or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any ÜBERRITO Restaurant developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing BHFSI's standard form of assignment and assumption agreement if: **(a)** the Business Entity is formed solely for purposes of continuing your development rights and obligations; **(b)** you provide to BHFSI a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; **(c)** you and your Affiliates are in compliance with this Agreement and all other agreements with BHFSI or its affiliates; **(d)** you pay BHFSI a non-refundable fee of $1,500, which $1,000 is due upon BHFSI receiving the request and the remaining $500 is due prior to the transfer; and **(e)** you and each Owner and guarantor execute a general release in a form satisfactory to BHFSI of any and all claims against BHFSI and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties if: **(a)** you have provided to BHFSI advance notice of the transfer; **(b)** you and your Affiliates are in compliance with this Agreement and all other agreements with BHFSI or its affiliates; **(c)** you sign an amendment reflecting the new ownership; **(d)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment B-1; **(e)** you pay BHFSI a non-refundable fee of $1,500, which $1,000 is due upon BHFSI receiving the request and the remaining $500 is due prior to the transfer; and **(f)** you and each Owner and guarantor execute a general release in a form satisfactory to BHFSI of any and all claims against BHFSI and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of any Restaurant developed hereunder, and the sale of a Controlling Interest in you if you are a Business Entity) require BHFSI's prior written consent. BHFSI will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request to BHFSI for consent to the transfer and delivery of a copy of the proposed transfer agreements, including sale terms, at least 60 days prior to the proposed transfer; and, BHFSI has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer;

8.4.2. The transferee has demonstrated to BHFSI's satisfaction that the transferee meets BHFSI's then-current educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate each Restaurant; and meets BHFSI's then-current liquid and net worth requirements;

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to BHFSI, its Affiliates, and your third-party suppliers are, or will be at the time of the transfer, current and fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and BHFSI, its Affiliates, and your suppliers;

8.4.4. You or the transferee have agreed to refurbish each Restaurant premises identified by BHFSI so that it meets BHFSI's image requirements for new ÜBERRITO Restaurants or so that it meets BHFSI's then-current repair and maintenance standards, whichever BHFSI chooses at its sole discretion;

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

8.4.6. Payment to BHFSI of a $10,000 transfer fee, plus BHFSI's reasonable attorneys' fees. You must pay BHFSI a $1,000 non-refundable deposit when you submit the buyer's completed franchise application and request the transfer. The deposit will be credited toward the $10,000 transfer fee, and the balance is due at the time the transfer closes. You shall also pay BHFSI's reasonable attorneys' fees incurred for the transfer. If there is more than one proposed buyer for your Restaurant, you must submit a $1,000 non-refundable deposit for each prospective buyer;

8.4.7. The transferee has executed BHFSI's then-current form of Development Agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, different initial franchise fees and different percentage royalty fees and/or advertising obligations for Franchise Agreements executed thereunder. The term of such Development Agreement will be the remaining Term of this Agreement at the time of transfer. If the transferee is a Business Entity, then each of the transferee's Owners must sign BHFSI's standard form of Guaranty and Personal Undertaking;

8.4.8. The transferee has complied with BHFSI's then-current initial training requirements for the operation of each then-existing Restaurant;

8.4.9. You have complied with the requirements set forth in Section 8.9.;

8.4.10. If BHFSI introduced the buyer to you, you have paid all fees due BHFSI under its then-current franchise resale policy or program; and

8.4.11. If BHFSI consents to the transfer contemplated by this Section 8.4., and if for any reason the transfer does not close, you must reimburse BHFSI for its reasonable attorneys' fees incurred in conjunction with the abandoned transfer.

8.5. Assignment of Right to Enter Into Franchise Agreements. Notwithstanding Section 8.4. of this Agreement, you may, with BHFSI's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to a Business Entity under common control with you if such Business Entity executes and complies with the terms and conditions of the Franchise Agreement.

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

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without BHFSI's consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you must first obtain BHFSI's written consent, which consent will not be unreasonably withheld. You must provide to BHFSI for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering will imply (by use of the Marks or otherwise) that BHFSI is participating in an underwriting, issuance, or offering of your securities, and BHFSI's review of any offering must be limited to ensuring compliance with the terms of this Agreement. BHFSI may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4. and on execution of an indemnity agreement, in a form prescribed by BHFSI, by you and any other participants in the offering. For each proposed offering, you shall pay to BHFSI a retainer in an amount determined by BHFSI, which BHFSI shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of your Restaurants, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to BHFSI written notification of the offer and, except as otherwise provided herein, BHFSI shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer must include the fair market value of the assets, and you must submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by BHFSI as in the case of an initial offer. If BHFSI elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of BHFSI's election to purchase. BHFSI's failure to exercise the option described in this Section 8.9. will not constitute a waiver of any of the transfer conditions set forth in this Article 8.

8.10. Transfer Upon Death or Incapacity. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of your Restaurants, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by BHFSI within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee will be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Article 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by BHFSI within six months, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, BHFSI may, at its option, terminate this Agreement pursuant to Section 9.5.

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

9. DEFAULT AND TERMINATION

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

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

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

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

9.5. Termination Related to Death or Permanent Incapacity. BHFSI has the right to terminate this Agreement if an approved transfer as required by Section 8.10. is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.6. Cross-Default. Any default under any agreement between you or any of your Affiliates, on one hand, and BHFSI or any of its Affiliates, on the other hand, which you fail to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If you are in Default of this Agreement, BHFSI may, in its sole and unilateral discretion, elect to reduce the number of Restaurants which you may establish pursuant to the Development Schedule, and/or reduce the size of your Development Area, or both. If BHFSI elects to exercise this remedy as set forth above, you agree to continue to develop Restaurants in accordance with your rights and obligations under this Agreement, as modified. BHFSI's exercise of its remedy under this Section 9.7. will not constitute a waiver by BHFSI to exercise BHFSI's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. COVENANTS

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

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

10.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective franchise agreement with BHFSI at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which BHFSI or its Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.2. Noncompetition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Article 8 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination); or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 10.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as an owner or otherwise) or relationship or association with any Competitive Business, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective franchise agreement with BHFSI, that: **(i)** is, or is intended to be, located at the location of any Restaurant developed by you or previously operated by you or your Affiliate(s) under the terms of a Franchise Agreement; **(ii)** is within a five-mile radius of any Restaurant developed by you or operated by you or your Affiliate(s) under the terms of a Franchise Agreement; or **(iii)** is within a five-mile radius of any other Restaurant operating under the System and Marks that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which BHFSI or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. If any Owner ceases to be an Owner of Developer for any reason during the Term of this Agreement, the foregoing covenant will apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time period described in this Section 10.2. will be tolled during any period of noncompliance.

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

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to BHFSI for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by BHFSI in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

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

10.6. Covenants from Individuals. Each individual whom BHFSI designates will be required to sign a confidentiality and noncompetition agreement substantially in the form attached as Attachment B-2 to this Agreement, and you are responsible for ensuring compliance with such agreement.

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

11. REPRESENTATIONS

11.1. Representations of BHFSI. BHFSI represents and warrants that: **(a)** BHFSI is duly organized and validly existing under the law of the state of its formation; **(b)** BHFSI is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within BHFSI's corporate power and have been duly authorized.

11.2. Representations of Developer.

11.2.1. You represent and warrant that the ownership information set forth in the Summary Pages is accurate and complete in all material respects, and you hereby agree to notify BHFSI in writing prior to any change in the ownership information set forth in the Summary Pages, and in compliance with the transfer requirements of Article 8 of this Agreement. You further represent and warrant to BHFSI that: **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business; **(d)** neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to an ÜBERRITO Restaurant; and **(e)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

11.2.2. You acknowledge that you have conducted an independent investigation of the ÜBERRITO franchise opportunity and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

11.2.3. Except for representations contained in BHFSI's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither BHFSI nor its agents or representatives have made any representations, and you have not relied on representations made by BHFSI or its agents or representatives, concerning actual or potential gross revenues, expenses, or profit of an ÜBERRITO Restaurant.

11.2.4. You acknowledge that you have received a complete copy of BHFSI's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to BHFSI for your franchise rights.

11.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

11.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to BHFSI that you will not accept money from or employ any Blocked Person.

12. NOTICES

12.1. Notices. All notices or demands must be in writing and must be served in person, by Express Mail, by certified mail, by private overnight delivery, or by facsimile or other electronic system (such as email). Service will be deemed conclusively made: **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement, or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile or other electronic transmission, if such transmission occurs prior to 5:00 p.m. Central Time on a Business Day and a copy of such notice is mailed by certified mail within 24 hours after the transmission. Notices and demands must be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands, and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

13. CONSTRUCTION OF AGREEMENT

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

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained will be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification will be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

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

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

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

13.6. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment B-1. Failure or refusal to do so will constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Guaranty and Personal Undertaking.

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

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

13.9. Business Judgment. Whenever BHFSI reserves discretion in a particular area or where BHFSI agrees to exercise its rights reasonably or in good faith, BHFSI will satisfy such obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. BHFSI's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available. IF BHFSI TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT BHFSI'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

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

14. APPLICABLE LAW; DISPUTE RESOLUTION

14.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby will be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

14.2. Mediation.

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

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

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

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2., the parties' agreement to mediate will not apply to controversies, disputes, or claims related to or based on amounts owed to BHFSI pursuant to this Agreement, disputes over money damages, ownership of Marks or Copywrighted Works or Confidential Information. Moreover, regardless of this mediation agreement, BHFSI and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

14.3. Arbitration.

14.3.1. Subject to the foregoing mediation provision, all claims and disputes between the parties shall be resolved by arbitration. The arbitration shall be administered in accordance with the Commercial Rules of the AAA. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("**FAA**"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration-related expenses, including but not limited to, attorneys' fees and travel expenses, will be paid by the party that incurred such expense.

14.3.2. Arbitration will be conducted in the city in which BHFSI maintains its principal business offices at the time of the arbitration. Arbitration will be conducted on an individual, not a class-wide, basis and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between BHFSI and any other person. The arbitrator has no power or authority to award punitive damages.

14.3.3. Any disputes concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision. If, prior to an Arbitrator's final decision, either you or BHFSI commences an action in any court for a claim that arises out of or relates to this Agreement (except for the purpose of enforcing this arbitration provision or as otherwise permitted by this Agreement), the party bringing the action in court will be responsible for the other party's expenses of enforcing this arbitration provision, including court costs, arbitration filing fees, and other costs and attorneys' fees.

14.3.4. If you institute any claim subject to this arbitration proceeding in any court, and BHFSI succeeds in a motion to compel arbitration of the claim, you must reimburse BHFSI its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

14.3.5. You shall not assert any claim or cause of action against us, our officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

14.3.6. Notwithstanding the foregoing, BHFSI has the right to apply to any court of competent jurisdiction for relief regarding money damages. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which BHFSI maintains its principal place of business for this purpose.

14.3.7. Notwithstanding the foregoing provisions of this Section 14.3., the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on amounts owed to BHFSI pursuant to this Agreement, disputes over money damages, ownership of Marks or Copywrighted Works or Confidential Information, or temporary restraining orders and temporary or preliminary injunctive relief.

14.4. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to any party by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

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

14.6. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY**

ACTUAL DAMAGES SUSTAINED BY IT.

14.7. Release of Claims Under Prior Agreements. By executing this Agreement, you, on behalf of your Business Entity and Owners, hereby release and discharge BHFSI and its Affiliates and their members, officers, directors, employees, and agents, from any and all claims relating to or arising under any Development Agreement, Franchise Agreement, or any other agreement between you or your Affiliates and BHFSI or its Affiliates that was executed prior to the date of this Agreement, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under any and all franchise disclosure, securities, antitrust, and/or deceptive trade practices laws, whether federal or state.

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

14.9. **VENUE. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, MUST BE BROUGHT WITHIN THE STATE OR FEDERAL JUDICIAL DISTRICT COURTS IN WHICH BHFSI'S PRINCIPAL BUSINESS OFFICE IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, YOU OR BHFSI MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION, AND THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.**

14.10. Right to Injunctive Relief. Nothing contained in this Agreement will bar BHFSI's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by BHFSI in obtaining such relief.

14.11. Time Limitation to Bring a Claim. You shall not assert any claim or cause of action against BHFSI, or its officers, directors, shareholders, employees, or affiliates after two years and a day from the date the cause of action accrues.

14.12. No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor's franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a BHFSI franchise or area. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

Intending to be legally bound, the parties have affixed their signatures on the Summary Pages of this Agreement, intending for it to become effective on the "Effective Date" stated thereon.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS

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

"**Business Entity**" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Captive Markets**" means the enclosed area of retail sales establishments in excess of 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings, stadiums, arenas, ballparks, festivals, fairs, military bases, and other mass gathering locations or events.

"**Competitive Business**" means any business or restaurant (or a business that grants franchises or licenses to others to operate a business or restaurant) deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads.

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

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own at least 51% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement. Any interest less than 51% of the corporation, limited liability company, or partnership is a "**Non-Controlling Interest**."

"**Copyrighted Works**" means works of authorship which are owned by BHFSI and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, BHFSI's product packaging and advertising and promotional materials, and the content and design of BHFSI's website and advertising and promotional materials.

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

"**Development Period**" means each of the time periods indicated in the Summary Pages during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate ÜBERRITO Restaurants.

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

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

"**Franchised Location**" means the physical address where the Franchisee will continuously operate an ÜBERRITO Restaurant to deliver authorized products in accordance with the terms of the applicable Franchise Agreement.

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

"**Owner**" means each individual or entity holding a beneficial ownership in the developer and/or franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any "Owner" is, itself, a partnership or other entity, then the term "Owner" includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term "Owner" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

ATTACHMENT B-1
GUARANTY AND PERSONAL UNDERTAKING

1. I have read the Development Agreement between Burrito Holdings Franchise Services, Inc. ("BHFSI") and ______________ ("**Developer**").

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

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

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

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

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

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

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective Franchise Agreement. This restriction will apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which BHFSI or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. This restriction will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first) to any location that: **(i)** is, or is intended to be, located at the location of any Restaurant developed by you or previously operated by you or your Affiliate(s) under the terms of a Franchise Agreement; **(ii)** is within a five-mile radius of any Restaurant developed by you or operated by you or your Affiliate(s) under the terms of a Franchise Agreement; or **(iii)** is within a five-mile radius of any other Restaurant operating under the System and Marks that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which BHFSI or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. This time period will be tolled during any period of my noncompliance.

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

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

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

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

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

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

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

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

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

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

16. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system (such as email). Service will be deemed conclusively made: **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement, or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile or other electronic transmission, if such transmission occurs prior to 5:00 p.m. Central Time on a Business Day and a copy of such notice is mailed by certified mail within 24 hours after the transmission to the address identified on the signature line below. I may change this address only by delivering to BHFSI written notice of the change.

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

GUARANTOR

____ Date: ________________________________

Guarantor's Name, Individually

Address: ___________________________________

____

Fax and/or Email: _____________________________

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
DEVELOPMENT AGREEMENT

ATTACHMENT B-2
CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

In accordance with the terms of this Confidentiality and Noncompetition Agreement ("**Confidentiality Agreement**") and in consideration of my relationship with ________________________ ("**Developer**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I ("**Covenantor**") hereby acknowledge and agree that:

1. Developer has acquired the right from Uberrito Franchise Services, Inc. ("**BHFSI**") to develop one or more ÜBERRITO Restaurants ("**Franchised Business**") which will operate under a separate Franchise Agreement and according to the system developed by BHFSI and/or its affiliates for operation and management of Franchised Businesses ("**System**"), as they may be changed, improved, and further developed from time to time in BHFSI's sole discretion.

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

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

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

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

6. Except as otherwise approved in writing by BHFSI, I shall not, while in my position with Developer and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Developer, regardless of the cause for cessation or termination, and continuing for two years thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads within a radius of five miles of any ÜBERRITO Restaurant, as those terms are defined in the Development Agreement. The restrictions in this paragraph do not apply to my ownership of a less than five percent beneficial interest in the outstanding securities of any publicly-held corporation. The time period in this paragraph will be tolled during any period of my noncompliance.

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

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

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

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

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

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

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

COVENANTOR	**ACKNOWLEDGED BY DEVELOPER**
Signature:________________________ Signed as an Individual	By:________________________
Print Name:________________________	Name, Title:________________________
Address:________________________	Date:________________________
Date:________________________	

EXHIBIT C

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

ÜBERRITO™
FRESH MEX

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:	________________________________
FRANCHISEE:	________________________________
INFORMATION FOR NOTICES:	
Address:	________________________________
	________________________________
Telephone Number:	________________________________
Fax Number:	________________________________
Email Address:	________________________________
KEY PERSON:	________________________________
Address:	________________________________
	________________________________
Telephone Number:	________________________________
Fax Number:	________________________________
Email Address:	________________________________
SITE SELECTION AREA:	________________________________
INITIAL FRANCHISE FEE:	☐ $40,000 (Standard Traditional Restaruant)
	☐ $25,000 (2nd or additional Traditional Restaruant under Development Agreement)
	☐ $0 (1st, 2nd, or 3rd Traditional Restaruant under Veteran Fee Waiver)
	☐ $20,000 (Food Truck License)
ROYALTY FEE:	5% of Gross Sales
PRODUCTION AND NATIONAL ADVERTISING FEE:	2% of Gross Sales
LOCAL ADVERTISING:	1% of Gross Sales (subject to change per Section 9.4.)
LOCAL ADVERTISING COOPERATIVE:	Up to but not to exceed 1% of Gross Sales, but will be credited to the required Local Advertising expenditure
RENEWAL FEE:	$0

FRANCHISEE and FRANCHISEE'S OWNERS: Franchisee is duly formed in the State of ____________________, and the following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in Franchisee and a description of the nature of their interest:

Name	% Ownership in Franchisee	Nature of Interest

BURRITO HOLDINGS FRANCHISE SERVICES, INC. ADDRESS FOR NOTICE:

Burrito Holdings Franchise Services, Inc.
Attention: President
12000 Aerospace Avenue
Suite 400
Houston, Texas 77034
Fax: 832-300-5859

FRANCHISED LOCATION: ____

PROTECTED TERRITORY:

☐ Two-mile radius surrounding Franchised Location with the front door serving as the center point of the circle; or

☐ _______ radius surrounding Franchised Location with the front door serving as the center point of the circle (if located in densely populated urban area); or

☐ No Protected Territory for Franchised Location located in Captive Market

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

By signing below, each of the parties attests to the accuracy of the information contained in these Summary Pages and agrees to and intends to be legally bound by the terms and provisions of the BURRITO HOLDINGS FRANCHISE SERVICES, INC. Franchise Agreement attached to these Summary Pages, effective on the Effective Date set forth above.

FRANCHISOR: Burrito Holdings Franchise Services, Inc. a Texas corporation	**FRANCHISEE:**
By: ___________________________________	By: ___________________________________
Name: ________________________________	Name: ________________________________
Title: _________________________________	Title: _________________________________

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

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BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages by and between Burrito Holdings Franchise Services, Inc., ("**BHFSI**") a Texas corporation with its principal office in Houston, Texas, and the franchisee identified in the Summary Pages ("**you**" or "**Franchisee**").

A. BHFSI has acquired the license to use and to sublicense the use of a distinctive system relating to the establishment and operation of a uniquely designed restaurant that offers authentic freshly prepared tacos, burritos, burrito bowls, salads and/or alcoholic beverages under the ÜBERRITO trade name, trademark, and business system ("**System**") in an atmosphere designed to be a neighborhood gathering place.

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

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

D. You have applied to BHFSI for a franchise to operate an ÜBERRITO Restaurant under the System and Marks ("**Restaurant**" or "**Franchised Business**"), and BHFSI has approved your application and desires to grant you such franchise all pursuant to the terms and conditions of this Agreement.

E. Franchisee may desire to enter into an amendment to operate a Food Truck License (the "Food Truck License Amendment"), the standard form of which is attached hereto as Attachment G.

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

1. GRANT

1.1. <u>Grant</u>. Subject to the provisions of this Agreement, BHFSI hereby grants you the right ("**Franchise**") to continuously operate an ÜBERRITO Restaurant at the Franchised Location identified (or to be identified) in the Summary Pages and to deliver authorized products to locations in accordance with the Standards (which may include distance or area restrictions) and to use the Marks in the operation and promotion of the Franchised Business. To the extent that BHFSI may, from time to time, expand its service offerings, you have the right to provide such services in such area that BHFSI may authorize according to the terms of this Agreement and BHFSI's then-current standards, policies and procedures. You hereby undertake the obligation and agree to continually operate the Franchised Business during the term hereof and strictly according to the terms and conditions of this Agreement. This Agreement grants you no right, among others: **(a)** to sublicense the use of the System or Marks; **(b)** to co-brand with another concept; **(c)** to offer or sell products or services at or from any location other than the Franchised Location (such as from a cart or kiosk) without BHFSI's prior written consent; **(d)** to ship ÜBERRITO products, regardless of the destination, without BHFSI's prior written consent; or **(e)** to distribute ÜBERRITO products through wholesale channels, such as supermarkets, convenience Restaurants, or other retailers, or through food service providers.

1.2. Protected Territory. This Agreement grants you the "**Protected Territory**" set forth in the Summary Pages. Subject to BHFSI's reservation of rights described in Section 1.3. below, and your compliance with this Agreement, during the Term of this Agreement, neither BHFSI nor its affiliates, will operate, or authorize any other party to operate, an ÜBERRITO Restaurant located within the Protected Territory.

1.3. Reservation of Rights. Notwithstanding the foregoing, you expressly agree that BHFSI and its affiliates retain all other rights, including, without limitation, the right: **(a)** to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you; **(b)** to advertise and promote the System in the Protected Territory; **(c)** to operate, and license others to operate, ÜBERRITO Restaurants under the Marks and the System at any location in any Captive Market, regardless of whether the Captive Market is located in the Protected Territory or not, and outside the Protected Territory, including locations that are adjacent to or surrounded by the Protected Territory; and **(d)** except as expressly prohibited otherwise herein, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Protected Territory, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, carts, or kiosks (which facilities may provide, in whole or in part, the products and services offered by an ÜBERRITO Restaurant) regardless of the proximity to, or the competitive impact on, your operations in the Protected Territory.

2. TERM

2.1. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement ("**Term**") will begin on the Effective Date and will continue until the earlier of: **(a)** 10 years from the Opening Date; or **(b)** absent BHFSI's permission to relocate, the expiration or termination of Franchisee's right to possess the premises of the Restaurant.

2.2. Successor Agreement. You may enter into a successor franchise agreement for an additional term equal to **(a)** the remaining term of your lease, with renewal options, or **(b)** an additional 10-year term (whichever period is shorter) if each of the following conditions has been satisfied: **(i)** you have notified BHFSI of your intent to renew the franchise no less than 12 months and no more than 24 months before the then-current term has expired; **(ii)** you are not in default of any material provision of this Agreement and you have complied with the material terms and conditions of this Agreement throughout the Term; **(iii)** all amounts owed to BHFSI and its Affiliates and third-party suppliers have been paid; **(iv)** the Restaurant has been renovated and/or refurbished so that it reflects BHFSI's then-current image, trade dress, equipment, and furnishings requirements; **(v)** you have the right to remain in possession of the Restaurant premises, or have secured an alternate site with BHFSI's prior approval; **(vi)** you comply with the then-current qualifications and training requirements; **(vii)** you sign BHFSI's then-current form of Franchise Agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a personal guaranty and undertaking in the form BHFSI prescribes; and **(viii)** you and each Owner sign a general and full release in favor of BHFSI and its Affiliates and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of the ÜBERRITO franchise opportunity. Additional renewals will be at BHFSI's sole discretion, and such consideration by BHFSI, if any, must not be interpreted to grant to you, herein, any additional renewal terms.

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

3. SITE SELECTION, CONSTRUCTION; RESTAURANT LOCATION

3.1. Site Selection and On-Site Evaluation. Within 180 days after the Effective Date, you must have identified a site for the Restaurant and submitted to BHFSI a site approval packet, as set forth in Section 3.2., below. The site must be located within the Site Selection Area identified in the Summary Pages, must meet BHFSI's then-current site selection criteria, and must otherwise be mutually acceptable to you and to BHFSI. BHFSI will conduct one, on site, site selection evaluation visit at no cost to you. BHFSI may also provide site selection assistance on its own initiative or in response to your reasonable request, if deemed necessary by BHFSI, but BHFSI will not provide assistance or consider a request for an on-site evaluation until all information and materials described in Section 3.2. below have been received. Ultimate site selection is your sole responsibility. If you request additional site visits or assistance, or if BHFSI believes additional site visits or assistance is necessary, we reserve the option to charge you per additional site visit and pay or reimburse BHFSI its out-of-pocket expenses incurred in providing the assistance, including costs of transportation, lodging, and meals.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to BHFSI a completed franchise site approval packet containing all information required by BHFSI, such as a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Within 45 days of receiving your site application and all additional information as BHFSI may reasonably require, BHFSI will notify you whether or not the site is approved. If BHFSI does not provide notification within the 45-day time period, its silence should not be considered approval or rejection of the site. **The parties acknowledge that BHFSI's approval of a site is not an assurance that the Restaurant will achieve a certain sales volume or level of profitability; it means only that the proposed site meets BHFSI's minimum criteria for ÜBERRITO Restaurants. Once your site is approved, BHFSI is not responsible for any construction delays due to change orders, acts of God, disputes with landlords, architects, contractors, subcontractors, or any other vendor or due to any other action or reason occurring under your management of the build-out.**

3.3. Lease of Building. If you occupy the Restaurant premises under a lease with a third-party landlord, BHFSI has the right to approve the lease terms, and you may not sign the lease until BHFSI has approved its terms. **The parties acknowledge that BHFSI's approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that BHFSI requires.** The lease also must contain the terms reflected in Attachment D, including BHFSI's option to assume the lease in the event of expiration or termination of this Agreement. You shall deliver to BHFSI a fully executed copy of the lease within 10 days after its execution.

3.4. Restaurant Design and Build-Out. You must follow BHFSI's procedures for Restaurant construction and build-out, which includes, but is not limited to, engaging the design consultant, and/or general contractor that BHFSI specifies. You must engage and pay any fees and costs associated with the architect designated by BHFSI. You shall construct and build out the Restaurant according to BHFSI's standards and specifications for design, decor, and layout and shall equip the Restaurant according to BHFSI's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, trade dress, and awnings. BHFSI shall provide such advice regarding construction and build-out as it deems appropriate, but you are solely responsible for sourcing, hiring, and paying for the professional services needed for you to complete your Restaurant design and build-out obligations. You are also solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Restaurant and for complying with applicable requirements of the Americans with Disabilities Amendments Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits BHFSI requires, protecting you, BHFSI, and its Affiliates and their respective partners, shareholders, directors, agents, and employees. Such policy or policies must be written by a responsible insurer or insurers acceptable to BHFSI and must contain a waiver of subrogation in favor of BHFSI and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. You shall notify BHFSI in writing when construction begins and thereafter shall provide a weekly progress report. BHFSI and its designees have the right to inspect the site at all reasonable times, and BHFSI or its designees will conduct one on-site visit to the Restaurant during the construction phase. If you request additional site visits or assistance, or if BHFSI believes additional site visits or assistance is necessary, you must pay BHFSI $500 per additional site visit and pay or reimburse BHFSI its out-of-pocket expenses incurred in providing the assistance, including costs of transportation, lodging, and meals.

3.5. Opening. Your opening date ("**Opening Date**") will be the date of your actual Restaurant opening or 180 days from the date you take possession of the premises for the approved site, whichever occurs first. The Opening Date will be reflected in an amendment to the Summary Pages or by any other form of written communication from BHFSI that defines the Opening Date, and such Opening Date will dictate for purposes of this Agreement. The Restaurant must be open for business by the Opening Date. However, the Restaurant may be opened for business only with prior written permission of BHFSI, which will be granted only if **(a)** all amounts due BHFSI under this Agreement have been paid, **(b)** the Restaurant has been constructed and equipped according to BHFSI's standards and specifications, **(c)** all of your pre-opening and training obligations have been satisfied, **(d)** BHFSI has received from you a signed ACH Authorization (Attachment C); **(e)** BHFSI has received from you a fully executed copy of your Restaurant lease containing the mandatory lease terms described in Attachment D; **(f)** BHFSI has received from you certificates of insurance as required by Article 11; and **(g)** you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Restaurant only with BHFSI's prior written consent. BHFSI will grant its consent if your lease expires or terminates through no fault of yours, or if the Restaurant premises is destroyed or materially damaged by fire, flood, or other natural catastrophe ("**Innocent Loss or Casualty**") and you are not in default of this Agreement or any other agreement between you and BHFSI. Selection of the relocation site and Restaurant construction, renovation, and opening will be governed by this Article 3; provided that if the relocation occurred as a result of the loss of an Innocent Loss or Casualty, the Restaurant must be open for business at the new location within 180 days of closing at the previous location and if the relocation occurred for any other reason, the Restaurant must be open for business at the new location within five days of closing at the previous location. You are solely responsible for all relocation costs and expenses, and you must pay BHFSI 50% of the then-current initial franchise fee and reimburse BHFSI for its reasonable attorneys' fees associated with the relocation.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay BHFSI an Initial Franchise Fee (less any Development Fee credit, if applicable) in the amount specified in the Summary Pages. The Initial Franchise Fee is fully earned by BHFSI when paid and your payment is not refundable.

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

4.3. Other Payments. In addition to all other payments provided in this Agreement, you shall pay BHFSI and its Affiliates promptly when due:

4.3.1. All amounts advanced by BHFSI or which BHFSI has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever.

4.3.2. The amount of all sales taxes, use taxes, personal property taxes, and similar taxes, which are or may be imposed upon you and required to be collected or paid by BHFSI **(a)** on account of your Gross Sales, or **(b)** on account of Initial Franchise Fees, Royalty Fees, or advertising fees collected by BHFSI from you (but excluding ordinary income taxes). BHFSI, in its discretion, may collect the taxes in the same manner as Royalty Fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless BHFSI so elects, it shall be your responsibility to pay all sales, use, or other taxes now or hereinafter imposed by any governmental authorities on Initial Franchise Fees, Royalty Fees, and ÜBERRITO Production and National Advertising Fund contributions.

4.3.3. Amounts due relating to your participation in marketing programs pursuant to <u>Sections 9.5.</u>, <u>9.6.</u>, <u>9.7.</u>, and <u>9.8.</u> of this Agreement.

4.3.4. All amounts due BHFSI and its Affiliates, all Designated Suppliers and your other trade creditors (unless such amount is subject to a bona fide dispute).

4.4. <u>No Set-Off Rights</u>. You may not set off, deduct, or otherwise withhold any fees or other amounts due BHFSI under this Agreement on grounds of alleged nonperformance by BHFSI of any of its obligations or for any other reason. Withholding payment of the Royalty Fee or any other amounts due BHFSI is a material breach of this Agreement.

4.5. <u>Accounting Period</u>. BHFSI has the right to define applicable accounting periods for purposes of calculating and paying amounts due under this Agreement. Each period, which may be defined in terms of days, weeks, or months, in BHFSI's sole discretion, will be considered an "**Accounting Period**" for all purposes under this Agreement. BHFSI has the right to change or modify the definition of an Accounting Period, in its discretion, for the entire ÜBERRITO franchise system, generally, or for you, individually, if you fail to comply with this Agreement. BHFSI shall provide you at least 30 days advance written notice of any change in Accounting Period affecting the ÜBERRITO franchise system, or at least 30 days advance written notice of any change in Accounting Period affecting you, individually, based on your noncompliance under this Agreement. You shall make all changes necessary to conform to such change or modification.

4.6. <u>Payment Terms and Procedures</u>. Unless otherwise specified by BHFSI, all payments required by this Agreement must be paid weekly by ACH transfer on the Thursday following the preceding week for which the fee is calculated ("**Due Date**"). If the Due Date is not a Business Day, then payment will be due on the next Business Day. BHFSI shall determine the amount of the Royalty Fee and other amounts due under this Agreement by accessing and retrieving Gross Sales data from your computer system, as permitted by <u>Article 10</u>. On each Due Date, BHFSI will initiate an ACH transfer from your commercial bank operating account ("**Account**") the Royalty Fees, applicable ÜBERRITO Production and National Advertising Fund contributions, and any other financial obligations due and owing to BHFSI. If you have not reported Gross Sales for any reporting period, or if BHFSI determines that you have underreported Gross Sales, BHFSI also has the right to transfer from the Account, at its option, an estimated Royalty Fee, and Production Fund contributions, which estimate shall be based on prior amounts until sufficient documentation exists to prepare an accurate reconciliation. Any underpayments will bear interest according to <u>Section 4.8.</u>, below. Any overpayment will be credited against future payments due under this Agreement.

4.7. <u>Electronic Fund Transfer</u>. You shall participate in BHFSI's then-current electronic funds transfer program authorizing BHFSI to use a pre-authorized bank draft system. You shall: **(a)** comply with BHFSI's procedures, as specified in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.7.; **(c)** give BHFSI an authorization in the form designated by BHFSI to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and all other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Article 4, BHFSI reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by BHFSI. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.8. Interest; Nonsufficient Funds Charge. Any payments not received by BHFSI by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Restaurant operates, whichever is less. If any check or draft, electronic or otherwise, is returned for insufficient funds, you shall pay to BHFSI a nonsufficient funds charge for each check or draft in the amount of $50 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse BHFSI for all expenses that it incurs on account of such nonsufficient funds.

4.9. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. BHFSI may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. BHFSI's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. BHFSI may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.10. Document Preparation Fees. To help offset legal and administrative costs incurred in connection with the preparation of this Agreement, BHFSI, reserves the right and option to charge you its reasonable attorneys' fees incurred in relation thereto.

4.11. Payment of Taxes. If any tax is imposed on payment owed to BHFSI (other than a tax imposed on BHFSI's net income), then you shall be responsible and shall pay the tax in addition to your payment obligation; the intent being that BHFSI shall receive all payments in full, as if no such tax had been imposed.

4.12. Noncompliance Fee. BHFSI may charge you $250 for any instance of noncompliance with the Standards or this Agreement (other than your non-payment of fees owed to BHFSI). If such noncompliance is ongoing, BHFSI may charge you $250 per week until you cease such noncompliance. This fee is a reasonable estimate of BHFSI's internal cost of personnel time attributable to addressing the noncompliance and is not a penalty or estimate of all damages arising from your breach. The noncompliance fee is in addition to all of BHFSI's other rights and remedies. This fee is payable irrespective of whether your noncompliance constitutes a default under this Agreement, or whether a cure period applies.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. At least 30 days before the Opening Date of your first Restaurant, at least two people (one of which must be your Key Person or Designated Manager, if applicable) must attend and complete to BHFSI's satisfaction its initial training program. The second and any additional attendees to attend the initial training do not have to be the Restaurant's manager, but must be persons approved by BHFSI. The initial training program is provided to the Key Person or Designated Manager and up to two additional people at no charge and will take place at a location and time that BHFSI designates, which is currently in Houston, Texas. At your request, BHFSI may permit additional individuals to attend the same training program, subject to space availability. You are responsible for all costs and expenses of complying with BHFSI's training requirements including, without limitation, salary, travel, lodging, and dining costs for all of your employees who participate in the training. If you notify BHFSI within six months of completing the initial training program that you believe you did not receive adequate training, BHFSI will permit up to two additional persons that we approve to attend our next regularly scheduled training program without charge. If BHFSI does not receive notification within this six-month period, then you will be deemed to have waived any claim that you did not receive adequate training. When you sign this Agreement, you must sign the Liability Waiver by Franchisee, Attachment E, hereto.

5.2. Pre-Opening Consultation. In addition to the site selection assistance described in Section 3.1. and the construction phase visits described in Section 3.4., BHFSI shall provide pre-opening consultation and advice as it deems appropriate, by telephone or other remote means, which may include advice regarding site development and build-out; purchasing and inventory control; and such other matters as BHFSI deems appropriate. If you request additional on-site assistance, or if BHFSI deems on-site assistance necessary, you agree to reimburse BHFSI its actual costs in providing such assistance, including costs of transportation, lodging, and meals.

5.3. Restaurant Opening Assistance. If this Agreement is being signed in conjunction with your first, second or third ÜBERRITO Restaurant, BHFSI will make available one or more individuals to provide you up to eight days of on-site Restaurant opening assistance.

5.4. Ongoing Consultation. BHFSI shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new product development, instruction concerning the operation and management of an ÜBERRITO Restaurant, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in BHFSI's discretion, through Restaurant visits by BHFSI personnel or other persons it designates, via meetings, seminars, or conferences, and/or through dissemination of electronic or printed materials.

5.5. Additional and/or Remedial Training.

5.5.1. You shall cause your Key Person, Designated Manager, and other employees that BHFSI designates to attend such additional courses, seminars, and other training programs each year for which they will receive additional training credit. Each such person must earn the number of credits BHFSI may designate. BHFSI retains the right to designate which training programs and seminars qualify for credit and the right to designate the form in which credits may be earned, including, but not limited to, online training, regional meetings or seminars, traditional classroom training, and programs. BHFSI may charge a reasonable tuition for the additional courses, seminars, or other training programs that it conducts or sponsors, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.5.2. At any time during the Term of this Agreement, if you request, or if BHFSI determines it is necessary, BHFSI will provide on-site remedial training, subject to the availability of BHFSI's personnel. You agree to reimburse BHFSI its actual costs in providing such assistance, including costs of transportation, lodging, and meals.

5.6. Performance by Delegate. You acknowledge and agree that any rights or duties of BHFSI may be exercised and/or performed by any of BHFSI's designees, agents (who may be an unaffiliated third party), or employees. BHFSI reserves the right to retain the services of a master development agent ("**Area Director**") in the geographic area in which the Restaurant will be located. In such event, the Area Director may provide certain consultation, advice, services, and assistance as BHFSI may direct. You acknowledge and agree that you are not an intended third-party beneficiary under any agreement between BHFSI and any Area Director.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

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

6.1.2. To accept debit cards, credit cards, authorized stored value cards, or other non-cash systems that BHFSI specifies periodically to enable customers to purchase authorized products, and to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**"), and all other data security requirements we prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall notify BHFSI by telephone and confirm in writing within 24 hours of any investigation or violation, actual or alleged, concerning any of any PCI DSS data breach event. You may procure cyber insurance with sufficient coverage for legal defense costs and fines, along with other costs, including, but not limited to, forensic investigations and crisis management. You shall defend, indemnify, and hold BHFSI harmless from and against all claims arising out of or related to your violation of these provisions. You shall defend, indemnify, and hold BHFSI harmless from and against all claims arising out of or related to your violation of the provisions of this Section 6.1.2.

6.1.3. To notify BHFSI by telephone and confirm in writing within 24 hours of any investigation or violation, actual or alleged, concerning any health, liquor, or narcotics laws or regulations and notify BHFSI in writing within five days of the commencement of any investigation, action, suit, or proceeding or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

6.1.4. Upon the occurrence of a Crisis Management Event, to immediately inform BHFSI's President of Operations (or as otherwise instructed in the Manual) by telephone and to cooperate fully with BHFSI with respect to BHFSI's response to the Crisis Management Event.

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

6.1.6. To attend, and cause your Key Person to attend, any meeting at which BHFSI requires attendance. You must pay all expenses you and your employees incur to attend such required meetings.

6.1.7. To purchase and use all operations-related programs or materials we require, at our sole discretion, and if such programs or materials are supplied by third-party vendors, you agree to pay all costs and/or fees associated with these programs or materials.

6.2. Key Person; Designated Manager.

6.2.1. If you operate one ÜBERRITO Restaurant, the Restaurant must be supervised by the Key Person. If the Franchisee is an individual or general partnership, the Key Person will be the individual Franchisee or one of the general partners. If the Franchisee is a Business Entity, the Key Person will be an individual with at least a 10% equity interest in the Business Entity. The Key Person shall have full control over day-to-day Restaurant management and operations. The Key Person must attend and successfully complete BHFSI's initial training program and all additional training (including food safety training) that BHFSI requires to BHFSI's satisfaction. Unless a Designated Manager is appointed, as described below, the Key Person shall devote his or her full-time efforts to Restaurant operations and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. BHFSI shall have approved the Key Person as meeting its then-current qualifications for such position. If the Key Person ceases to serve in, or no longer qualifies for, such position, or transfers his or equity interest, you shall designate another qualified person to serve as your Key Person within 30 days after the date the prior Key Person ceases to serve or no longer qualifies to serve. Any proposed replacement Key Person must successfully complete the initial training program and such other training (including food safety training) required by BHFSI and be approved by BHFSI, before assuming his or her position as Key Person and, in no event, later than 90 days after the previous Key Person ceased to serve in such position.

6.2.2. If you operate more than one ÜBERRITO Restaurant, or if the Key Person will not devote his or her full time efforts to the management and operation of the Restaurant governed by this Agreement then, in addition to the Key Person, you must appoint an individual to serve as your Designated Manager. Your Designated Manager shall have full control over day-to-day Restaurant management and operations. Your Designated Manager need not have an equity interest in the franchise, but must have completed BHFSI's initial training program and all additional training (including food safety training) that BHFSI requires to BHFSI's satisfaction. Your Designated Manager shall devote his or her full time efforts to Restaurant management and operations and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. BHFSI shall have approved the Designated Manager as meeting its then-current qualifications for such position and shall not have later withdrawn such approval. If the Designated Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Designated Manager within 30 days after the date the prior Designated Manager ceases to serve or no longer qualifies to serve. Any proposed replacement Designated Manager must successfully complete the initial training program and such other training (including food safety training) required by BHFSI and be approved by BHFSI, before assuming his or her position as Designated Manager and, in no event, later than 90 days after the previous Designated Manager ceased to serve in such position.

6.2.3. If, at any time, the Restaurant is not being managed by a Designated Manager who has satisfactorily completed the training program, BHFSI or a designated management services provider may, but is not required to, enter into a management services agreement with you. The management services agreement will not relieve you of your obligations under this Agreement or constitute a waiver of BHFSI's right to terminate this Agreement. BHFSI will not be liable for any debts, losses, costs, or expenses incurred in the operation of the Restaurant during the term of the management services agreement, and BHFSI may charge you a management services fee. BHFSI may cease to provide such management services at any time, in its sole discretion.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service in accordance with the Standards; and meet such minimum standards as BHFSI may establish from time to time in the Manual or otherwise in writing. You shall cause all employees, while working at the Restaurant, to: **(a)** wear uniforms of such color, design, and other specifications as BHFSI may designate from time to time, and **(b)** present a neat and clean appearance. In no case shall any of your employees wear his or her ÜBERRITO uniform while working for you at any location other than the Franchised Business. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that BHFSI neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees.

6.4. Authorized Menu Offerings; Online Ordering. You must offer and sell all menu items that BHFSI requires, and only those menu items that BHFSI has approved. You shall prepare, package, and serve all menu items in accordance with BHFSI's recipes, standards, and procedures for preparation, presentation, and service as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times and other standards for displaying for sale menu items and other merchandise. You may be required, at the discretion of BHFSI, to display for sale menu items, limited time promotional offers, and other merchandise via a digital menu board system. You shall participate in any and all in-restaurant music programs developed to enhance the ÜBERRITO customer experience. You shall participate in all in-restaurant audio promotions which may include in-restaurant test-marketing new products. You shall participate in all market research programs that BHFSI requires, which may include test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, and promoting the sale of the new products, and provide BHFSI with timely reports and test results for all such programs. You shall participate in any online ordering program developed or implemented to allow customers to order ÜBERRITO menu items or other promotional products through the Internet or through other digital applications. Participation in such program is mandatory.

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

6.6. Purchases from Designated Sources.

6.6.1. You agree to purchase only from BHFSI or suppliers or distributors designated by BHFSI ("**Designated Suppliers**"): **(a)** fixtures, furniture, equipment, interior and exterior signage, graphics, decor, trade dress, as BHFSI defines trade dress, and Restaurant design consulting services; **(b)** food products and ingredients developed by or for us pursuant to a special recipe, formula, or specifications, including but not limited to bread, bread products, meat, and protein-related products; **(c)** all fountain and bottled beverages; **(d)** uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing our Marks); **(e)** advertising, point-of-purchase materials, and other printed promotional materials; **(f)** gift certificates and stored value cards; **(g)** stationery, business cards, contracts, and forms; **(h)** bags, packaging, and supplies bearing our Marks; and **(i)** all other goods and/or services as BHFSI requires. BHFSI may establish commissaries and distribution facilities owned and operated by BHFSI or an Affiliate that BHFSI may deem a Designated Supplier. BHFSI may receive money or other benefits from Designated Suppliers based on your purchases; you agree that BHFSI has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

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

6.6.3. BHFSI may from time to time modify the list of Designated Suppliers and/or Approved Brands. You shall promptly comply with all such modifications. **BHFSI is not responsible for any delays, damages, acts of God, or defects relating to your purchases of goods or services from Designated**

Suppliers. BHFSI also is not responsible for any cost increases related to increases in material costs, commodity prices, shipping and transportation costs, or other costs.

6.6.4. BHFSI may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. BHFSI may concentrate purchases with one or more suppliers or distributors to obtain lower prices and/or the best advertising support and/or services for any group of ÜBERRITO Restaurants or any other group of Restaurants franchised or operated by BHFSI or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by BHFSI.

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

6.6.6. BHFSI makes no warranties concerning the freshness, quality, or shelf-life of any product sold by Designated Suppliers and/or Approved Brands and expressly disclaims all implied warranties with respect to products sold by Designated Suppliers and/or Approved Brands, including the warranty of merchantability and/or fitness for a particular use (including fitness for merchantability and fitness for human consumption). You are solely responsible for inspecting all products and ingredients and determining their fitness for sale or use. You waive all claims against BHFSI arising out of or related to the quality and/or fitness of products supplied by Designated Suppliers and/or Approved Brands.

6.7. Franchised Location; Vehicles.

6.7.1. You shall maintain the Restaurant (including adjacent public areas) in a clean, orderly, condition and in excellent repair and in accordance with BHFSI's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, a refurbishing such as periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as BHFSI may reasonably direct. Upon BHFSI's request, you shall install and maintain at the Restaurant premises interactive multi-media equipment, devices, and facilities BHFSI requires, including, without limitation, approved music systems, Wi-Fi and other wireless internet and communications systems, and interactive displays, including LED screens. You must cause the Restaurant to play only the music or types of music that BHFSI designates. If a designated music provider has been identified, you must acquire music from such provider.

6.7.2. You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks, or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as BHFSI may reasonably direct from time to time in the Manual or otherwise in writing in accordance with BHFSI's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending, or game machines or other items not previously approved in writing as meeting BHFSI's standards and specifications. In the event any designated equipment is removed due to failure to comply with System standards, BHFSI has the right to replace such equipment, or make arrangements to have such equipment serviced, repaired, and/or cleaned at your expense.

6.7.4. At BHFSI's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement of menu boards and the purchase and use of new interior signage, graphics, and/or point of sale materials.

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

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

6.8. Days and Hours of Operation. You shall cause the Restaurant to be open and operating on the days (currently seven days per week) and during the hours that BHFSI prescribes in the Manual or in other written directives, and only during the hours and on the days that BHFSI permits. You may close on Thanksgiving, and Christmas but on no other days without BHFSI's prior written approval.

6.9. Quality Assurance Inspections; Testing. BHFSI has the right to enter upon the Restaurant premises during regular business hours to inspect the Restaurant for quality assurance purposes. You shall allow BHFSI from time to time to obtain samples of ingredients, products, and supplies, without charge therefor, for testing for quality assurance purposes. If notified of a deficiency, you must promptly cure the deficiency. If you fail to promptly cure the deficiency, BHFSI may undertake to cure the deficiency on your behalf. In such case, BHFSI has the right to charge, and you agree to pay upon demand, a reasonable fee for its services, and you must reimburse BHFSI for all out-of-pocket costs that it incurred in connection with taking such corrective measures.

6.10. Modification to the System. You shall at your own expense, make such alterations, additions, or modifications to the Franchised Location as BHFSI may reasonably require to accommodate changes made by BHFSI to the System, including, without limitation, changes to menu items or market positioning. You have 90 days from receipt of notice regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Franchised Location. You shall not implement any modification to the System without BHFSI's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, BHFSI reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products or services, whether such products or services are temporary or permanent.

6.12. Technology; Intranet/Extranet System. BHFSI may, at its option, establish and maintain a commercial Website or an intranet or extranet system ("**BHFSI Websites**") through which members of the ÜBERRITO franchise network may communicate and through which BHFSI may disseminate marketing information to the public and training modules, Restaurant-opening tools, updates to the Manual, and other Confidential Information to franchisees. BHFSI will have no obligation to establish or to maintain the

Websites indefinitely and may dismantle any of them at any time without liability to you. BHFSI may establish policies and procedures for use of the BHFSI Websites. BHFSI expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the BHFSI Websites, BHFSI can access and view any communication that anyone posts on the BHFSI Websites. You further acknowledge that the Intranet/Extranet facility and all communications that are posted to it will become BHFSI's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to BHFSI under this Agreement, or if you fail to comply with any policy or procedure governing the BHFSI Websites, BHFSI may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the BHFSI Websites includes until such time as you fully cure the breach. **You acknowledge and agree that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, you assume all of the risk of all such issues and technology failures which you acknowledge may affect your ability to order or receive products, and acknowledge that BHFSI is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.**

6.13. Website. BHFSI may, but will not be obligated to, establish and maintain from time to time BHFSI Websites to provide information about the System and the goods and services that ÜBERRITO Restaurants provide. BHFSI has sole discretion and control over the design and content of BHFSI's website.

6.14. Non-disparagement. You agree that you, any partner, if you are a partnership; any shareholder, if you are a corporation; any member, if you are a limited liability company; and any of your employees or independent contractors shall refrain from making or publishing any disparaging remarks, whether oral, written, or digital relating to BHFSI, other System franchisees, or the ÜBERRITO brand. A default under this Section 6.14. will be deemed a material default subject to termination pursuant to Section 13.2.

6.15. Compliance with Laws. You shall fully comply with all federal, state, and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, and regulations and to adhere to them at all times during the Term of this Agreement.

6.16. Social Media. You shall follow BHFSI's mandatory specifications, standards, operating procedures, and rules for using social media in connection with your operation of the Restaurant and you will agree to any Social Media policy BHFSI implements. The term "**Social Media**" includes, without limitation, personal blogs, common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, or YOUTUBE, applications supported by mobile platforms such as iOS and Android, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites, mobile platforms, or tools.

6.17. Public Relations. You shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without BHFSI's prior written approval.

6.18. Association with Causes. You shall not in the name of the Franchised Business: **(a)** donate money, products, or services to any charitable, political, religious or other organization, or **(b)** act in support of any such organization, without BHFSI's prior written approval.

6.19. Best Efforts. You shall use your best efforts to promote and increase the sales and recognition of goods and services offered through the Franchised Business. You shall require all of your employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all goods and services provided as part of the System.

7. MARKS AND COPYRIGHTS

7.1. BHFSI's Representations. BHFSI represents to you that it has obtained from its Affiliate a license to use and to sublicense to you the right to use the Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that BHFSI or its Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks and that you have no ownership interest in the Marks. You further acknowledge and agree that any and all goodwill associated with the Restaurant and identified by the Marks is BHFSI's property and will inure directly and exclusively to the benefit of BHFSI and that, upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without BHFSI's prior written consent, may constitute an infringement of BHFSI's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Marks. You shall use only the Marks designated by BHFSI, shall use them only in the manner that BHFSI authorizes and permits, and shall use them with the symbols "®", "™", or "℠", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business and only in the manner prescribed by BHFSI. You may not contest ownership or validity of the Marks or any registration thereof or engage in any conduct that adversely affects the ownership or registration of the Marks or BHFSI's right to use or to sublicense the use of the Marks. You shall execute all documents that BHFSI requests in order to protect the Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Legal Name. You may not use the Marks or any part thereof in your legal name, and you may not use them to incur any obligation or indebtedness on BHFSI's behalf. You shall comply with BHFSI's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents necessary to obtain protection of the Marks or to maintain their continued validity and enforceability.

7.5. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not use the Marks or any part or derivative thereof or any of BHFSI's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks or any abbreviation, acronym, or phonetic variation thereof as part of any URL or domain name; as part of a user name on any gaming website, social networking website, or discounting website (such as FACEBOOK, INSTAGRAM, TWITTER, SNAPCHAT or GROUPON); or as any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, social networking websites, and marketing and advertising websites) any of BHFSI's Copyrighted Works, which include the design portion of its Marks, or any menu items or collateral merchandise identified by the Marks. Additionally, you acknowledge that BHFSI is the lawful, rightful, and sole owner of certain Internet domain names that have been established or may be established by BHFSI in the future, and you unconditionally disclaim any ownership interest in those or any colorable similar Internet domain name(s).

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Marks or operation of the Franchised Business, including, but not limited to, such use on email signatures, invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Restaurant as BHFSI may designate in writing. The form and content of such notice will comply with the standards set forth in the Manual.

7.7. Infringement. You shall promptly notify BHFSI of any suspected unauthorized use of, or any challenge to the validity of the Marks, Copyrighted Works, or any challenge to BHFSI's or its Affiliates' ownership of, BHFSI's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. BHFSI shall have complete discretion to take any action it deems appropriate in connection with any infringement of, or challenge or claim to, any Mark or Copyrighted Work and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such alleged infringement, challenge, or claim or otherwise relating to any Mark or Copyrighted Work. BHFSI or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of BHFSI, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, BHFSI agrees to reimburse you for your associated costs.

7.8. Changes to the Marks. BHFSI reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for your use and to require your use of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within 60 days following your receipt of BHFSI's written notice to you.

8. SYSTEM, MANUAL, AND INFORMATION

8.1. Manual. BHFSI will provide you access to the Manual via the BHFSI Website. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. The Manual will at all times remain the sole property of BHFSI. If any dispute arises as to the contents of the Manual, the terms of the master copy of the Manual maintained by BHFSI shall be controlling.

8.2. System Modification. You acknowledge that the System, the Manual, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of menu items, operating procedures, products, and services) from time to time by BHFSI. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements, including structural changes. BHFSI shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from BHFSI and shall complete their implementation within such time as BHFSI may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business and shall divulge Confidential Information only to your employees and only on a need to know basis.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials must be presented in a dignified manner and must conform to BHFSI's standards and specifications related to advertising, marketing, and trademark use. You shall submit to BHFSI samples of any proposed promotional and marketing materials and notify BHFSI of the intended media before first publication or use. BHFSI shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 15 days of their receipt. You may not use the promotional or marketing materials until BHFSI expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. BHFSI may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval. Additionally, at BHFSI's discretion, you must pay BHFSI, on demand, $1,000 per occurrence for the use of any unauthorized marketing or advertising materials, which the parties agree is a reasonable estimation of the administrative and legal costs likely to be incurred by BHFSI as a result of such unauthorized use. This fee is in addition to and not in lieu of any other remedies available to BHFSI under this Agreement or applicable law.

9.2. Pre Opening/Grand Opening Marketing Campaign. In addition to all other advertising and promotion obligations described in this Article 9, during the construction of the restaurant and through the opening of the Restaurant, you must conduct an initial advertising and marketing campaign, and spend on such campaign at least $25,000, to promote the opening of the Restaurant. The initial advertising and marketing campaign must comply with BHFSI's Standards, which may include, without limitation, use of certain materials and media, the length of the promotion, and the amount spent. BHFSI must approve, in advance, all advertising items, methods, and media you use in connection with opening advertising program. You must submit to BHFSI an accurate accounting of all such expenditures upon our request.

9.3. ÜBERRITO Production and National Advertising Fund

9.3.1. You will contribute to the ÜBERRITO Production and National Advertising Fund ("**Production Fund**") an amount designated periodically by BHFSI, but which amount will not exceed two percent (2%) of Gross Sales. You must submit payment in the same manner as the Royalty Fee and on such due date as BHFSI designates.

9.3.2. BHFSI has the right to use Production Fund monies, in its sole discretion, to pay for: creative development services (including creation and modification of Restaurant design and trade dress, logos, menu design, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, new product development; conducting customer surveys, focus groups, and marketing-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Restaurant advertising and promotion in a particular area or market, or for the benefit of a particular Restaurant or Restaurants in connection with Restaurant opening promotions or otherwise); conducting and administering in-Restaurant promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, menus and menu boards, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating, and hosting BHFSI's website (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, certificates and stored value card programs, and the cost of products associated with the redemption of free coupons, gift certificates and stored value cards; developing and administering other customer loyalty programs; developing and administering online ordering platforms; providing and procuring public relations services; conducting public relations activities; and membership fees in international, national, regional, and/or local trade or other associations or organizations. From time to time, we may engage in initiatives, new or otherwise, relating to the brand development activities stated above, and in order to implement or maintain the new or existing initiatives, we may use Production Fund monies to pay for the initial and recurring costs of new or existing initiatives. BHFSI also may use Production Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 9.3.2.

9.3.3. The parties acknowledge that BHFSI owns all rights, and retains all copyrights, in all design and content developed using Production Fund monies, and that BHFSI will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Production Fund monies, and the allocations of Production Fund monies to production, placement, and other costs. BHFSI will own all copyright in any works created using Production Fund monies. You acknowledge and agree that BHFSI is not obligated to expend Production Fund monies for placement of advertising in your trading area, or to ensure that the Franchised Business benefits directly or *pro rata* from the expenditure of Production Fund monies. BHFSI will not use Production Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Production Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Production Fund monies may be used to create and maintain one or more pages on BHFSI's website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. BHFSI has no fiduciary duty to you or to any other person with respect to the collection or expenditure of Production Fund monies. Upon your reasonable request, BHFSI will provide you an annual, unaudited statement of Production Fund contributions and expenditures.

9.3.4. Although the Production Fund is intended to be perpetual, BHFSI may terminate the Production Fund at any time. The Production Fund will not be terminated, however, until all Production Fund monies have been spent as provided in this Section 9.3.4. or returned to the Production Fund contributors on the basis of their respective contributions. Any amounts contributed to the Production Fund that are not spent in the year they are collected will remain in the Production Fund for future expenditures.

9.4. Local Advertising.

9.4.1. Franchisee shall spend during each calendar month of the Term a minimum of two percent (1%) of Gross Sales during the preceding calendar month for local advertising and promotion in Franchisee's Protected Territory ("**Minimum Local Advertising**"). The Minimum Local Advertising amount will be reduced by an amount equal to Franchisee's contribution to any Local Advertising Cooperative pursuant to Section 9.5. below.

9.5. Local Advertising Cooperatives.

9.5.1 BHFSI may designate a geographic area in which two or more ÜBERRITO Restaurants are located as an area for an advertising cooperative ("**Cooperative**"). The Cooperative's members in any area are the owners of the ÜBERRITO Restaurants operating in that area (including BHFSI and its affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that BHFSI determines. BHFSI may change, dissolve, or merge Cooperatives. Each Cooperative's purpose is, with BHFSI's approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Cooperative covers. If BHFSI establishes a Cooperative in that area during the term of this Agreement, you agree to join the cooperative. You will sign the documents that BHFSI requires to become a member of the Cooperative and to participate in the Cooperative as those documents require. You agree to contribute to the Cooperative the amounts determined by the Cooperative, subject to BHFSI's approval.

9.5.2 All material decisions of the Cooperative, including contribution levels (which also require BHFSI's approval; but your required contributions will not exceed 1% of Gross Sales), will require the affirmative vote of at least 51% of all ÜBERRITO Restaurants operating within the Cooperative's area (including, if applicable, those operated by BHFSI or its Affiliate), with each ÜBERRITO Restaurant receiving one vote. In the event of a deadlock, BHFSI shall determine, in its sole discretion, the result of any decision of the Cooperative.

9.5.3 You agree to submit to BHFSI and the Cooperative any reports that BHFSI or the Cooperative periodically requires. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that BHFSI has not approved.

9.6. Loyalty Programs, Prize Promotions, Meal Deals, and Promotional Literature.

9.6.1. You shall participate in and offer to your customers: **(a)** all customer loyalty and reward programs; **(b)** all contests, sweepstakes, and other prize promotions; and **(c)** all meal deals, which BHFSI may develop from time to time. BHFSI will communicate to you in writing the details of each such program, promotion, and meal deal, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Restaurant as BHFSI may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by BHFSI for use in connection with each such program, promotion, or meal deal.

9.6.2. If BHFSI develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to BHFSI, and you shall remit the proceeds of such sales to BHFSI according to the procedures that BHFSI prescribes periodically. BHFSI shall reimburse or credit to you (at BHFSI's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Restaurant. You are responsible for the processing fees associated with and the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales. You have until 30 days after the end of our fiscal year to notify BHFSI of any errors you made in calculating Gross Sales as those errors relate to the reporting of gift certificate and stored value card sales.

9.6.3. You also shall display at the Restaurant all promotional literature and information as BHFSI may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the ÜBERRITO franchise offering.

9.7. Participation in Marketing Programs. You shall at all times cooperate with BHFSI and other franchisees of BHFSI and shall actively participate in any and all sales, public relations, advertising, cooperative advertising, and purchasing programs or promotional programs (including, without limitation, product give-away promotions) which may be developed and implemented by BHFSI. Participation may include, without limitation, purchasing (at your expense) and using: **(a)** point of sale materials; **(b)** counter cards, displays, and give-away items promoting loyalty programs, prize promotions, movie tie-in promotions, and other marketing campaigns and programs; **(c)** product mix and ingredients for product giveaways; and **(d)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons.

9.8. Business Directory Listings. You shall place and pay the cost of business listings in such print and online directories and categories, whether electronic or hard copy, as BHFSI may require from time to time. Amounts paid for business directory listings will not be credited toward any of your expenditures under this Article 9.

10. COMPUTER SYSTEM; ACCOUNTING AND RECORDS; TAXES

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

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

10.3. Independent Access. BHFSI may independently poll Gross Sales and other information input and compiled by your Computer System from a remote location. There is no limitation on BHFSI's right to access this information. BHFSI may require that you connect to a web based application enabling independent access to the information on your Computer System. If BHFSI requires your connection to such an application, you agree to acquire all software licenses needed to use the application (which may require your payment of periodic subscription fees) and to install and use all hardware needed to connect to the application and to facilitate the exchange of electronic information as contemplated by this Section 10.3.

10.4. Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form BHFSI prescribes. Additionally, concurrently with the execution of this Agreement, you must provide BHFSI true and accurate copies of your charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing. You shall promptly provide such additional information as BHFSI may from time to time request concerning all persons who may have any direct or indirect financial interest in the Business Entity.

10.5. Submission of Financial Statements and Tax Returns. No later than March 31 of each calendar year, you shall provide to BHFSI: **(a)** a copy of the previous year's annual profit and loss statements; **(b)** a copy of the previous year's sales tax returns; and **(c)** if requested, a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You must accurately report to BHFSI the Restaurant's Gross Sales and such other financial information as BHFSI may reasonably require using the procedures that BHFSI prescribes periodically. Reports will be due on the date prescribed by BHFSI and will be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each calendar quarter, you must provide to BHFSI a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the applicable Accounting Periods. BHFSI may require that you submit the profit and loss statements in a standardized format that we provide to all of our franchisees. You also must provide to BHFSI such other reports, computer back-up, and other information that BHFSI may reasonably request.

10.7. Audit of Franchisee Records. BHFSI or its designated agent has the right to audit, examine, and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to BHFSI, you shall immediately pay the understated amount with interest as provided in Section 4.8. If an audit or inspection reveals your understatement of Gross Sales by 2% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse BHFSI all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, collection and attorneys' and accountants' fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize BHFSI to publish information concerning the Restaurant's Gross Sales and other information reported to BHFSI in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Restaurant and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

11. INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION

11.1. Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement will create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name, or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing, between them. BHFSI does not participate in the hiring, promoting, disciplining, or discharging of your employees or in setting or paying wages or benefits to your employees, and you acknowledge that we have no power, responsibility, or liability in respect to the hiring, promoting, disciplining, or discharging of employees or in setting or paying their wages. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of BHFSI, and shall place a conspicuous notice, in the form and at such place as BHFSI prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

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

11.2.2. Such policy or policies must: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name BHFSI and its partners, affiliates, shareholders, directors, agents, and employees as additional insureds on a primary, non-contributory basis; and **(c)** comply with BHFSI's written requirements at the time such policies are obtained, and **(d)** provide at least the types and minimum amounts of coverage specified below or as described within BHFSI's written notice to you of any changes to the requirements..

11.2.3. Such policies must include, at the minimum, the following coverage: **(a)** "all risk" property insurance, including business interruption, plate glass, and flood insurance at full replacement value for real and personal property, no deductible should be in excess of $50,000, customarily obtained by similar businesses in the Restaurant's principal trade area; **(b)** comprehensive general liability insurance, including but not limited to contractual liability, property damage, bodily injury and death, builder's risk, personal injury, food safety, and products/completed operations liability coverage with a minimum combined single limit of liability in the amount of $1,000,000 per occurrence per location and $2,000,000 aggregate; **(c)** employment practices liability in a minimum amount of $1,000,000 per occurrence and in the aggregate; **(d)** automobile liability insurance, including coverage all owned, non-owned, and hired vehicles and equipment with minimum combined single limit of liability in an amount of $1,000,000 for bodily injury and death and property damage; **(e)** workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $1,000,000; **(f)** liquor liability insurance with a minimum combined single limit of liability in an amount of $1,000,000 per occurrence per location and $2,000,000 aggregate limit, if applicable; and **(g)** umbrella insurance in an amount not less than $2,000,000. BHFSI reserves the right to unilaterally modify the minimum coverage requirements set forth above as market or industry conditions warrant. You also shall obtain and maintain a $2,000,000 Umbrella Policy.

11.2.4. In connection with any and all insurance that you are required to maintain under this Section 11.2., you and your insurers shall agree to waive their rights of subrogation against BHFSI, and you shall provide evidence of such waiver in accordance with this Section 11.2.

11.2.5. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance which may be maintained by BHFSI, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

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

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to BHFSI a certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance must expressly provide that no less than 30 days' prior written notice will be given to BHFSI in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates. If you do not provide to us the certificates of insurance within the required time period, you must pay us $250 for each certificate you do not submit, but you remain obligated to fulfill all insurance requirements in this Agreement.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, BHFSI or its designee has the right (but is not required) to procure such insurance on your behalf. Such right will be in addition to and not in lieu of any other rights or remedies available to BHFSI. If this occurs, you shall reimburse BHFSI the cost of the premium upon demand.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, BHFSI, its Affiliates and their respective directors, officers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with any agreement between you and a third party, the training you, Key Person, Designated Manager, or any of your employees receive from BHFSI, or your operation of the Franchised Business including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively, "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity will not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement will extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3., the term "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to BHFSI's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances will BHFSI be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and BHFSI's failure to seek such recovery or mitigate its loss will in no way reduce the amounts recoverable by BHFSI under this provision. You must give BHFSI prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, BHFSI may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that BHFSI will seek your advice and counsel. Any assumption by BHFSI will not modify your indemnification obligation. BHFSI may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in BHFSI's sole and absolute discretion, necessary for the protection of the Indemnitees or the System. This provision survives termination or expiration of this Agreement, regardless of the reason for expiration or termination.

12. TRANSFER OF INTEREST

12.1. Transfer by BHFSI. BHFSI may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of BHFSI's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of BHFSI's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that BHFSI and/or its Affiliates may sell their assets, the Marks, the Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of BHFSI's name, the Marks (or any variation thereof), the Copyrighted Works, the System, and/or the loss of association with or identification of Burrito Holdings Franchise Services, Inc. as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that BHFSI has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as ÜBERRITO Restaurants operating under the Marks, the Copyrighted Works or any other marks following BHFSI's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing BHFSI's standard form of assignment and assumption agreement if: **(a)** the Business Entity is formed solely for purposes of operating the Franchised Business; **(b)** you provide to BHFSI a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; **(c)** you and your Affiliates are in compliance with this Agreement and all other agreements with BHFSI or its affiliates; **(d)** you pay BHFSI a non-refundable fee of $1,500, which $1,000 is due upon BHFSI receiving the request and the remaining $500 is due prior to the transfer; **(e)** all holders of a legal or beneficial interest in the Business Entity sign a Guaranty and Personal Undertaking in the form of Attachment B-1; and **(f)** you and each Owner and guarantor execute a general release in a form satisfactory to BHFSI of any and all claims against BHFSI and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties if: **(a)** you have provided to BHFSI advance notice of the transfer; **(b)** you and your Affiliates are in compliance with this Agreement and all other agreements with BHFSI or its affiliates; **(c)** you sign an amendment reflecting the new ownership; **(d)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment B-1; **(e)** you pay BHFSI a non-refundable fee of $1,500, which $1,000 is due upon BHFSI receiving the request and the remaining $500 is due prior to the transfer; and **(f)** you and each Owner and guarantor execute a general release in a form satisfactory to BHFSI of any and all claims against BHFSI and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Restaurant, and the sale of a Controlling Interest in you if you are a Business Entity) require BHFSI's prior written consent. BHFSI will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. Your written request to us for consent to the transfer and delivery of a copy of the proposed transfer agreements, including sale terms, at least 60 days prior to the proposed transfer, and BHFSI has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post-transfer viability of the Franchised Business;

12.4.2. The transferee has demonstrated to BHFSI's satisfaction that the transferee meets BHFSI's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and meets BHFSI's then-current liquid and net worth requirements;

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to BHFSI, its Affiliates, and your third-party suppliers are, or will be at the time of the transfer, current and fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and BHFSI, its Affiliates, and your suppliers;

12.4.4. You or the transferee have agreed to refurbish the Restaurant premises so that it meets BHFSI's image requirements for new ÜBERRITO Restaurants, or so that it meets BHFSI's then-current repair and maintenance standards, whichever BHFSI chooses at its sole discretion;

12.4.5. You and each Owner have executed a general release and covenant not to sue, in a form satisfactory to BHFSI, of any and all claims against BHFSI and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and any other matters incident to the termination of this Agreement or to the transfer of your interest herein or to the transfer of your ownership of all or any part of the Franchise; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You pay BHFSI a transfer fee that equals 50% of BHFSI's then-current Initial Franchise Fee, plus reasonable attorneys' fees and reimburse our reasonable expenses incurred to inspect the Restaurant and enforce Section 12.4.4., above, and, transferee executes BHFSI's then-current form of Franchise Agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement will be the remaining Term of this Agreement at the time of transfer. If the transferee is a Business Entity, then the transferee's Owners each must sign BHFSI's standard form of Guaranty and Personal Undertaking. You must pay BHFSI a $1,000 non-refundable deposit when you request the transfer. The deposit will be credited toward the transfer fee, and the balance is due at the time the transfer closes;

12.4.7. The transferee shall have complied with BHFSI's then-current initial training requirements;

12.4.8. If BHFSI introduced the buyer to you, you have paid all fees due BHFSI under its then-current franchise resale policy or program;

12.4.9 You agree to remain liable for all direct and indirect obligations to BHFSI in connection with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for your obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration or transfer, and shall execute any and all instruments reasonably requested by BHFSI to further evidence such obligation;

12.4.10. You have complied with the requirements set forth in Section 12.8.; and

12.4.11. If BHFSI consents to the transfer contemplated by this Section 12.4., and if for any reason the transfer does not close, you must reimburse BHFSI for its reasonable attorneys' fees incurred in conjunction with the abandoned transfer.

12.5. Transfers Void. You understand and acknowledge that BHFSI has entered into this Agreement in reliance on your business skill, financial capacity, personal character, and experience. Accordingly, you may not sell or transfer your interest in this Agreement or the assets of the Franchised Business (except in the ordinary course of your business) without BHFSI's prior written consent. In addition, if you are a Business Entity, no Owner may transfer or assign his or her equity interest in the Business Entity without BHFSI's prior written consent. Any purported transfer, by operation of law or otherwise, made without BHFSI's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without BHFSI's consent.

12.7. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you must first obtain BHFSI's written consent, which consent will not be unreasonably withheld. You must provide to BHFSI for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering will imply (by use of the Marks or otherwise) that BHFSI is participating in an underwriting, issuance or offering of your securities, and BHFSI's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. BHFSI may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4. and on execution of an indemnity agreement, in a form prescribed by BHFSI, by you and any other participants in the offering. For each proposed offering, you shall pay to BHFSI a retainer in an amount determined by BHFSI, which BHFSI shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Restaurant, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to BHFSI written notification of the offer and, except as otherwise provided herein, BHFSI has option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer must include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by BHFSI as in the case of an initial offer. If BHFSI elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of BHFSI's election to purchase. BHFSI's failure to exercise the option described in this Section 12.8. will not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacity. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by BHFSI within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee will be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Article 12., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by BHFSI within six months, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, BHFSI may, at its option, terminate this Agreement, pursuant to Section13.5.

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

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You will be in default under this Agreement, and all rights granted to you in this Agreement will automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination With Notice and Without Opportunity To Cure. BHFSI has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Key Person or Designated Manager fails to successfully complete training; **(b)** you fail to open the Restaurant for business by the Opening Date; **(c)** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive days or more); **(d)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Restaurant premises; **(e)** you or any Owner or Designated Manager are convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that BHFSI believes is reasonably likely to have an adverse effect on the System; **(f)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(g)** you or any Owner fails to comply with the confidentiality or noncompetition covenants in Section 15.1. of this Agreement; **(h)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(i)** you fail to comply with notification requirements set forth in Sections 6.1.3. or 6.1.4. concerning investigations and Crisis Management Events; **(j)** you understate any payment to BHFSI by 2% or more, or understate any such payment in any amount, twice in any two-year period; **(k)** an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(l)** you knowingly maintain false books or records or submit any false reports or statements to BHFSI; **(m)** you offer unauthorized products or services from the Restaurant premises or in conjunction with the Marks or Copyrighted Works; **(n)** you purchase items for which BHFSI has identified approved or designated supplier or distributor from an unapproved source; **(o)** you fail to pass two or more quality assurance inspections within any rolling 12-month period; **(p)** you violate BHFSI policies for Restaurant operations, without authorization or permission, on two or more occasions within any rolling 12-month period; **(q)** you fail to participate in any advertising or marketing program pursuant to Sections 9.5., 9.6., 9.7., or 9.8., or fail to maintain required hours of operation pursuant to Section 6.8. on two or more occasions without prior written permission, within any rolling 12-month period; **(r)** you violate the non-disparagement provision stated in Section 6.1.4.; **(s)** you violate any Dram Shop laws; or **(t)** BHFSI delivers to you three or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination With 10-Day Cure Period. BHFSI has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to BHFSI or its Affiliates; **(c)** failure to pay any amounts due to the landlord of the Restaurant's premises, your suppliers, or other trade creditors (unless such amount is subject to a bona fide dispute); **(d)** failure to pay any amounts for which BHFSI has advanced funds for or on your behalf, or upon which BHFSI is acting as guarantor of your obligations; **(e)** violation of any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; or **(f)** violation of any provision of this Agreement concerning the preparation, service, appearance, or quality of ÜBERRITO products.

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

13.5. Termination Related to Death or Permanent Incapacity. BHFSI has the right to terminate this Agreement if an approved transfer as required by Section 12.9. is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

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

13.7. Step In Rights. To prevent any interruption of the business of the Restaurant, and any injury to the goodwill and reputation to the System which may be caused thereby, you hereby authorize BHFSI, and BHFSI shall have the right, but not the obligation, to operate the Restaurant on your behalf for as long as BHFSI deems necessary and practical, and without waiver of any other rights or remedies BHFSI may have under this Agreement, in the event that: **(a)** your Designated Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in BHFSI's sole determination, you are not able to operate the Restaurant in full compliance with this Agreement; **(b)** any allegation or claim is made against your or any of your principals, or the operation of the Restaurant, involving or relating to fraudulent, deceptive or illegal practices or activities; or **(c)** BHFSI determines that operational problems require BHFSI to operate your Restaurant for a period of time to maintain the operation of the business as a going concern. If BHFSI undertakes to operate the Restaurant pursuant to this Section 13.7., BHFSI shall have the right to collect and pay from the revenues of the Restaurant all operating expenses including, without limitation, Royalty Fees, Production Fund contributions, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee of up to 10% of Gross Sales. You shall indemnify and hold harmless BHFSI from any and all claims arising from the alleged acts and omissions of BHFSI and its representatives. Nothing contained herein shall prevent BHFSI from exercising any other right which BHFSI may have under this Agreement, including, without limitation, termination.

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

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Cease Use of Marks; Copyrighted Works; Cancellation of Fictitious Name; Assignment of Email Addresses, URLs, Domain Names, Internet Listings, Business Directory Listings. Upon termination or expiration of this Agreement, you shall immediately cease all use of the Marks, Copyrighted Works, and Confidential Information. You shall cancel any assumed name registration containing the Marks. You shall, at BHFSI's option and request, assign to BHFSI all rights to all email addresses, URLs, domain names, Internet listings, Business Directory Listing, and Internet accounts related to the Franchised Business. You hereby appoint BHFSI as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to BHFSI. This appointment will be deemed to be coupled with an interest and will continue in full force and effect until the termination or expiration of this Agreement.

14.2. Assignment of Lease; De-Identification. At BHFSI's request, you shall assign to BHFSI or its designee your interest in the lease, including your interest in all leasehold improvements, without additional compensation. If BHFSI does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you shall modify the Restaurant premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to BHFSI of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other ÜBERRITO Restaurants, and shall make such specific additional changes to the Franchised Location as BHFSI may reasonably request for that purpose. BHFSI shall also have the right, at its option and at your expense, to enter the Restaurant premises and take all actions necessary to de-identify the premises as an ÜBERRITO Restaurant, including, but not limited to, removing all signs, advertising materials, displays, proprietary equipment and inventory, and any other items which display the Marks or are indicative of ÜBERRITO trade dress. Such costs incurred due to BHFSI's de-identification efforts must be paid by you immediately upon notice.

14.3. Return of Manual and Other Confidential Information. You shall immediately deliver to BHFSI any hardcopies or downloaded electronic copies of the Manual and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of BHFSI).

14.4. BHFSI's Right to Purchase Tangible Assets. BHFSI has the option to purchase your interest (if any) in any or all of the Restaurant's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs at the lesser of your cost or then-current fair market value and may set off against the purchase price any amounts that you owe BHFSI. BHFSI shall exercise its option by written notice to you, delivered on or before the date of expiration or termination of this Agreement.

14.5. Trademark Infringement. If you fail to comply with a written notice of termination sent by BHFSI and a court later upholds such termination of this Agreement, if such termination was disputed by you, your operation of the Restaurant, from and after the date of termination stated in such notice, will constitute willful trademark infringement and unfair competition by you, and you shall be liable to BHFSI for damages resulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits which you derived from such post termination operation of the Restaurant.

15. COVENANTS

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

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

15.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective Franchise Agreement with BHFSI, at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which BHFSI or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2. Noncompetition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Article 12 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination); or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as an owner or otherwise) or relationship or association with any Competitive Business, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective Franchise Agreement with BHFSI, that: **(i)** is, or is intended to be, located at the location of the former Franchised Location; **(ii)** is within a five-mile radius of the former Franchised Location; or **(iii)** is within a five-mile radius of any other Restaurant operating under the System and Marks, that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which BHFSI or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. If any Owner ceases to be an Owner of the Franchisee for any reason during the Term of this Agreement, the foregoing covenant will apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time period described in this Section 15.2. will be tolled during any period of noncompliance.

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

15.4. Covenants from Individuals. Each individual who attends BHFSI's training program, or whom BHFSI designates, must sign a confidentiality and noncompetition agreement substantially in the form attached as Attachment B-2 to this Agreement, and you are responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to BHFSI for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by BHFSI in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

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

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

16. REPRESENTATIONS

16.1. Representations of BHFSI. BHFSI represents and warrants that: **(a)** BHFSI is duly organized and validly existing under the law of the state of its formation; **(b)** BHFSI is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within BHFSI's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the ownership information set forth in the Summary Pages is accurate and complete in all material respects, and you hereby agree to notify BHFSI in writing prior to any change in the ownership information set forth in the Summary Pages, and in compliance with the transfer requirements of Article 12 of this Agreement. You further represent and warrant to BHFSI that: **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business; and **(d)** neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to an ÜBERRITO Restaurant; and **(e)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of the ÜBERRITO franchise opportunity and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. Except for representations contained in BHFSI's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither BHFSI nor its agents or representatives have made any representations, and you have not relied on representations made by BHFSI or its agents or representatives, concerning actual or potential gross revenue, expenses or profit of an ÜBERRITO Restaurant.

16.2.4. You acknowledge that you have received a complete copy of BHFSI's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to BHFSI for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You understand that you may receive some territorial protection around your Restaurant but that we and our affiliates may engage in businesses that compete with your Restaurant(s) inside and outside the territorial protection as stated in this Agreement.

16.2.7. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to BHFSI that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands must be in writing and must be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system (such as email). Service will be deemed conclusively made; **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement, or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile or other electronic transmission, if such transmission occurs prior to 5:00 p.m. Central Time on a Business Day and a copy of such notice is mailed by certified mail within 24 hours after the transmission. Notices and demands will be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION OF AGREEMENT

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

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained will be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification will be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

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

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

18.5. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns. Each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment B-1. Failure or refusal to do so will constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Guaranty and Personal Undertaking.

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

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

18.9. Business Judgment. Whenever BHFSI reserves discretion in a particular area or where BHFSI agrees to exercise its rights reasonably or in good faith, BHFSI will satisfy such obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. BHFSI's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available. IF BHFSI TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT BHFSI'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

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

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby will be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

19.2. Mediation.

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

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

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

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2., the parties' agreement to mediate will not apply to controversies, disputes, or claims related to or based on amounts owed to BHFSI pursuant to this Agreement, disputes over money damages, ownership of Marks or Copywrighted Works or Confidential Information. Moreover, regardless of this mediation agreement, BHFSI and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.3. Arbitration.

19.3.1. Subject to the foregoing mediation provision, any claims and disputes between the parties shall be resolved by arbitration. The arbitration shall be administered in accordance with the Commercial Rules of the AAA. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("**FAA**"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration-related expenses, including but not limited to attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

19.3.2. Arbitration will be conducted in the city in which BHFSI maintains its principal business office at the time of the arbitration. Arbitration will be conducted on an individual, not a class-wide basis, and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between BHFSI and any other person. The arbitrator has no power or authority to award punitive damages.

19.3.3. Any disputes concerning the enforceability or scope of this arbitration provision shall be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision. If, prior to an Arbitrator's final decision, either you or BHFSI commences an action in any court for a claim that arises out of or relates to this Agreement (except for the purpose of enforcing this arbitration provision or as otherwise permitted by this Agreement), the party bringing the action in court will be responsible for the other party's expenses of enforcing this arbitration provision, including court costs, arbitration filing fees, and other costs and attorneys' fees.

19.3.4. If you institute any claim subject to this arbitration proceeding in any court, and BHFSI succeeds in a motion to compel arbitration of the claim, you must reimburse BHFSI its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

19.3.5. You shall not assert any claim or cause of action against us, our officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

19.3.6. Notwithstanding the foregoing provisions of this Section 19.3., the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on amounts owed to BHFSI pursuant to this Agreement, disputes over money damages, ownership of Marks or Copywrighted Works or Confidential Information, or temporary restraining orders and temporary or preliminary injunctive relief.

19.3.7. Notwithstanding the foregoing, BHFSI has the right to apply to any court of competent jurisdiction for relief regarding money damages. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which BHFSI maintains its principal place of business for this purpose.

19.4. **VENUE. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, MUST BE BROUGHT WITHIN THE STATE OR FEDERAL JUDICIAL DISTRICT COURTS THAT SERVICES BHFSI'S PRINCIPAL BUSINESS OFFICE IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, YOU OR BHFSI MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION, AND THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.**

19.5. **NONEXCLUSIVITY OF REMEDY. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO BHFSI OR YOU BY THIS AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY IN THIS AGREEMENT OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.**

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

19.7. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF**

A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.8. Right to Injunctive Relief. Nothing contained in this Agreement will bar BHFSI's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by BHFSI in obtaining such relief.

19.9. Release of Claims Under Prior Agreements. By executing this Agreement, you, on behalf of your Business Entity and Owners, hereby release and discharge BHFSI and its Affiliates and their members, officers, directors, employees, and agents, from any and all claims relating to or arising under any Development Agreement, Franchise Agreement, or any other agreement between you and BHFSI or its Affiliates that was executed prior to the date of this Agreement, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under any and all franchise disclosure, securities, antitrust, and/or deceptive trade practices laws, whether federal or state.

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

19.11. Time Limitation to Bring a Claim. You shall not assert any claim or cause of action against BHFSI, or its officers, directors, shareholders, employees, or affiliates after two years and a day from the date the cause of action accrues.

19.12. No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor's franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a BHFSI franchise. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

Intending to be legally bound, the parties have affixed their signatures on the Summary Pages of this Agreement, intending for it to become effective on the "Effective Date" stated thereon.

FRANCHISE AGREEMENT

ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS

"**Account**" means your commercial bank operating account.

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

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

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

"**Business Entity**" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Captive Markets**" means the enclosed area of retail sales establishments in excess of 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings, stadiums, arenas, ballparks, festivals, fairs, military bases, and other mass gathering locations or events.

"**Competitive Business**" means any business or restaurant (or a business that grants franchises or licenses to others to operate a business or restaurant) deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads.

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

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own at least 51% of the shares of each class of the franchisee entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement. Any interest less than 51% of the corporation, limited liability company, or partnership is a "**Non-Controlling Interest**."

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

"**Crisis Management Event**" means any event that occurs at or about the Restaurant premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

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

"**Dram Shop Laws**" means laws that regulate the sale of alcohol to minors and/or to those who have consumed or appear to have consumed alcohol in an amount above the legal limits.

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

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

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

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

"**Manual**" means the compilation of information and knowledge that is necessary and material to the System. The term "Manual," as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that BHFSI from time to time may loan or otherwise make available to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating an ÜBERRITO Restaurant.

"**Owner**" means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any "Owner" is, itself, a partnership or other entity, then the term "Owner" includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term "Owner" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

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

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

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

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT B-1
GUARANTY AND PERSONAL UNDERTAKING

1. I have read the Franchise Agreement between Burrito Holdings Franchise Services, Inc. ("BHFSI") and ________________ ("**Franchisee**").

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

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

4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee's use of BHFSI's Marks and Copyrighted Works (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to Franchisee, I have no individual right to use the Marks or Copyrighted Works, and I have no ownership interest in the Marks or Copyrighted Works.

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

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

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

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

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads, other than an ÜBERRITO Restaurant operated pursuant to a then-currently effective Franchise Agreement. This restriction will apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which BHFSI or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. This restriction will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that: **(i)** is, or is intended to be, located at the location of the former Franchised Location; **(ii)** is within a five-mile radius of the former Franchised Location; or **(iii)** is within a five-mile radius of any other Restaurant operating under the System and Marks, that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which BHFSI or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. This time period will be tolled during any period of my noncompliance.

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

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

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

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

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

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

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

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

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

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system (such as email). Service will be deemed conclusively made: **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; or **(d)** 24 hours after delivery by the party giving the notice, statement, or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile or other electronic transmission, if such transmission occurs prior to 5:00 p.m. Central Time on a Business Day and a copy of such notice is mailed by certified mail within 24 hours after the transmission to the address identified on the signature line below. I may change this address only by delivering to BHFSI written notice of the change.

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

GUARANTOR

_______________________________________ Date: ____________________________

Guarantor's Name, Individually

Address: ________________________________

____

Fax and/or Email: ________________________

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT B-2
CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

In accordance with the terms of this Confidentiality and Noncompetition Agreement ("**Confidentiality Agreement**") and in consideration of my relationship to ________________________ ("**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I ("**Covenantor**") hereby acknowledge and agree that:

1. Franchisee has acquired the right and franchise from BURRITO HOLDINGS FRANCHISE SERVICES, INC. ("**BHFSI**") to establish and operate a Franchised Business ("**Franchised Business**") and the right to use in the operation of the Franchised Business BHFSI's trade names, trademarks, and service marks, including the service mark ÜBERRITO ("**Marks**") and the system developed by BHFSI and/or its affiliates for operation and management of Franchised Businesses ("**System**"), as they may be changed, improved, and further developed from time to time in BHFSI's sole discretion.

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

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

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

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

6. Except as otherwise approved in writing by BHFSI, I shall not, while in my position with Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for cessation or termination, and continuing for two years thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any restaurant or other food service business deriving more than 10% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of tacos, burritos, burrito bowls, and/or salads within a radius of five miles of any ÜBERRITO Restaurant, as those terms are defined in the Franchise Agreement nor will I directly or indirectly employ or seek to employ any employee of BHFSI, an Affiliate of BHFSI, or any employee of any other franchisee of ÜBERRITO Restaurants (collectively, "**Employers**"), unless such employee's employment has been terminated for 120 days or more, or such employee has obtained written consent from Employer that the employee may be hired. The restrictions in this paragraph do not apply to

my ownership of less than a five percent beneficial interest in the outstanding securities of any publicly-held corporation. The time period in this paragraph will be tolled during any period of my noncompliance.

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

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

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

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

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

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

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

COVENANTOR	**ACKNOWLEDGED BY FRANCHISEE**
Signature:____________________________ Signed as an Individual	By:________________________________
Print Name:___________________________	Name, Title:___________________________
Address:_____________________________	Date:_______________________________
Date:_______________________________	

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT C
ACH AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity

____

ÜBERRITO Restaurant Number & Location

____

Name and Email of Person to Receive ACH Debit Advice

____

Authorization Agreement

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

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

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

Payor/Franchisee Account Information

Name of Financial Institution: ______________________________

ABA Routing Number: ______________________________

Account Number: ______________________________ Checking ☐ Savings ☐

Payor/Franchisee Signature

Authorized Signature (Primary): ______________________________ Date: ______________

Authorized Signature (Joint): ______________________________ Date: ______________

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

Please attach a voided check at right and mail to:
ATTN: Accounting
BURRITO HOLDINGS FRANCHISE SERVICES, INC.
12000 Aerospace Avenue, Suite 400
Houston, Texas 77034

ATTACH CHECK HERE

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT D
LEASE RIDER

In consideration of, and as an inducement to, the execution of the Franchise Agreement between Franchisee and Burrito Holdings Franchise Services, Inc. ("**BHFSI"**), Franchisee agrees that the following provisions will be included in any lease that Franchisee enters into in connection with opening a Restaurant pursuant to your Franchise Agreement with **BHFSI**

This Lease Rider ("**Rider**") is entered into this _______ day of __________, by the undersigned.

(a) Landlord acknowledges that "**Tenant**" is a franchisee of. **BHFSI**, a Texas corporation, and that the ÜBERRITO Restaurant located at the Premises ("**Restaurant**") is operated under the ÜBERRITO franchise system, pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and BHFSI. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of the ÜBERRITO system as BHFSI may prescribe for the Restaurant. During the Term of the Franchise Agreement, the Premises may be used only for the operation of the Restaurant. Landlord acknowledges that BHFSI is a subsidiary of Mexican Restaurants, Inc. ("MRI"), which holds a beneficial ownership in several restaurant brands and concepts. BHFSI is a franchising entity only, and does not operate, lease or own restaurants.

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

(c) If BHFSI cures Tenant's default, or if BHFSI notifies Landlord that the Franchise Agreement has been terminated (which termination will constitute a non-curable default pursuant to the Lease upon Landlord's receipt of BHFSI's notice thereof), Landlord agrees, upon BHFSI's written request, to assign to BHFSI or its designated affiliate, any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with BHFSI in order to pursue such action to a conclusion.

(d) If BHFSI cures Tenant's default, or notifies Landlord of the termination of the Franchise Agreement, BHFSI shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by BHFSI; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and BHFSI, shall enter into an agreement to document such assumption. BHFSI is not a party to the Lease and will have no liability under the Lease unless and until said Lease is assigned to, and assumed by, BHFSI as herein provided.

(e) If, during the six-month period set forth in section (d)(1) above, or at any time after the assignment contemplated in section (d)(2), BHFSI shall notify Landlord that the franchise for the Restaurant is being granted to another ÜBERRITO franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, BHFSI will be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

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

(g) BHFSI shall have the right to enter the Premises to make any modification or alteration necessary to protect the ÜBERRITO System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of ÜBERRITO trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by BHFSI. Tenant hereby releases, acquits, and discharges BHFSI and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of BHFSI's rights pursuant to the Addendum.

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

(i) Landlord and Tenant acknowledge that BHFSI is a third-party beneficiary of this Rider and may enforce it, solely and/or jointly with Tenant.

(j) All notices sent pursuant to this Rider will be sent in the manner set forth in the Lease, and delivery of such notices will be effective as of the times provided for in the Lease. For purposes of a BHFSI Notice or any other notice to BHFSI that may arise under the Lease, BHFSI's mailing address will be 12000 Aerospace Avenue, Suite 400, Houston, Texas 77034, Attention: President, which address may be changed by written notice to Landlord in the manner provided in the Lease.

LANDLORD:

By: ___________________________________
Name: _________________________________
Title: __________________________________

FRANCHISEE/TENANT:

By: ___________________________________
Name: _________________________________
Title: __________________________________

ATTACHMENT E

LIABILITY WAIVER BY FRANCHISEE

I am an/the owner of ______________________ ("**Franchisee Company**"). Franchisee Company has signed a franchise agreement with Burrito Holdings Franchise Services, Inc. In consideration for the training to be provided to my employees and/or me by and Burrito Holdings Franchise Services, Inc. and/or its affiliates (collectively, "**BHFSI**"), I agree, both for myself and on behalf of Franchisee Company, to hold BHFSI harmless from, and I hereby waive any and all liability of BHFSI and its officers, directors, agents, employees, insurers, and franchisees for, any injury, claim, damage, or incident which occurs in the course of training at any ÜBERRITO Restaurant or other designated training facility(s) owned or controlled by BHFSI, specifically including personal injury, property damage, and employment-related claims, and even if caused in whole or in part by the negligence of BHFSI or any BHFSI employee.

I understand that:

- BHFSI has invited my employees and me onto its premises for training solely by virtue of Franchisee Company's franchise relationship with BHFSI;
- Training may involve a variety of risks, including the risk of physical and/or emotional injury and property damage; and
- BHFSI assumes no liability to me, Franchisee Company, or employees of Franchisee Company for any harm or claims of harm incurred or allegedly while in training and/or on BHFSI's premises.

I acknowledge that my employees must look solely to Franchisee Company and its benefits programs and workers' compensation insurance to cover the costs of any treatment for injuries or other losses or damages that my employees may sustain in training. Neither I nor Franchisee Company will attempt to hold BHFSI liable or financially responsible for any such losses or damages. I acknowledge that the indemnification clause of Franchisee Company's franchise agreement with BHFSI will apply to any claim against BHFSI by any of Franchisee Company's (or its affiliates') employees.

I certify that Franchisee Company has and will maintain minimum insurance coverage as required by the franchise agreement, including worker's compensation and employees' liability per statutory requirements. At BHFSI's request, I agree to provide a certificate of insurance completed by Franchisee Company's insurance carrier, certifying that the required minimum insurance coverage is in effect.

I give my consent for BHFSI to arrange for medical treatment for any illness or injury that I or my employees might suffer while participating in the training program.

FRANCHISEE COMPANY:

By: ______________________________

Date: ____________________________

____

____________________, Individually

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT F

FRANCHISEE QUESTIONNAIRE

As you know, Burrito Holdings Franchise Services, Inc. ("**we**" or "**us**") and you are preparing to enter into a Franchise Agreement for the operation of an ÜBERRITO Restaurant franchise. The purposes of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee. Please review each of the following questions carefully and provide honest responses to each question.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and each attachment, exhibit or schedule attached to it?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Did you have possession of the Franchise Disclosure Document at least 14 calendar days before you paid us any money related to the purchase of this franchise?

Yes____ No ____ 5. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

Yes____ No ____ 6. A) Have you reviewed the Franchise Disclosure Document and Franchise Agreement and discussed the benefits and risks of owning an ÜBERRITO Restaurant with a lawyer?

If yes, please provide the name of your lawyer and contact information:

____

If No, do you wish to have more time to do so? Yes _____ No _____

Yes____ No ____ B) Have you reviewed the Franchise Disclosure Document and Franchise Agreement and discussed the benefits and risks of operating an ÜBERRITO Restaurant franchise with your attorney?

If No, do you wish to have more time to do so? Yes _____ No _____

If Yes, please provide and name of and contact information for your attorney:

____

Yes____ No ____ C) Did you discuss the benefits and risks of operating an ÜBERRITO Restaurant franchise with an existing ÜBERRITO Restaurant franchisee?

Yes____ No ____ 7. Do you understand the risks of operating an ÜBERRITO Restaurant?

Yes____ No ____ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities, and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?

Yes____ No ____ 9. Do you understand that your territorial protection is not exclusive and that we and our affiliates may engage in businesses that compete with your Restaurant(s)?

Yes____ No ____ 10. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your ÜBERRITO Restaurant?

Yes____ No ____ 11. Do you understand that we are not responsible for any construction delays?

Yes____ No ____ 12. Do you understand that you must have and provide us a valid e-mail address at all times during the term of the Franchise Agreement and that you must notify us of any changes to the e-mail address?

Yes____ No ____ 13. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in arbitration in the city where our principal business office is located at the time, if not resolved informally or by mediation?

Yes____ No ____ B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits)?

Yes____ No ____ 14. Do you understand that your Key Person or Designated Manager must successfully complete the training program prior to the Opening Date; and that if he or she fails, in our sole judgment, to satisfactorily complete our training program, and you fail to cure such default within 90 days following written notice from us, we may terminate the Franchise Agreement?

Yes____ No ____ 15. Unless you have signed a Development Agreement that has remaining development rights, do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 16. Has any employee or other person speaking on our behalf made any statement, promise, or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support services, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document? If Yes, please provide a full explanation on the back of this questionnaire.

Yes____ No ____ 17. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes____ No ____ B) Have you ever been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes____ No ____ C) Do you understand that we will not approve your purchase of an

ÜBERRITO Restaurant franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes____ No ____ D) Is it true that you are not purchasing an ÜBERRITO Restaurant franchise with the intent or purpose of violating any anti-terrorism law or for obtaining money to be contributed to a terrorist organization?

Yes____ No ____ 18. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an ÜBERRITO Restaurant franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 19. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an ÜBERRITO Restaurant will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document? If Yes, please provide a full explanation on the back of this questionnaire.

Yes____ No ____ 21. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the Restaurant, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Dated: ____________________ ____
Printed Name, Individually

____
Printed Name, Officer
of____
(a______________________________________Corporation)
(a______________________________________Partnership)

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

ATTACHMENT F

ÜBERRITO FOOD TRUCK LICENSE

THIS AMENDMENT TO THE ÜBERRITO FRANCHISE AGREEMENT ("**Amendment**") is entered into as of ____________________, 2022 (the "**Effective Date**"), by and among BURRITO HOLDINGS FRANCHISE SERVICES, INC., a Texas corporation, ("**Franchisor**") and ___________________________________ ("**you**").

WHEREAS, the parties have entered into a franchise agreement (the "**Franchise Agreement**"), pursuant to which you have acquired the right to continuously operate an ÜBERRITO Restaurant at a certain location;

WHEREAS, you desire the right to operate a mobile food truck, decorated to meet the Franchisor's specifications and identity standards (including the use of the Marks) ("**Food Truck**") within the Protected Territory.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions.

a. Capitalized terms shall have the meanings ascribed to them in the Franchise Agreement, unless otherwise defined herein.

2. Term. The term of this Amendment begins on the Effective Date and expires upon expiration or termination of the Franchise Agreement, unless earlier terminated in accordance with the terms of this Amendment.

3. Grant of Rights; Protected Territory.

a. Franchisor hereby grants to you, upon the terms and conditions contained herein, the right and license to operate a single Food Truck in the Protected Territory using the Marks and System.

b. This Amendment specifically grants you the right to operate the Food Truck at and from office buildings, business parks, sporting/entertainment venues, schools, churches, parks and other commercial business/real estate locations; provided that you are solely liable for its compliance with all applicable business ordinances and building codes, and for obtaining all necessary health, insurance, building, sign, and other permits, licenses and bonds, as may be required for the operation at that venue.

c. You may sell to any customer, regardless of where the customer lives or works, but you may not operate the Food Truck outside the Protected Territory.

d. You may not market to or solicit a venue whose principal business and/or office is inside another Protected Territory.

e. You may not advertise in any media whose primary circulation base is outside of the Protected Territory without Franchisor's permission, unless the advertisement is part of a cooperative advertising program.

f. So long as you are not in default of your obligations under the Franchise Agreement, or under this Amendment, neither Franchisor nor its affiliates will operate or grant anyone but you the right to operate a Food Truck within the Protected Territory, or other approved area, except as otherwise provided in this Amendment. Franchisor reserves to itself all other rights to the Marks and System, including the reserved rights described in Section 1.3 of the Franchise Agreement, which is incorporated herein by reference.

4. Initial Franchise Fee. Upon execution of this Amendment, you shall pay to Franchisor an initial license fee of Twenty Thousand Dollars ($20,000) for the right to operate a single ÜBERRITO Food Truck License. The initial license fee is fully earned and nonrefundable upon payment.

5. Computer Systems and Software. In addition to the requirements in the Franchise Agreement, you shall acquire and use only the point of sale cash registers and computer systems and equipment that Franchisor prescribes for use for ÜBERRITO Food Truck Licenses ("**Food Truck POS System**"), subscribe to a wi-fi internet service, and adhere to Franchisor's requirements for use. The cost of this is included in the fees listed in Item 7 and will cost between $4,000 and $7,500.

6. Food Truck Obligations.

a. Franchisor must approve the plans and design of any Food Truck operated under this Amendment.

b. You must purchase the Food Truck, and all window tinting, and vehicle wrap and/or decals from Franchisor's designated or approved supplier(s).

c. The cost of the Food Truck is $125,000-200,000. You may be able to obtain financing from Franchisor for the ÜBERRITO Food Truck upon the terms offered by Franchisor.

d. The Food Truck may only be used for the operation of the ÜBERRITO Food Truck License and not for any other purpose.

e. The Food Truck must remain operational so as to generate sufficient revenue to adequately satisfy all financial obligations of owning, and operating the Food Truck, in addition to the satisfaction of all other financial obligations in the Franchise Agreement and this Amendment.

f. You may offer and sell from the Food Truck only products and menu items that Franchisor has approved for sale from the Food Truck.

g. You shall not make any modifications to the Food Truck without the Franchisor's prior written approval. If modifications to the Food Truck are necessary to comply with applicable local laws and/or ordinances, or if you request any optional customization or additional features, you may be required to pay a fee to Franchisor or its affiliate/vendor for the costs and expense in making the necessary modifications to the Food Truck.

h. You shall routinely complete all vehicle maintenance required and shall promptly perform all necessary repairs to keep the Food Truck fully operational at all times, at your sole cost and expense. Should the Food Truck be subject to a manufacturer's vehicle safety recall, you shall immediately notify Franchisor in writing and perform the required repairs, maintenance and/or inspections at your sole cost and expense before using the Food Truck. You acknowledge and agree that Franchisor is not responsible for any obligations or costs associated with the operation of the Food Truck, including any safety recall and/or accident.

i. You shall ensure that any person who drives the Food Truck has a valid driver's license and that the Food Truck is at all times properly licensed, registered and insured.

j. You shall ensure that all employees who provide services at or from the Food Truck comply with Franchisor's standards concerning hygiene, dress, and uniform requirements.

k. All product and supplies shall be obtained from suppliers, as approved by Franchisor.

7. Permits and Insurance. You shall, at your sole cost and expense, obtain and maintain at all times the types and amounts of insurance, as described in the Manual or otherwise in writing from time to time, and the necessary permits and authorizations pertaining to the transportation, installation, operation, and maintenance of the ÜBERRITO Food Truck. You agree to comply with all state and

federal laws, including but not limited to, commercial vehicle registration laws. More particularly, you shall maintain the following coverages:

a. $1,000,000.00 Combined Single Limit Automobile Liability Policy,

b. You must name BURRITO HOLDINGS FRANCHISE SERVICES, INC. as additional insured and provide waiver of subrogation,

c. The automobile policy must be scheduled under the store umbrella policy, and

d. The automobile policy must be primary on the Franchisee's umbrella policy required for the Store and the excess coverage from the umbrella policy will be additional/excess insurance for the franchised location.

8. Sale or Transfer. This Food Truck License Amendment is non-transferrable, except in connection with assignment of the Franchise Agreement in accordance with its terms.

9. Default and Termination.

a. Franchisor has the right to terminate this Amendment, which termination will become effective upon delivery of notice without opportunity to cure if ***(a)*** you operate the Food Truck outside the Protected Territory on two or more occasions, or ***(b)*** you fail to pay any amounts due under this Amendment, and fail to cure within 10 days after delivery of written notice, or (c) you violate any other provision of this Amendment and fail to cure within 30 days after delivery of written notice.

b. Notwithstanding the foregoing, if you operate the Food Truck outside the Protected Territory in violation of this Amendment, in lieu of and/or in addition to our termination rights described above, or, if you advertise in any media whose primary circulation base is outside of the Protected Territory without Franchisor's permission, unless the advertisement is part of a cooperative advertising program, we may exercise any or all of the following remedies:

i. First Violation - $1,000 administrative fee, plus disgorgement of the Gross Revenues received from operations outside the Protected Territory; and

ii. Second Violation and subsequent violations - $5,000 administrative fee plus disgorgement of the Gross Revenues received from operations calculated as the invoice amount for the products or services performed.

10. Rights and Obligations Upon Termination or Expiration of this Amendment.

a. Franchisor has the option to purchase the Food Truck at any time following expiration or termination of this Amendment until 30 days following expiration or termination of the Franchise Agreement (the "Option Period") for a purchase price equal to your cost of purchasing the Food Truck minus depreciation calculated according to the straight line depreciation method, assuming a $500 salvage value and a 10-year useful life ("Book Value"). Franchisor may set off against the purchase price any amounts that you owe to Franchisor. Franchisor shall exercise its option by written notice to you at any time following expiration or termination of this Amendment.

b. If, during the Option Period, you receive a Bona Fide Offer to purchase the Food Truck that you desire to accept, you shall notify Franchisor in writing. Franchisor shall have 30 days following delivery of notice to exercise its purchase option described in subsection (a), above. The notice shall include a copy of the Bona Fide Offer. If Franchisor declines to exercise its purchase option, you may sell the Food Truck according to the terms of the Bona Fide Offer, but must remove the wrap and de-identify the Food Truck of all ÜBERRITO Marks and designs prior to the sale. For purposes of this paragraph, "Bona Fide Offer" means an offer from a third party, who is not a competitor of Franchisor, for not less than Book Value.

c. Notwithstanding anything to the contrary contained in this Amendment, you shall not sell the Food Truck to any competitor of Franchisor,

d. Unless and until Franchisor exercises its purchase option or you sell the de-identified Food Truck to a third party pursuant to subsection (b), above, you shall continue to pay Franchisor the $3,000 monthly minimum royalty payment through the remaining term of the Franchise Agreement.

11. Acknowledgment. The parties hereby reaffirm their respective obligations under the Franchise Agreement, as amended by this Amendment.

IN WITNESS HEREOF, the Parties have executed this Amendment to be effective on the Effective Date written above.

BURRITO HOLDINGS FRANCHISE SERVICES, INC. a Texas corporation	**FRANCHISEE**
By:___________________________________	By: ___________________________________
Name: ________________________________	Name: ________________________________
Title: _________________________________	Title: ________________________________

EXHIBIT D

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

BURRITO HOLDINGS FRANCHISE SERVICES, INC.

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ___________________ [an entity organized under the laws of the State of ____________][an individual domiciled in the State of _____________] as RELEASOR, in consideration of the consent of Burrito Holdings Franchise Services, Inc. and other good and valuable consideration, hereby releases and discharges Burrito Holdings Franchise Services, Inc. as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

___________________ ("**Releasor**") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER 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.

With respect to those claims being released, I acknowledge, for myself and on behalf of all persons acting by or through me, which I am releasing unknown claims and waive all rights I have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this paragraph, I shall be considered to be creditors of Burrito Holdings Franchise Services, Inc., and each of them.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This RELEASE may not be changed orally.

[signature page is the following page]

IN WITNESS WHEREOF, the RELEASOR (if an individual) has executed this RELEASE, and (if a corporation) has caused this RELEASE to be executed by a duly authorized officer as of the date indicated below.

RELEASOR:

By: ___________________________________

Name: ________________________________

Title: _________________________________

Date: _________________________________

EXHIBIT E

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WITH RESTAURANT OPEN AS OF DECEMBER 31, 2021

Franchisee	Address	City	State	Phone or E-Mail
Mukti Investments LLC	275 Park Terrace Drive, Suite 800	Columbia	SC	803-407-4444

FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS
BUT RESTAURANT NOT OPEN
AS OF DECEMBER 31, 2021

Franchisee	Address	City	State	Phone or E-Mail
Ravenwood Freshmex, LLC	1250 Wedgewood Drive	Sugar Land	TX	713-328-4057

*Area Developer

FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2021

This list contains those franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year December 31, 2021, or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

Franchisee	City	State	Phone or E-Mail
Uberrito Arcadia, LLC	Phoenix	AZ	marc@varaconcepts.com
RiverCIty FreshMex, LLC	San Antonio	TX	uberritoswtx@gmail.com
AA FreshMex, LLC	Houston	TX	aa.freshmex@gmail.com

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

EXHIBIT F

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF MANUAL

OPERATIONS MANUAL

Table of Contents

EXHIBIT G

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

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

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

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48909
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York
NYS Department of Law
Invstor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

North Dakota
Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor Dept. 414
Bismarck, North Dakota 58505-0510

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

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

Washington
Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT H

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
Maryland	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021
Minnesota	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
Texas	Registered Agents, Inc. 5900 Balcones Drive, Suite 100 Austin, Texas 78731

EXHIBIT I

STATE-SPECIFIC RIDERS
TO THE FRANCHISE AGREEMENT

RIDER TO THE BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT FOR USE IN MARYLAND

This Rider (the "**Rider**") is made and entered into as of this ______ day of _______________, 20__ (the "**Agreement Date**"), between **BURRITO HOLDINGS FRANCHISE SERVICES, INC.**, a Texas corporation, with its principal mailing address at 12000 Aerospace Avenue, Suite 400 Houston, Texas 77034 ("**Franchisor**"), and ________________________, whose principal business address is __________________________________ ("**Franchisee**").

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the "**Franchise Agreement**"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the ÜBERRITO franchise that Franchisee will operate under the Franchise Agreement will be located in **Maryland**; and/or (b) any of the franchise offering or sales activity with respect to the Franchise Agreement occurred in **Maryland**.

2. The franchisee is not required to commence litigation in Texas, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. None of the representations required to be made by the franchisee to ÜBERRITO in the documents to be executed by the franchisee are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

6. This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

8. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISOR:

BURRITO HOLDINGS FRANCHISE SERVICES, INC., a corporation

By:__________________________________
Title:________________________________

FRANCHISEE

(IF CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP):

____
[Name]

By:__________________________________
Title:________________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

**RIDER TO THE BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

This Rider (the "**Rider**") is made and entered into as of this ______ day of _______________, 20__ (the "**Agreement Date**"), between **BURRITO HOLDINGS FRANCHISE SERVICES, INC.**, a Texas corporation, with its principal mailing address at 12000 Aerospace Avenue, Suite 400 Houston, Texas 77034 ("**Franchisor**"), and ________________________, whose principal business address is __________________________________ ("**Franchisee**").

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the "**Franchise Agreement**"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the ÜBERRITO franchise that Franchisee will operate under the Franchise Agreement will be located in **Minnesota**; and/or (b) any of the franchise offering or sales activity with respect to the Franchise Agreement occurred in **Minnesota**.

2. Section 7 of the Franchise Agreement is amended so that Section 7.9 is added and will state:

   The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

   As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Minnesota Law. The following paragraphs are added to the end of the Franchise Agreement:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

   To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to require any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota, to waive compliance with the Minnesota Franchises Law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

   Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISOR:

BURRITO HOLDINGS FRANCHISE SERVICES, INC., a Texas corporation

By:_________________________________
Title:_______________________________

FRANCHISEE

(IF CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP):

____
[Name]

By:_________________________________
Title:_______________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

EXHIBIT J

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

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

State	Effective Date
Maryland	
Minnesota	
Wisconsin	June 9, 2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K

BURRITO HOLDINGS FRANCHISE SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

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 Burrito Holdings Franchise Services, Inc., offers you a franchise, it must provide you this disclosure document 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.

If Burrito Holdings Franchise Services, Inc., does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit G. BURRITO HOLDINGS FRANCHISE SERVICES, INC.'s agents for service of process are listed in Exhibit H.

Issuance Date:April 29, 2022.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Burrito Holdings Franchise Services, Inc.	12000 Aerospace Ave., Suite 400 Houston, TX 77034	832-300-5858
Bryan Pelt	12000 Aerospace Ave., Suite 400 Houston, TX 77034	972-814-8183

I received a disclosure document dated April 29, 2022, that included the following Exhibits:

Exhibit A Financial Statements
Exhibit B Development Agreement
Exhibit C Franchise Agreement
Exhibit D General Release (sample form)
Exhibit E List of Current and Former Franchisees
Exhibit F Manual Table of Contents
Exhibit G List of State Administrators
Exhibit H Agents for Service of Process
Exhibit I Receipts

Date:______________________ ____

Signature

____

Printed Name, Individually

____

Printed Name, Officer, Title

of____

(a ____________________________________ Corporation)

(a ____________________________________ Partnership)

[Keep this page for your records.]

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 Burrito Holdings Franchise Services, Inc., offers you a franchise, it must provide you this disclosure document 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.

If Burrito Holdings Franchise Services, Inc., does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit G. BURRITO HOLDINGS FRANCHISE SERVICES, INC.'s agents for service of process are listed in Exhibit H.

Issuance Date: April 29, 2022.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Pete Pascuzzi	12000 Aerospace Ave., Suite 400 Houston, TX 77034	832-300-5858
Bryan Pelt	12000 Aerospace Ave., Suite 400 Houston, TX 77034	972-814-8183

I received a disclosure document dated April 29, 2022, that included the following Exhibits:

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Exhibit D General Release (sample form)
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Exhibit F Manual Table of Contents
Exhibit G List of State Administrators
Exhibit H Agents for Service of Process
Exhibit I Receipts

Date:______________________ ____

Signature

____

Printed Name, Individually

____

Printed Name, Officer, Title

of____

(a ____________________________________ Corporation)

(a ____________________________________ Partnership)

[Return this page to BURRITO HOLDINGS FRANCHISE SERVICES, INC. by
E-mail: dhipskind@mricorp.com or Regular Mail: 12000 Aerospace Avenue, Suite 400
Houston, Texas 77034]