

FRANCHISE DISCLOSURE DOCUMENT



MONKBURGER FRANCHISE GROUP LLC

Wisconsin limited liability company

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Wisconsin Dells, WI 53965

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Monk's Bar and Grill® Restaurants are full-service restaurants that feature classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere.

The total investment necessary to begin operation of a franchised Monk's Bar and Grill® Restaurant is \$855,500 to \$3,435,000 for a free-standing restaurant and \$749,500 to \$2,763,000 for an attached restaurant. This includes an Initial Fee of \$30,000 that must be paid to Monkburger Franchise Group LLC. If you sign an Area Development Agreement, you must also pay Monkburger Franchise Group LLC a Development Fee equal to \$10,000 multiplied by the number of Monk's Bar and Grill® Restaurants that you develop under the Area Development Agreement.

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, Monkburger Franchise Group LLC or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 Mr. Thomas E. Heller, PO Box 660, Wisconsin Dells, Wisconsin 53965, (608) 254-8386.

The terms of your contract will govern your franchise relationship. Do not 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 (the "FTC"). 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: November 12, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Wisconsin. 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 Wisconsin 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.

MONKBURGER FRANCHISE GROUP LLC
FRANCHISE DISCLOSURE DOCUMENT

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1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

Monkburger Franchise Group LLC is the Franchisor, and is referred to in this Franchise Disclosure Document as “Monkburger” or the “Franchisor.” The restaurant franchise offered and sold by Monkburger is referred to in this Franchise Disclosure Document as the “Monk’s Restaurant” or the “Restaurant.” “You” means the person or entity who buys the franchise from Monkburger. If the franchise is purchased by a corporation, limited liability company, partnership or other entity, then “you” may also mean the shareholders, members, partners or other owners of that entity.

Monkburger is a Wisconsin limited liability company formed on July 1, 2012 that does business under its entity name. The principal business address of Monkburger is 216 ½ Broadway, P.O. Box 660, Wisconsin Dells, WI 53965. Monkburger commenced its franchise program in April 2013. Monkburger does not conduct any other business, and does not offer franchises for any other line of business, other than the franchises being offered in this Franchise Disclosure Document.

The agents for service of process on Monkburger are listed in the State Agency Exhibit attached to this Franchise Disclosure Document.

Predecessors, Parents and Affiliates of Monkburger

Except as disclosed in this Item, Monkburger has no predecessors, parents or affiliates that offer franchises in any line of business or that will provide products or services to the franchisees of Monkburger.

As of January 1, 2024, there were 6 operational franchised Monk’s Restaurants. Two of the franchised Monk’s Restaurants were previously owned and operated by entities in which the owners of Monkburger held an ownership interest (see below in this Item). Monkburger does not own or operate any Monk’s Restaurants.

The franchised Monk’s Restaurant located in Wisconsin Dells, Wisconsin is owned by DJC LLC which is owned by Daniel Collar. Its principal business address is 220 Broadway, PO Box 660, Wisconsin Dells, WI 53965. Prior to October 4, 2021 this Restaurant was owned by Heller’s Ltd., which is wholly-owned by the owners of Monkburger.

The franchised Monk’s Restaurant located in Lake Delton, Wisconsin is owned by MBG Group, LLC, which is owned by Daniel Collar, Jacob Wagner and Mark Weiser. MBG Group, LLC’s principal business address is 33 Hillman Road, Wisconsin Dells, WI 53965. Prior to September 12, 2021 Monkburger held an ownership interest in MBG Group, LLC.

The franchised Monk’s Restaurant located in Middleton, Wisconsin is currently owned and operated by Altbury LLC, which is owned by Broderick Altfeather and Jonathan Salsbury. Prior to January 30, 2023, the Middleton Restaurant was first an affiliate-owned location, from when it opened in March 2011 until December 2014, when it was converted to a franchised location and was owned and operated by Monks In The Middle LLC. Monks In The Middle LLC is majority owned by Greg Frankov, Monkburger’s Chief Operations Officer (see Items 2 and 20). The owners of Monkburger are minority owners of Monks In The Middle LLC. The principal business address for the Restaurant is 8313 Murphy Drive, Middleton, WI 53652.

The franchised Monk's Restaurant located in Sun Prairie, Wisconsin is currently owned and operated by G N F Management LLC. G N F Management LLC is owned by Greg Frankov, Monkburger's Chief Operations Officer (see Items 2 and 20). The principal business address for the Restaurant is 2832 Prairie Lakes Drive, Sun Prairie, WI 53590.

The franchised Monk's Restaurant located in Eau Claire, Wisconsin is currently owned and operated by JaMi Development LLC. Jacob Wagner and Michael McMurry are the majority owners of JaMi Development LLC. The owners of Monkburger are minority owners of JaMi Development LLC. The principal business address for the Restaurant is 3560 Oakwood Mall Drive, Eau Claire, WI 54701.

The franchised Monk's Restaurant located in Plover, Wisconsin is currently owned and operated by FH Management LLC. FH Management LLC is owned in part by Greg Frankov and Damian Pulchny, Monkburger's Corporate Chef. The principal business address for the Restaurant is 1400 Commerce Place, Plover, WI 54467.

Neither Monkburger nor any affiliate has ever offered franchises for Restaurants or any other restaurant concept, or franchises in any other line of business. No affiliates of Monkburger currently provide any products or services to the franchisees of Monkburger.

Franchised Business

Monkburger grants franchises for the operation of full-service restaurants that feature classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere under the name "Monk's Bar & Grill®." A Monk's Restaurant may be operated in a free-standing building, in a shopping center or mall, in an office building, from premises located in or adjacent to a hotel or other similar locations. Unless otherwise specified, all references to the Monk's Restaurant or the Restaurant in this Franchise Disclosure Document will include all of these scenarios.

The restaurant business is highly competitive for pricing, service, restaurant location, and food quality, and is subject to changes in consumer taste, economic conditions, population and travel patterns. You will compete with locally-owned restaurants, including restaurants that offer pizza, pasta and similar menu items, as well as with national and regional restaurant chains. Restaurants also compete for experienced management personnel and kitchen staff, and commercial real estate and lease sites suitable for restaurants.

Regulations Specific to the Restaurant Industry

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants. All restaurants must comply with federal, state and local laws applicable to the operation and licensing of restaurant businesses, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and liquor service operations. Your Restaurant must also meet applicable municipal, county, state and federal building codes and handicap access codes. You should consider the cost and time required to comply with these laws and regulations when evaluating your purchase of a Restaurant franchise.

You must secure a liquor license to sell alcoholic beverages at your Restaurant. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of

alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. State, federal, and local regulations may require you to disclose the nutritional content of certain food items. Additionally, 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 fat contained in a food item. Some states also have laws regulating the handling of food and food products.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

Area Development Agreement

If you meet the qualifications established by Monkburger, and subject to Monkburger's consent which can be withheld in its discretion, you may enter into an Area Development Agreement for the development of multiple Restaurants in a designated geographic area called a "Territory." Under the Area Development Agreement, you must develop in your Territory an agreed upon number of Restaurants within a specified period of time. You must sign a separate Franchise Agreement for each Restaurant you develop under an Area Development Agreement.

2. BUSINESS EXPERIENCE

Thomas E. Heller: President

Mr. Heller has been the President of Monkburger since January 2013. He is also the Corporate President of Heller's Ltd., in Wisconsin Dells, Wisconsin, a position he has held since January 1982, a company which owned and operated the Monk's Restaurant in Wisconsin Dells, Wisconsin, until October 2021, and now is a real estate holding company.

Jane Heller: Vice President

Ms. Heller has been the Vice President of Monkburger since January 2013. She has also been the Corporate Vice-President of Heller's Ltd., in Wisconsin Dells, Wisconsin since January 1982. She was also was the President of Wisconsin Dairyland Fudge Co. in Wisconsin Dells, WI, from January 1980 until the business was sold in April 2019.

Damian Pulchny: Corporate Chef

Mr. Pulchny has been the Corporate Chef for Monkburger since August 2013, and is also an owner of FH Management, LLC, the entity that is the franchisee for the Monk's Restaurant in Plover, Wisconsin since March 2019.

Greg Frankov: Chief Operations Officer

Mr. Frankov has been the Chief Operations Officer since October 2020. He was the Operational Lead/Research and Development Director for Monkburger from March 2015 until October 2020. Commencing in March 2011, he co-owned and operated the Monk's Restaurant located in Middleton, Wisconsin when it was an affiliate-owned location, and then when it became a franchised location in December 2014, he was a majority owner of the franchisee entity, until the Restaurant was sold to a new franchisee in January 2023. He has owned G N F Management, LLC, the entity that is the franchisee for the Monk's Restaurant in Sun Prairie, Wisconsin, since December 2014. In addition, he has also been a Member of GNF Properties LLC in Sun Prairie, Wisconsin since October 2015. He also was a co-owner of GRG Management, LLC, the entity that was the franchisee for the Monk's Restaurant in Verona, Wisconsin, from December 2016 to May 2022. Mr. Frankov is also an owner of FH Management, LLC, the entity that is the franchisee for the Monk's Restaurant in Plover, Wisconsin since March 2019.

Christine J. Kobylski: Controller

Ms. Kobylski has been the Controller for Monkburger since January 2013. She has also been the Controller for MBG Group LLC, JaMi Development LLC and DJC Management LLC since their inceptions as well as the Controller for Heller's Ltd. since May 1997.

3. LITIGATION

No litigation is required to be disclosed in this Item.

4. BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

5. INITIAL FEES

Initial Fee

If you sign a Franchise Agreement for a single Restaurant, you will pay Monkburger a nonrefundable Initial Fee of \$30,000. You must pay the Initial Fee in full when you sign the Franchise Agreement. Except as disclosed below in this Item, the amount of the Initial Fee charged by Monkburger is uniform.

Development Fee

If you sign an Area Development Agreement, you must also pay Monkburger a nonrefundable Development Fee equal to \$10,000 multiplied by the number of Restaurants that you must develop under the Area Development Agreement. You will pay the Development Fee in full when you sign the Area Development Agreement.

You will sign a separate Franchise Agreement for each Restaurant you develop under the Area Development Agreement and, in addition to the Development Fee, you must pay a nonrefundable Initial Fee for each Restaurant you develop in the Territory. The Initial Fee for each of your Restaurants developed under the Area Development Agreement will be determined as follows:

Restaurant Number	Initial Fee
1 st	\$30,000
2 nd	\$20,000
3 rd	\$15,000
4th and each subsequent	\$10,000

You will pay the Initial Fee each time you sign a Franchise Agreement for each Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement.

6. OTHER FEES

Type of Fee	Amount	Date Due	Remarks (1)(2)
Continuing Fees	<p>The greater of the following: (a) 2% to 3.5% of Revenues, as described below or (b) \$2,000. (Note 3)</p> <p>The amount of the Continuing Fees is based on the Restaurant's annual Revenues, as set forth below:</p> <ul style="list-style-type: none"> - Revenues of less than \$1,000,000: Continuing Fees equal 2.5% - Revenues of \$1,000,001 to \$1,500,000: Continuing Fees equal 2.75% - Revenues of \$1,500,001 to \$2,000,000: Continuing Fees equal 3.5% - Revenues above \$2,000,000: Continuing Fees equal 2.00% 	<p>15 days after the end of each calendar month for the preceding calendar month, or 15 days after the end of each four-week period for the preceding four-week period</p>	<p>"Revenues" is defined in the Franchise Agreement as the total dollar sales for your Restaurant. Excluded from the definition of Revenues are sales, use or gross receipts taxes, gift card sales or the one-time sale of any FF&E or inventory items.</p>
Production Fee	1% of Revenues	<p>15 days after the end of each calendar month for the preceding calendar month or 15 days after the end of each four-week period for the preceding four-week period</p>	<p>Production Fees are paid in the same manner as the Continuing Fees. Production Fees are deposited in the advertising and marketing production fund (the "Production Fund") controlled by Monkburger.</p>
Audit Fees	Amount incurred by Monkburger to audit your Restaurant business, estimated to range from \$2,000 to \$5,000	Within 10 days after receipt of an invoice indicating the amount owed to Monkburger	Payable only if an audit shows that you understated your Revenues by more than 2% in any month, quarter or year.

Type of Fee	Amount	Date Due	Remarks (1)(2)
Assignment Fee	\$5,000	On or before the date of the assignment	You must obtain Monkburger's prior approval for an assignment.
Collection Costs	Amount incurred by Monkburger to collect unpaid Fees	On demand	Includes attorneys' fees and related costs.
Administrative Fee	\$250	On demand	Applies to past due payments payable to Monkburger.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Monkburger.
New Management Staff Training	Then-current fee, which is currently \$400 a day per trainer for training; and the Travel Expenses of each trainer (4)	Within 10 days after receipt of an invoice indicating the amount owed to Monkburger	Payable if you hire new Management Staff employees; Travel Expenses are payable if training is provided at your Restaurant.
On-site Training or Consulting Fees	Then-current fee, which is currently a per diem amount of \$400 for each trainer or consultant, plus the Travel Expenses of each trainer or consultant (4)	Within 10 days after receipt of an invoice indicating the amount owed to Monkburger	Payable if Monkburger conducts additional training at your Restaurant, you need additional opening assistance, or you request that consulting assistance be provided at your Restaurant.
Management Assistance	Then-current fee, which is currently \$400 per day, and the Travel Expenses for the interim manager (4)	Within 10 days after receipt of an invoice indicating the amount owed to Monkburger	Payable if Monkburger places an interim manager in your Restaurant.
Relocation Fee	\$5,000	On the date you receive approval from Monkburger to relocate the Restaurant to a new Franchised Location	Payable only if you request and receive approval from Monkburger to relocate the Franchised Location.
Reacquisition Fee	25% of the Initial Fee in the then-current standard Franchise Agreement	When you sign a new Franchise Agreement	Payable only if, after the expiration of your Franchise Agreement, you meet all requirements and reacquire the franchise for your Restaurant.

Type of Fee	Amount	Date Due	Remarks (1)(2)
Local Advertising	1% of Revenues	Payable to suppliers as incurred	You must spend at least 1% of your Revenues on approved Local Advertising during each four-week period. If you have more than one Restaurant in the same demographic market area, you must spend at least ½% of your Revenues from each Restaurant on approved local advertising activities and at least 1% of the total Revenues from all of the Restaurants on approved local advertising activities. If you fail to meet this minimum requirement, you will deposit with Monkburger the difference between what you should have spent and what you actually spent, and this amount will be spent by Monkburger on advertising in your market area. When there are 2 or more Restaurants in your Designated Market Area (“DMA”) owned by different people, you may be required to contribute Local Advertising Fees equal to 1% of your Revenues to a local advertising group (the “Local Advertising Association”). Local Advertising Fees will be applied to your 1% Local Advertising requirement (see Item 11).
Review of Unapproved Supplier	You must reimburse Monkburger for the expenses it incurs inspecting or evaluating an unapproved supplier, estimated to range from \$1,000 to \$2,000.	Within 10 days after receipt of an invoice indicating the amount owed to Monkburger	Payable only if you request that Monkburger’s review and approve a previously unapproved supplier.
Registration Fees	Then-current registration fee for the event; Monkburger does not currently charge any registration fees, but may do so in the future.	When you register for a convention, meeting, seminar, franchisee gathering or other group session	Your Operating Partner and all other individuals designated by Monkburger will attend each group event held by Monkburger. Monkburger will determine the topics covered, duration, dates and locations of all such events.

Footnotes:

- (1) With the exception of the costs associated with Local Advertising, each fee is payable by EFT to Monkburger. Franchisees that entered into Franchise Agreements during prior registration periods may pay different fees and fee amounts on different due dates than as summarized above in this Item. In addition, in certain circumstances we may vary these fees due to unique circumstances involving an individual franchisee. Unless disclosed otherwise, the fees described in this Item payable under the current Franchise Agreement and Area Development Agreement attached as exhibits to this Disclosure Document are uniformly imposed by Monkburger.

- (2) All Fees are nonrefundable.
- (3) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Restaurants you must develop under the Area Development Agreement, you will pay Continuing Fees at the rate specified in the Franchise Agreement for your first Restaurant, even if the Continuing Fees in subsequent Franchise Agreements differ. You will pay all other Fees in the amounts specified in each Franchise Agreement that you sign for the Restaurants you develop under the Area Development Agreement.
- (4) "Travel Expenses" include all costs incurred for travel, transportation, airfare, food, lodging, telephone calls, automobile rental and all other related expenses.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

FREE-STANDING RESTAURANT

Type of Expenditure	Amount (1) Low - High		Method of Payment (2)	When Due	To Whom Payment Is To Be Made
Initial Fee	\$30,000	\$30,000	Lump Sum	When you sign the Franchise Agreement	Monkburger
Construction Build-Out and Leasehold Improvements (3)(4)	\$367,000	\$1,990,000	As Arranged	As Incurred	Suppliers; Contractors
Salaries, Travel and Living Expenses during Employee Training (5)	\$20,000	\$60,000	As Arranged	As Incurred; Before Opening	Employees, hotels, airlines, restaurants
Furniture, Fixtures, Décor and Equipment (6)(7)	\$200,000	\$500,000	As Arranged	As Incurred	Monkburger; Approved Suppliers
Supplies and Kitchen Smallwares	\$20,000	\$50,000	As Arranged	As Incurred	Suppliers
Signage	\$20,000	\$50,000	As Arranged	As Incurred	Suppliers
Initial Inventory	\$20,000	\$30,000	As Arranged	As Incurred	Suppliers
Lease Costs – 3 months(4)	\$33,000	\$110,000	As Arranged	As Incurred	Landlord
Liquor and Other License Costs (8)	\$5,000	\$120,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Insurance Premiums - 3 Months	\$3,000	\$10,000	As Arranged	As Incurred	Insurance Companies
Employee Salaries - 3 Months (9)	\$75,000	\$350,000	As Incurred	As Incurred	Employees
Miscellaneous (10)	\$10,000	\$25,000	As Incurred	Before Opening or As Otherwise Arranged	Government Agencies, Attorneys, Accountants and Other Professionals
Grand Opening Advertising (11)	\$2,500	\$10,000	As Arranged	Before Opening	Suppliers

Type of Expenditure	Amount (1) Low - High		Method of Payment (2)	When Due	To Whom Payment Is To Be Made
Additional Funds - 3 Months [these figures have not been offset by operating revenues] (12)	\$50,000	\$100,000	As Arranged	As Incurred	Monkburger, Landlord, Suppliers and Utilities
Total (13)(14)	\$855,500	\$3,435,000			

ATTACHED RESTAURANT

Type of Expenditure	Amount (1) Low – High		Method of Payment (2)	When Due	To Whom Payment Is To Be Made
Initial Fee	\$30,000	\$30,000	Lump Sum	When you sign the Franchise Agreement	Monkburger
Construction Build-Out and Leasehold Improvements (3)(4)	\$280,000	\$1,420,000	As Arranged	As Incurred	Suppliers; Contractors
Salaries, Travel and Living Expenses during Employee Training(5)	\$20,000	\$40,000	As Arranged	As Incurred; Before Opening	Employees, hotels, airlines, restaurants
Furniture, Fixtures, Décor and Equipment (6)(7)	\$200,000	\$500,000	As Arranged	As Incurred	Monkburger; Approved Suppliers
Supplies and Kitchen Smallwares	\$20,000	\$50,000	As Arranged	As Incurred	Suppliers
Signage	\$20,000	\$50,000	As Arranged	As Incurred	Suppliers
Initial Inventory	\$20,000	\$30,000	As Arranged	As Incurred	Suppliers; Monkburger
Lease Costs – 3 months(4)	\$20,000	\$80,000	As Arranged	As Incurred	Landlord
Liquor and Other License Costs (8)	\$5,000	\$120,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Insurance Premiums - 3 Months	\$2,000	\$8,000	As Arranged	As Incurred	Insurance Companies
Employee Salaries - 3 Months (9)	\$70,000	\$300,000	As Incurred	As Incurred	Employees
Miscellaneous (10)	\$10,000	\$25,000	As Incurred	Before Opening or As Otherwise Arranged	Government Agencies, Attorneys, Accountants and Other Professionals
Grand Opening Advertising (11)	\$2,500	\$10,000	As Arranged	Before Opening	Suppliers
Additional Funds - 3 Months [these figures have not been offset by operating revenues] (12)	\$50,000	\$100,000	As Arranged	As Incurred	Monkburger, Landlord, Suppliers and Utilities
Total (13)(14)	\$749,500	\$2,763,000			

Footnotes:

- (1) For the estimated range of costs, Monkburger relied on industry information and the historical operations of the Restaurants owned and operated by Heller's Ltd. (see Item 1). You should carefully review these figures with your business advisor before making any decision to purchase a franchised Restaurant.
- (2) Payments are not refundable unless otherwise noted. Monkburger does not offer direct or indirect financing.
- (3) These estimated costs are to build out or remodel an existing building or space to meet the image and décor requirements for Restaurants. Costs for leasehold improvements will vary greatly, depending upon the location, condition, layout and content of the site, labor and material costs, and other economic factors.
- (4) Free-standing Restaurants typically require from 5,000 to 12,000 square feet of floor space and seat between 120 and 320 customers. Attached Restaurants in hotel properties, office buildings or shopping centers or malls typically require 5,000 to 8,000 square feet and seat between 120 and 250 customers. The cost per square foot of leasing commercial property will vary considerably depending upon location and market conditions, and can range from \$15 to \$100 per square foot. This estimate does not provide for your purchase of land or construction of a building for your Restaurant. If you buy unimproved real estate and construct your Restaurant, the total estimated initial investment for your Restaurant will be significantly higher.
- (5) You must pay for the Salaries and Benefits, Travel Expenses and other expenses while you and your Operating Partner (and other management members designated by Monkburger) attend the training program.
- (6) This includes the cost of your furniture, fixtures, décor and equipment which may be financed through a bank or other financial institution, leased or purchased outright.
- (7) This includes the cost of the computer hardware, peripherals, and software that will serve as your point-of-sale computer system, and the initial installation and maintenance expenditures for that computer system (see Item 11).
- (8) Liquor license costs will generally range from \$1,000 to \$10,000. However, in isolated instances, you may have to pay as much as \$500,000 for a liquor license. You should check with the local licensing regulatory agency to determine the cost of your liquor license.
- (9) This estimate does not include the Salaries and Benefits for you and your Management Staff during training.
- (10) Miscellaneous fees include such items as impact fees, commissions, permits, miscellaneous professional fees to acquire or lease the premises of your Franchised Location, and other accounting and legal fees. You should check with the local regulatory agency that issues building permits to determine what impact, connection, or other site development fees may be required for the specific site for your Restaurant.
- (11) You must spend at least \$2,500 on the grand opening of your Restaurant.
- (12) During the first 3 months of operations, you will need additional funds to cover expenditures for food, beverage and liquor inventories, fees due under the Franchise Agreement, Local Advertising, utilities, office and other supplies, and other miscellaneous operating costs. This estimate has not been offset by any allowance for your operating revenues during this three-month period. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, and other economic factors. For the

estimated range of additional funds that you will need during your first 3 months of operation, Monkburger relied on the initial operations of the Restaurants owned and operated by Heller's Ltd. (see Item 1).

- (13) These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Restaurant, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.
- (14) If you sign an Area Development Agreement, you must also pay Monkburger a nonrefundable Development Fee equal to \$10,000 multiplied by the number of Restaurants that you must develop under the Area Development Agreement. You must pay the Development Fee in full when you sign the Area Development Agreement. You must sign a separate Franchise Agreement for each Restaurant you develop under the Area Development Agreement, and in addition to the Development Fee, you must pay a nonrefundable Initial Fee of up to \$30,000 for each Restaurant you develop in your Territory. You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase or Lease Products or Services from Monkburger or an Affiliate

You are required to purchase frisbees and glassware (including logoed glassware) from us or our affiliate. Other than as stated in this paragraph, neither Monkburger nor any affiliate currently sells or leases any products or services to you. However, Monkburger or an affiliate may be a designated or an approved supplier for other products and services used or sold in Monk's Restaurants in the future.

Obligation to Purchase or Lease Products and Services under Monkburger's Restrictions

There are certain foods, beverages, products and services that are selected by Monkburger for consistency in quality and other considerations. These items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by Monkburger in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all Monk's Restaurants, you must purchase these items for your Restaurant, but you may purchase them from any source that can supply them. Monkburger will provide a written list of these selected foods, beverages, products and services, and will notify you of any additions to or deletions from this list.

You must purchase, lease or otherwise acquire certain foods, beverages, products and services which satisfy the written standards and specifications established by Monkburger. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Monk's Restaurants. Monkburger will provide you with written standards and specifications for the layout of your Restaurant premises, your equipment and signs, the decor of your Restaurant, and certain food and beverage items. Monkburger will issue specifications for the insurance you must carry. Monkburger determines its uniformity and quality standards and specifications, in its sole discretion. Monkburger may modify its written standards and specifications, and you must comply with any modifications. You will be responsible for ensuring that all the foods, beverages, products and services selected by you will continue to conform to the standards and specifications established by Monkburger.

You must also purchase, lease or otherwise acquire certain other foods, beverages, products and services used at or sold by your Restaurant only from suppliers designated or approved by Monkburger. Monkburger will provide a written list of designated or approved suppliers for these foods, beverages, products and services. Monkburger will also notify you of any additions to or deletions from this list. Certain trademarked items are manufactured or produced only by manufacturers or producers designated by Monkburger. You must purchase these trademarked items only from designated suppliers.

If you want to purchase any foods, beverages, products or services subject to Monkburger's approved supplier requirements from a supplier who has not been previously approved by Monkburger, then you must, at your expense, send to Monkburger representative samples or specifications of and certain other information about that supplier's products, services and business. Monkburger will also have the right to inspect the supplier's facilities and otherwise evaluate the proposed supplier and its products or services, and you must reimburse Monkburger for the expenses it incurs to inspect and evaluate the supplier. Within 45 days after receiving the necessary samples and information, Monkburger will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by Monkburger, and whether the supplier's business reputation, delivery performance, credit rating and other relevant information are satisfactory. The criteria for supplier approval are available to franchisees upon request.

Thomas Heller is the ultimate owner and an officer of Monkburger (see Items 1 and 2). No officers of Monkburger own any ownership interests in any designated or approved suppliers.

Monkburger estimates that purchases of foods, beverages, products and services that must meet Monkburger's standards and specifications and purchases from designated or approved suppliers will constitute 80% of your initial expenditures to open your Restaurant, and approximately 60% of the annual ongoing expenditures to operate your Restaurant.

Consideration Provided to Monkburger or You from Suppliers

Monkburger may negotiate purchasing arrangements with the suppliers of franchisees' foods, beverages, products and services for the benefit of its franchise system. Monkburger has not established purchasing or distribution cooperatives. Monkburger does not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers.

Monkburger may receive income in the form of rebates, discounts, allowances or other payments or credits from designated or approved suppliers that sell foods, beverages, products or services to franchisees. In some cases, prices charged by suppliers to company- or affiliate-owned Restaurants may be less than prices charged to franchised Restaurants based on volume, credits, administrative costs or other factors. If Monkburger receives any rebates or other payments from a supplier as a result of your purchases from the supplier, those payments will be the exclusive property of Monkburger. You will not have any right to receive the payments made to Monkburger by suppliers.

During 2023, Monkburger received payments totaling \$252,135 from designated or approved suppliers based upon purchases made by franchisees in 2023. This amount was 29% of Monkburger's total revenues in 2023 of \$857,120, as reported in the December 31, 2023, audited financial statements for Monkburger attached as an exhibit to this Disclosure Document. These payments from designated or approved suppliers were either a percentage amount based on purchases or a designated amount paid on the amount of purchases made in 2023. The amount

of the rebates varies and may be based on payments per case purchased. Rebates may vary depending on the supplier and the product or service. Other than as disclosed in this paragraph, Monkburger received no rebates in 2023 based upon purchases by franchisees from approved or designated suppliers.

Except as described above, you are not required to purchase or lease products or services from Monkburger or an affiliate, and Monkburger will not derive revenue or other material consideration based upon your purchases of products or services from designated or approved suppliers or based upon your purchases of products or services that must meet Monkburger’s standards and specifications.

9. FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 12 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Articles 10, 12, 13 and 15 of Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Article 12 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Article 14 of Franchise Agreement	Item 11
e. Opening	Article 14 of Franchise Agreement	Item 11
f. Fees	Articles 3, 4, and 6 of Franchise Agreement; Article 3 of Area Development Agreement; Article 4 of Website Use Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Articles 9, 10, 11, 12, 13, and 14 of Franchise Agreement; Article 5 of Area Development Agreement	Items 8, 11 and 14
h. Trademarks and proprietary information	Articles 11, 13 and 16 of Franchise Agreement; Article 1 of Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Articles 9.1, 9.8, 9.12 and 10 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Article 9.13 of Franchise Agreement	
k. Territorial development and sales quotas	Article 4 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Article 10 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Articles 2, 9.20, 9.21, 12 and 13 of Franchise Agreement	Item 17
n. Insurance	Article 15 of Franchise Agreement	Items 7 and 8

Obligation	Section in Agreement	Disclosure Document Item
o. Advertising	Articles 4, 5, 9.2 and 9.24 of Franchise Agreement; Article 5 of Area Development Agreement	Items 6 and 11
p. Indemnification	Article 25 of Franchise Agreement; Article 12 of Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Articles 8 and 14 of Franchise Agreement; Article 11 of Area Development Agreement	Item 15
r. Records and reports	Articles 5 and 7 of Franchise Agreement	Item 6
s. Inspections and audits	Articles 7, 9.14, 10, and 12 of Franchise Agreement	Items 6 and 11
t. Transfer	Articles 18 and 22 of Franchise Agreement; Articles 6 and 9 of Area Development Agreement	Items 6 and 17
u. Renewal	Article 2 of Franchise Agreement; Article 2 of Area Development Agreement	Item 17
v. Post-termination obligations	Article 21 of Franchise Agreement; Article 8 of Area Development Agreement	Item 17
w. Non-competition covenants	Article 23 of Franchise Agreement; Article 10 of Area Development Agreement	Item 17
x. Dispute resolution	Articles 27 and 28 of Franchise Agreement; Articles 13 and 14 of Area Development Agreement	Item 17
y. Personal guaranty	Personal Guaranty to Franchise Agreement; Personal Guaranty to Area Development Agreement	Item 15

10. FINANCING

Monkburger does not offer direct or indirect financing to you. Monkburger does not guarantee any note, lease or obligation.

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

Except as listed below, Monkburger is not required to provide you with any assistance.

Assistance Before Opening Your Restaurant:

(1) Monkburger will review the Site Information provided by you for the proposed site for your Restaurant, but you will be responsible for selecting the location for your Restaurant (see Article 12.2 of the Franchise Agreement). The Site Information for your proposed site may include such information as the demographics of the market area, traffic patterns, a description of the character of the neighborhood, the competition in the area of the proposed site, the size, appearance and other characteristics of the premises of the proposed site of your Restaurant and other information requested by Monkburger. There is no time limit for Monkburger to review the Site Information provided by you, but Monkburger will generally complete its review of the Site Information within 30 to 45 days after receipt. Monkburger has no obligation, duty or liability to you resulting from the site selected by you or the purchase or lease of your Franchised Location. Monkburger will review the proposed lease for the site you select for your Restaurant (see Article 26.1 of the Franchise Agreement). This review will be to determine whether the lease complies with the terms of the Franchise Agreement, and not to provide any business, economic, legal or real estate advice or analysis. Monkburger can terminate the Franchise Agreement if you fail to provide the

Site Information and purchase or lease a site for your Restaurant within 120 days after the date of the Franchise Agreement (see Article 19.1 of the Franchise Agreement and Item 17).

(2) After you sign the Franchise Agreement, Monkburger will train you and your Management Staff (see Article 14.1 of the Franchise Agreement and the Training section below in this Item).

(3) After you and your Management Staff have successfully completed the training program, Monkburger will arrange for an Opening Team to assist you with opening your Restaurant (see Article 14.6 of the Franchise Agreement). For at least 14 days, the Opening Team will assist you with implementing the Restaurant System at your Restaurant and training your employees. Within 10 days after receipt of an invoice from Monkburger, you will pay Monkburger the Per Diem Training Fee and the additional Travel Expenses of the Opening Team members required to work at your Restaurant for more than 14 days (see Item 6).

(4) Monkburger will provide you with a written or electronic copy of the Operations Manual (see Article 11 of the Franchise Agreement). The Operations Manual is confidential and will remain the property of Monkburger during and after the term of the Franchise Agreement. You will be allowed to review a copy of the Operations Manual before you sign the Franchise Agreement.

(5) Monkburger will provide a written schedule of all foods, food items, beverages, furniture, fixtures, supplies and equipment required for your Restaurant (see Article 17.1 of the Franchise Agreement).

(6) Monkburger will provide a list of the designated and approved suppliers for the products and services required by Monkburger for use or sale in your Restaurant (see Articles 10 and 17.1 of the Franchise Agreement).

(7) Monkburger will furnish a sample of the current menu for Monk's Restaurants (see Article 17.1 of the Franchise Agreement).

(8) Monkburger will approve the office and telecommunications equipment, and the computer hardware, peripherals and software you will use in your Restaurant (see Article 13 of the Franchise Agreement and the Computer System section below in this Item).

Generally, the opening of your Restaurant will take place within 9 to 12 months after the date of the Franchise Agreement. Factors which will affect your opening date include selecting the location for your Restaurant, whether your Restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the liquor licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain the written approval of Monkburger to open your Restaurant. Monkburger can terminate the Franchise Agreement if you fail to open your Restaurant by the Required Opening Date set forth in the Franchise Agreement (see Article 19.1 of the Franchise Agreement).

Assistance During Operation of Restaurant - After the Opening of Your Restaurant:

(1) Monkburger will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the training program or Monkburger determines that additional training is necessary (see Article 14 of the Franchise Agreement and the Training section below in this Item).

- (2) Monkburger will make available to you basic accounting and business procedures (see Article 17.1 of the Franchise Agreement).
- (3) Monkburger will make general marketing recommendations and review and approve the Local Advertising for your Restaurant (see Articles 5.1 and 17.1 of the Franchise Agreement and the Advertising section below in this Item).
- (4) You will contribute 1% of your Revenues from each four-week period to the Production Fund administered by Monkburger (see Article 4 of the Franchise Agreement, Item 6, and the Advertising section below in this Item).
- (5) Monkburger will periodically visit and review your Restaurant and provide written reports to you if deemed appropriate by Monkburger (see Article 17.1 of the Franchise Agreement).
- (6) Monkburger will legally protect the Marks and the Restaurant System (see Articles 16 and 17 of the Franchise Agreement).
- (7) Monkburger may develop and register new Marks (see Article 16 of the Franchise Agreement).
- (8) Monkburger will provide advisory services by telephone or in writing (see Article 17.1 of the Franchise Agreement).
- (9) Monkburger will furnish modifications to the sample menu (see Article 17.1 of the Franchise Agreement).
- (10) Monkburger will provide the names and addresses of newly approved and designated suppliers for the foods, beverages, products and services required by Monkburger to be used or sold in your Restaurant (see Articles 10 and 17.1 of the Franchise Agreement).
- (11) Monkburger will provide to you in writing or electronically all supplements and updates to the Operations Manual (see Articles 11 and 17.1 of the Franchise Agreement).
- (12) If requested, Monkburger will send a consultant to train, assist and advise you on management and operations issues at the Franchised Location (see Article 17.2 of the Franchise Agreement). You will reimburse Monkburger for its Travel Expenses and pay the then-current Per Diem Training Fee for such consulting assistance (see Item 6).
- (13) If required, Monkburger will place an interim manager in your Restaurant (see Article 17.3 of the Franchise Agreement). You will reimburse Monkburger for its Travel Expenses and pay the then-current Per Diem Management Fee for providing such management assistance (see Item 6).

Advertising

You will contribute 1% of your Revenues during each calendar month or four-week period to the Production Fund administered and controlled by Monkburger (see Article 4 of the Franchise Agreement and Item 6). Monkburger determines when, how and where the payments deposited into the Production Fund will be spent. This includes, without limitation, the right of Monkburger to purchase and pay for product and market research; customer research; real estate research; development of real estate computer models and software; demographic research; conventions; independent shopping service evaluations; production development and materials; ad slicks; brochures; radio and television commercial production; services provided by advertising agencies;

table tents, in-store advertising and menu boards; signs; public relations; telemarketing; direct mail advertising; promotional programs; advertising market research; graphics and design costs; creation, hosting, software development, upgrades, and maintenance for the Monk's Bar & Grill® website and any additional websites deemed necessary by Monkburger, including intranet websites; Internet, social media and other electronic promotions and advertising; miscellaneous advertising; the administration of the Production Fund and other business products and services Monkburger deems appropriate and in the best interests of all Restaurants and the Restaurant System. All administrative and other costs associated with or incurred in the administration of the Production Fund, including marketing and administrative personnel salaries, fringe benefits and Travel Expenses, long-distance telephone charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Production Fees) and office supplies can be paid from the Production Fund. Except for possible incidental website costs, the monies in the Production Fund will not be spent for the solicitation of prospective franchisees. In 2023, the following expenditures were made from the Production Fund:

Media Placement:	77%
Trademarked Items ⁽¹⁾ :	17%
<u>Menu Development and Support:</u>	<u>6%</u>
	100% ⁽²⁾

Footnotes:

(1) During 2023, expenditures were made from the Production Fund for certain trademarked items ordered by franchisees from designated suppliers.

(2) No expenditures were made from the Production Fund during 2023 for production costs or administrative expenses.

Monkburger does not have to spend the monies in the Production Fund for local, regional or national media coverage or in any particular market, and will not have to spend the Production Fees in your market area in proportion to the Production Fees paid by you. Monkburger does not have to spend the funds in the Production Fund in the calendar year in which the payments were made. Payments to the Production Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Production Fund. The Production Fund is not audited. A summary showing the income to and the expenditures from the Production Fund during each calendar year will be prepared by Monkburger by April 15 of each year for the preceding year, and copies of the summary will, upon written request, be provided to you.

The Production Fund is administered and controlled by Monkburger and governed by the terms of the Franchise Agreement. All franchised Restaurants and the affiliate-owned Restaurants will deposit 1% of their Revenues into the Production Fund.

You must spend at least 1% of your Revenues on approved Local Advertising during each four-week period (see Article 5.2 of the Franchise Agreement). If you have more than one Restaurant in the same market area, you must spend at least ½% of each Restaurant's Revenues on approved local market activities for that restaurant and you must spend at least 1% of the total Revenues for all of your Restaurants in that market on approved local marketing activities. If you fail to meet the minimum requirements, you will deposit with Monkburger the difference between what you should have spent and what you actually spent, and this amount will be spent by Monkburger on advertising in your market area or, if applicable, deposited into the Production Fund. You will conduct Local Advertising for your Restaurant after Monkburger has approved your advertising and promotion concepts, materials and media. You will not establish a website,

home page, or other social media presence for your Restaurant without Monkburger's prior consent.

When there are 2 or more Restaurants in your DMA owned by different persons or entities, you may be required to contribute Local Advertising Fees equal to at least 1% of your Quarterly Revenues for the preceding Quarter to a local advertising cooperative, the Local Advertising Association (the "LAA"). The Local Advertising Fees paid by you to the LAA will be applied to the Local Advertising requirement discussed in the preceding paragraph. The LAA will be governed and organized by the terms of the Franchise Agreement and administered by the "Members" of the LAA (see Article 5.4 of the Franchise Agreement). The Members of the LAA will include the franchised Restaurants and the Restaurants owned and operated by Monkburger or an affiliate in the DMA. Each Member will have one vote for each franchised or company-owned Restaurant owned by it in the DMA. Monkburger can form, merge, dissolve or change the LAA.

The LAA will conduct advertising, promotion, marketing and public relations for the benefit of the Restaurants located in the DMA. The LAA will not conduct any advertising, promotion, marketing or public relations program or campaign for the Restaurants in the DMA until Monkburger has given the LAA written approval for all proposed concepts, materials or media. The LAA will provide a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved local advertising and promotion to Monkburger and its Members within 20 days after the end of each calendar quarter.

Monkburger does not use an advisory council or other type of committee comprised of franchisees for its advertising programs.

Computer System

The Computers and Software used in your Restaurant must meet the standards, specifications and requirements established by Monkburger in the Operations Manual or otherwise in writing. Monkburger will require, recommend or approve the office, telecommunications and other equipment, and the computer hardware, computer software, peripheral devices and point-of-sale, cash register and operating systems you will use in your Restaurant. The Computers and Software for your Restaurant must perform the functions required by Monkburger (see Article 13 of the Franchise Agreement). These functions include serving as your point-of-sale cash register and maintaining certain sales, financial, marketing, management and other business information for your Restaurant. Your computer equipment must be approved by Monkburger, and you must use the required or approved computer software. The current minimum standards, specifications and requirements for your Computers and Software are set forth in Exhibit A attached to this Franchise Disclosure Document.

The estimated initial cost for your Computers and Software ranges from \$25,000 to \$65,000 (see Item 7). Neither Monkburger nor an affiliate will supply, maintain, repair or update your Computers and Software. Office, fax and telecommunications equipment, computer hardware and peripherals, third party maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors. You will need to maintain, repair, upgrade or update your Computers and Software during the term of the Franchise Agreement. Monkburger estimates that the cost of this obligation will generally range from \$3,000 to \$5,000 per year. There is no contractual limitation on the frequency and the cost of this obligation. Monkburger will have independent access to the information and data collected and generated by your point-of-sale computer system.

Training

Monkburger will train you and your Management Staff (see Article 14.1 of the Franchise Agreement). All courses will be taught as often as Monkburger deems necessary, and will be held in or near the Wisconsin Dells, Wisconsin area or at another location designated by Monkburger. The Training Program for you and your Management Staff will be for a maximum of 30 days (which need not be consecutive). The Training Program will include instruction on the topics selected by Monkburger. The instructional materials for the Training Program will include the Operations Manual and other written, electronic or on-line materials.

The following chart summarizes Monkburger's current initial Training Program for you and your Management Staff:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location (1)
Kitchen Operations	10	100	Wisconsin Dells, WI
Management Duties	10	100	Wisconsin Dells, WI
Bar Operations	2	20	Wisconsin Dells, WI
Opening/Closing Restaurant	2	20	Wisconsin Dells, WI
Customer Service	6	80	Wisconsin Dells, WI
Training the Trainer	10	40	Wisconsin Dells, WI

Footnote:

(1) Another location may be designated by Monkburger.

The Training Program will be conducted under the supervision and with the participation of Mr. Thomas Heller and/or Mr. Greg Frankov. Mr. Heller has been the President of Monkburger since January 2013. Mr. Frankov has been Monkburger Chief Operations Officer since October 2020. Additional information on Mr. Heller and Mr. Frankov is included in Item 2. All training will be conducted by instructors who have experience with Monk's Restaurants or generally in restaurant operations.

The Training Program described in the above chart is provided to you and your Management Staff at no additional cost to you. However, you must pay the Salaries and Benefits, Travel Expenses and all other expenses for all persons who attend training on your behalf. You and your Management Staff must begin the Training Program at least 100 days before the scheduled opening of your Restaurant and must successfully complete the Training Program within 30 days before you open your Restaurant.

Monkburger will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the required training, or Monkburger in its discretion determines that additional training is necessary. The additional training provided by Monkburger will be conducted in Sun Prairie, Wisconsin or at another location designated by Monkburger or at your Restaurant, at the discretion of Monkburger. You must pay Monkburger the then-current Per Diem Training Fee and reimburse Monkburger for the Travel Expenses it incurs in providing the training. You must also pay the Salaries and Benefits, Travel Expenses and all other expenses for each new Management Staff member who attends training on your behalf (see Article 14 of the Franchise Agreement).

If you enter into an Area Development Agreement, Monkburger’s obligations to you will be as set forth above in this Item for each Restaurant you develop under the Area Development Agreement, except as follows. You must designate one member of your Management Staff to become a certified trainer and to attend the training classes designated by Monkburger. Your certified trainer must participate in the training of employees at your second and subsequent restaurants opened under the Area Development Agreement, and your certified trainer must train other employees to be training employees who participate in the training of new employees at your new restaurants. The number of trainers provided by Monkburger and provided by you is summarized below:

Restaurant Opening	Trainers Provided by Monkburger	Trainers Provided by You
1st	4	0
2nd	3	1
3rd and each subsequent Restaurant	2	2

12. TERRITORY

If you sign a Franchise Agreement, you will operate out of a single “Franchised Location” within a “Protected Area.” Your Protected Area will be defined in the Addendum attached to the Franchise Agreement, and will be (1) the area within a specified radius of your Franchised Location; either a radius of 2 miles if your Restaurant is located in a densely-populated urban area or a radius of 10 miles if your Restaurant is located in a less populated area, or (2) the area designated in a map attached as an exhibit to the Addendum to the Franchise Agreement. Your Protected Area may not be altered or relocated during the term of the Franchise Agreement, except with the prior written approval of Monkburger.

You may offer catering and delivery services only with the prior written approval of Monkburger and only to approved customers and business in your Protected Area. Otherwise, you are not restricted from soliciting customers or accepting orders outside your Protected Area, but you may not sell any of the products or services offered in connection with your Restaurant on a wholesale basis, from any location other than your Franchised Location, or through the Internet, catalog, mail order, telemarketing or any other method of sales or distribution. The continuation of your Protected Area is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Protected Area or contiguous areas.

With Monkburger’s prior written approval, you may relocate your Restaurant to another location in your Protected Area if: (1) your new location does not infringe upon and is not located within the market area of any existing or proposed Restaurant; (2) your new location does not infringe on or is not located within any exclusive area granted to any other franchisee, area developer, master franchisee or subfranchisee of Monkburger; and (3) you pay Monkburger a Relocation Fee of \$2,500.

If you enter into an Area Development Agreement with Monkburger, you will receive the right to develop and operate Restaurants in a specified geographic area called a “Territory.” The Territory typically consists of one or more cities or market areas and will be delineated by specifying the streets or highways, or the county lines that form the boundaries of the Territory. Before you sign the Area Development Agreement, a description of the Territory will be included in the Area Development Agreement and a map of the Territory may also be attached. The size of the Territory and the number of Restaurants you will develop within the Territory are determined by the population of the Territory and its market potential, taking into account demographics,

economic conditions, business climate, competition, your financial resources and other relevant factors. Your Territory may not be altered or relocated during the term of the Area Development Agreement. You must meet the Development Schedule in the Area Development Agreement or you will lose your right to continue to develop Restaurants in the Territory. Otherwise, the continuation of your Territory is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Territory or contiguous areas.

Monkburger will not franchise, license, develop, own or operate another Restaurant in your Protected Area if you sign a Franchise Agreement, or in your Territory if you sign an Area Development Agreement. However, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Monkburger owns, or from other channels of distribution or competitive brands that Monkburger controls. Monkburger has the absolute right to: (1) develop other restaurant business concepts, including Competitive Restaurants, under other brand names even if the locations for the concept are within your Protected Area or Territory; (2) develop Restaurants or Competitive Restaurants in your Protected Area or Territory if they are located at or within a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a regional shopping center or mall, or a stadium or arena used for sporting events; (3) market, distribute and sell, on a wholesale or retail basis, packaged food products and other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if the sales are made to customers, distributors or retailers who are located in your Protected Area or Territory; and (4) own, operate, manage, franchise and/or license other individuals or entities to own, manage and/or operate Competitive Restaurants in your Protected Area or Territory if Monkburger or an affiliate of Monkburger derived its ownership interests or other rights to such restaurants after the date of your Franchise Agreement or Area Development Agreement as part of an acquisition or purchase of a majority of the ownership interests in, or substantially all of the assets of, another entity. Monkburger does not have to pay you if it exercises any of the rights specified above in your Protected Area or Territory.

Monkburger has not established a method under which conflicts regarding territory, customers or support are resolved since no such conflicts currently exist.

13. TRADEMARKS

Under the Franchise Agreement, Monkburger licenses you to operate your Restaurant under the name “Monk’s Bar & Grill®” and to use certain other current and future trademarks (the “Marks”). You may only use the Marks in the manner authorized in writing by Monkburger. You may not use any of the Marks as part of your corporate or other entity name. You must also follow the instructions of Monkburger for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations.

The following primary Mark is registered with the United States Patent and Trademark Office (the “USPTO”):

Mark	Registration No.	Registration Date	Register
Monk’s Bar & Grill	3,277,891	August 7, 2007	Principal

The Mark is not registered in any state. The Mark is owned by Monks Insignia Inc. On July 31, 2013, Monks Insignia Inc. entered into a trademark license agreement with Monkburger, licensing

the use of the Mark to Monkburger (the "License Agreement"). Under the License Agreement, Monks Insignia Inc. granted Monkburger the right to use and license the Marks for the purpose of franchising Restaurants. The License Agreement is for an indefinite term, contains no material restrictions, cannot be modified or terminated except by the mutual agreement of the parties, and unless terminated, will remain in force for at least as long as any Franchise Agreement is in effect. Other than the License Agreement, there are no agreements currently in effect which significantly limit Monkburger's rights to use or license the use of the Mark.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Mark. To the knowledge of Monkburger, there are no infringing uses which could materially affect your use of the Marks or other related rights in any state.

You must provide Monkburger with written notice of any claims made against or associated with any of the Marks. Monkburger is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to defend, protect and/or indemnify you against claims of infringement and unfair competition because of your use of the Marks. However, if anyone establishes to the satisfaction of Monkburger that its rights are, for any legal reason, superior to the rights of Monkburger as to any of the Marks, then you must use the variances or other service marks, trademarks or trade names required by Monkburger.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Monkburger does not own any patents. Monkburger intends to copyright advertising copy and design, menu designs, training materials, the Operations Manual, and other written materials and items may be developed in the future. Monkburger has not applied to the U.S. Copyright Office to register these copyrights.

You must keep confidential the Operations Manual, any supplements to the Operations Manual, and any other manuals or written, electronic or on-line materials used in your Restaurant. The Operations Manual contains information about the Restaurant System and recipes and cooking techniques developed by Monkburger. Monkburger considers this information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and to prevent any unauthorized duplication or reproduction of this information.

You should immediately inform Monkburger if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the trade secret, proprietary or confidential information. Monkburger will take the action it deems appropriate, in its sole discretion. If anyone establishes to the satisfaction of Monkburger that its rights to the materials are superior, then you must modify or discontinue your use of the materials as required by Monkburger.

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

You, or a person appointed by you, must serve as the Operating Partner for the Restaurant. The Operating Partner must have at least 5 years of restaurant management experience, own at least 25% of the ownership interest in the entity that owns the Restaurant, and devote his or her full time and best efforts to the operation of the Restaurant.

If the party entering into the Franchise Agreement or Area Development Agreement with Monkburger is an entity, then the entity's owners must agree that during the term of the agreement,

they will not participate in any Competitive Restaurant, and that for 24 months after the expiration or termination of the agreement, they will not participate in any Competitive Restaurant located within 10 miles of the Restaurant, any other franchised Restaurant, or any restaurant owned by Monkburger or an affiliate, or within any exclusive area granted by Monkburger. The owners of the entity must sign the applicable agreement and personal guaranty attached to the agreement.

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the foods, beverages and products and provide the services specified or approved by Monkburger in writing. Selling and foods, beverages and products or providing any services that have not been specified or approved by Monkburger is a material breach of the Franchise Agreement and, if not cured, is grounds for the termination of the Franchise Agreement. You must sell the foods, beverages and products and provide the services required by Monkburger. Monkburger can change the foods, beverages, products and services that you must offer at your Restaurant. There is no limitation on the right of Monkburger to change the foods, beverages, products and services offered by Restaurants. You are not limited to whom you may sell your foods, beverages, products and services, but you may not sell any of the foods, beverages, products or services offered in connection with your Restaurant on a wholesale basis, at any location other than your Restaurant, or through Internet, catalogue, mail order, telemarketing, or any other method of sales or distribution.

Monkburger does not impose any restrictions or conditions that limit your access to customers, except that you may offer catering and delivery services only with the prior written approval of Monkburger and according to Monkburger’s standards and specifications.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.1	20 years (which may be extended under certain circumstances to coincide with the term of the lease for your Franchised Location, as described in Article 2.1 of the Franchise Agreement).
b. Renewal or extension of the term	2.2	Right to reacquire the Franchise for the term of the then-current Franchise Agreement.

Provision	Article in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	2.2	You must: give 180 days' notice; have complied with all material terms and conditions of your current Franchise Agreement; have paid all monetary obligations owed to Monkburger during the term of the Franchise Agreement; agree in writing to remodel your Franchised Location; have the right to continue to occupy the Franchised Location; sign the then-current standard Franchise Agreement; pay the Reacquisition Fee; and you and your Management Staff must complete the required training. If you reacquire the Franchise at the end of the term of the Franchise Agreement, you will sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	20.1	If Monkburger violates any material provision, term or condition of the Franchise Agreement, or fails to timely pay any material uncontested obligation due or owing to you. You may terminate the Franchise Agreement on any grounds available under applicable law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	19.1	If you breach the Franchise Agreement.
g. "Cause" defined – curable defaults	19.1	You will have 30 days to cure if you: provide false, misleading, incomplete or inaccurate information; fail to obtain the site for the Franchised Location within 120 days; fail to obtain valid food service and liquor licenses within 10 days before the Restaurant opens; or your Management Staff fail to complete the training program within 30 days before the Restaurant is scheduled to open; violate a law or regulation applicable to your Restaurant's operations; violate any material provision of the Franchise Agreement; fail to pay any Fees or expenses due to Monkburger or third parties; issue any check which is dishonored; lose possession of the Franchised Location; lose your food service license or liquor license; fail to appoint a replacement Operating Partner; or breach any other agreement with Monkburger. You have 15 days to cure a failure to pay any Fees due to Monkburger.
h. "Cause" defined – non-curable defaults	19.4	Monkburger has the right (subject to state law) to terminate the Franchise Agreement immediately upon receipt of notice if you: or any of your current directors, officers or majority owners are convicted of or plead guilty or no contest to any law adversely affecting your Restaurant; are deemed insolvent; make an assignment for the benefit of creditors; abandon the Restaurant; fail to provide, or permit Monkburger to audit, your financial records; materially impair the goodwill of the Marks or the Restaurant System, subject to 24-hour cure period; violate any material provision 3 or more times during a 12-month period; or fail to open your Restaurant by the Required Opening Date.

Provision	Article in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	21	You must: pay what you owe under the Franchise Agreement within 5 days after termination; immediately return all printed Monkburger materials; cease using the Marks and the Restaurant System; alter the appearance of the Franchised Location; and transfer your telephone directory listings to Monkburger.
j. Assignment of the contract by franchisor	18.1	No restrictions on the right of Monkburger to assign the Franchise Agreement; the assignee must fully perform all obligations of Monkburger under the Franchise Agreement.
k. "Transfer" by franchisee – defined	18.2, 18.3, 18.4	Includes assignment in the event of death or disability, the sale of ownership interests, and assignment of rights under the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	18.3	Monkburger has the right to approve any assignment made by you, but will not unreasonably withhold its consent.
m. Conditions for franchisor approval of a transfer	18.3, 18.6	You must: provide Monkburger with 45 days' written notice of the assignment; pay all money owed to Monkburger; agree in writing to observe all applicable provisions of the Franchise Agreement; sign a joint and mutual release between you and Monkburger (see Exhibit E); and pay the Assignment Fee. The assignee must: meet the standards established by Monkburger for new franchisees; sign the legal agreements required by Monkburger; acquire the right to occupy the Franchised Location; acquire a valid food service and liquor license; and successfully complete training.
n. Franchisor's right of first refusal to acquire franchisee's business	22	You must offer the Restaurant to Monkburger if you receive a bona fide offer to purchase.
o. Franchisor's option to purchase franchisee's business	22	Monkburger has the option to purchase at the price and terms stated in the third-party offer.
p. Death or disability of franchisee	18.2	If you are an individual, the Franchise Agreement may be transferred to your beneficiary without paying an Assignment Fee to Monkburger, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the franchise	23.2	You may not participate in any Competitive Restaurant.
r. Noncompetition covenants after the franchise is terminated or expires	23.3	For 24 months after termination, you may not participate in any Competitive Restaurant that is within 10 miles of the Franchised Location or any other Restaurant, or within any protected area granted by Monkburger.
s. Modification of the agreement	28.9	Only by written agreement between you and Monkburger.
t. Integration/merger clause	28.10	The Franchise Agreement constitutes the entire and complete agreement between you and Monkburger. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	27	Except for certain claims, all disputes must be submitted to non-binding mediation.
v. Choice of forum	27.3, 28.5	Wisconsin (see attached Addendum for state law modifications).

Provision	Article in Franchise Agreement	Summary
w. Choice of law	32	The state in which the Franchised Restaurant is located (see attached Addendum for state law modifications).

Provision	Article in Area Development Agreement	Summary
a. Length of agreement term	2.1	To be determined by you and Monkburger.
b. Renewal or extension of the term	2.2	For one year after expiration of the Area Development Agreement, you have a right of first refusal to develop additional Restaurants in the Territory.
c. Requirements for area developer to renew or extend	2.2	You have 30 days after receipt of the written offer from Monkburger to accept the offer to further develop the Territory. The written offer will have materially different terms and conditions than your original Area Development Agreement.
d. Termination by area developer	Not applicable	You may terminate the Area Development Agreement on any grounds available by applicable law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	7.1	If you breach the Area Development Agreement.
g. "Cause" defined – curable defaults	7.1	You will have 30 days to cure if you: violate a law or regulation applicable to your Restaurants' operations; violate any material provision of the Area Development Agreement; fail to pay any Fees or expenses due to Monkburger or third parties; issue any check which is dishonored for insufficient funds; breach any other agreement with Monkburger; or fail to appoint a replacement Operating Partner. You have 15 days to cure a failure to pay any Fees due to Monkburger.
h. "Cause" defined – non-curable defaults	7.4	Monkburger has the right (subject to state law) to terminate the Area Development Agreement immediately upon receipt of notice if you: fail to comply with the Development Schedule in the Area Development Agreement; abandon any of your Restaurants; any of your directors, officers or majority Owners are convicted of or plead guilty or no contest to any law adversely affecting your Restaurants; are deemed insolvent; make an assignment for the benefit of creditors; materially impair the goodwill of the Marks or the Restaurant System; or a Franchise Agreement between you and Monkburger is terminated for any reason.
i. Area developer's obligations on termination/nonrenewal	8	Your rights under the Area Development Agreement revert to Monkburger; and you must continue to operate the Restaurants you opened before termination of the Area Development Agreement.
j. Assignment of the contract by franchisor	6.1	No restrictions on the right of Monkburger to assign the Area Development Agreement.
k. "Transfer" by area developer – definition	6.2, 6.3, 6.4	Includes assignment in the event of death or disability, the sale of ownership interests, and assignment of rights under the Area Development Agreement.
l. Franchisor approval of transfer by area developer	6.3	Monkburger has the right to approve any assignment made by you, but will not unreasonably withhold its consent.

Provision	Article in Area Development Agreement	Summary
m. Conditions for franchisor approval of transfer	6.3, 6.6	You must: provide Monkburger with 45 days' written notice of the assignment; pay all money owed to Monkburger; agree to observe all applicable provisions of the Area Development Agreement; sign a joint and mutual release between you and Monkburger (see Exhibit E); and pay the Assignment Fee. The assignee must meet the standards established by Monkburger for area developers; sign the legal agreements required by Monkburger; and successfully complete training.
n. Franchisor's right of first refusal to acquire area developer's business	9	You must offer the Area Development Agreement and your ownership interests to Monkburger if you receive a bona fide offer to purchase.
o. Franchisor's option to purchase area developer's business	9	Monkburger has the option to purchase at the price and terms stated in the third-party offer.
p. Death or disability of area developer	6.2	If you are an individual, the Area Development Agreement may be assigned to your beneficiary without paying an Assignment Fee to Monkburger, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the franchise	10.2	You may not participate in any Competitive Restaurant.
r. Noncompetition covenants after the franchise is terminated or expires	10.3	For 24 months after termination, you may not participate in any Competitive Restaurant that is within the Territory or 10 miles of the Territory or 10 miles of any other Restaurant, or within any protected territory granted by Monkburger.
s. Modification of the agreement	14.9	Only by written agreement between you and Monkburger.
t. Integration/merger clause	14.10	The Area Development Agreement constitutes the entire and complete agreement between you and Monkburger. Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	13	Except for certain claims, all disputes must be submitted to mediation.
v. Choice of forum	13.3, 14.5	Wisconsin (see attached Addendum for state law modifications).
w. Choice of law	18	The state in which the Area Developer's Territory is located (see attached Addendum for state law modifications).

The Franchise Agreement and the Area Development Agreement may contain a number of provisions that could affect your legal rights. Monkburger recommends that you carefully review all of these provisions, and each of the agreements attached to this Franchise Disclosure Document in their entirety with a lawyer. Applicable state law might require additional disclosures related to the information contained in this Item. These additional disclosures appear in the Addendum attached to this Franchise Disclosure Document.

18. PUBLIC FIGURES

Monkburger does not use any public figure to promote its franchise. No public figure is involved in the management of Monkburger.

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.

The following tables disclose certain financial information for the 6 franchised Monk's Restaurants that were in operation for the entire 2022 and 2023 fiscal years (see Items 1 and 20). The financial information disclosed below is unaudited and is for the fiscal years ending on January 1, 2023 and December 31, 2023, respectively. The outlets included in this Item vary from approximately 2,000 sq. ft. to 15,000 sq. ft. with seating from 100 guests to 500 guests at one time.

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Table 1: Financial Information for Franchised Outlets in 2023 Fiscal Year

Gross Sales	Low	High	Average	Number & Percentage Below/Above Average	Median
Annual Sales (a)	\$1,760,417.65	\$6,672,604.95	\$3,118,986.08	4/2 67%/33%	\$2,426,869.91
Select Annual Expenses (b)	Low	High	Average	Number & Percentage Below/Above Average	Median
Discounts, Coupons & Loyalty Promotions (c)	2.18%	3.76%	3.16%	3/3 50%/50%	3.18%
Cost of Sales (d)	26.89%	34.42%	29.38%	3/3 50%/50%	29.51%
Labor, Payroll Taxes and Benefits (e)	30.10%	41.35%	34.25%	4/2 67%/33%	33.91%
Paper (f)	1.64%	2.61%	1.90%	3/3 50%/50%	1.85%
Supplies, Smallwares and Dishes (g)	.25%	1.40%	.51%	5/1 83%/17%	.47%
Chemicals (h)	.28%	1.05%	.73%	3/3 50%/50%	.71%
Utilities (i)	1.59%	4.73%	2.58%	2/4 33%/67%	3.05%
Operating Expenses (j)	3.42%	7.74%	4.97%	4/2 67%/33%	4.53%
Repairs/ Maintenance (k)	1.05%	2.68%	1.80%	3/3 50%/50%	1.72%
Local Advertising (l)	.70%	1.66%	1.01%	4/2 67%/33%	.81%
Continuing Fees (m)	See Table 6	See Table 6	Not Applicable	Not Applicable	Not Applicable
Production Fees (n)	1.00%	1.00%	1.00%	Not Applicable	Not Applicable
General/ Administrative (o)	1.20%	5.78%	3.27%	4/2 67%/33%	2.23%

Table 2: Financial Information for Franchised Outlets in 2022 Fiscal Year

Gross Sales	Low	High	Average	Number & Percentage Below/Above Average	Median
Annual Sales (a)	\$1,858,120.29	\$6,412,219.10	\$3,081,767.58	4/2 67%/33%	\$2,381,716.77
Select Annual Expenses (b)	Low	High	Average	Number & Percentage Below/Above Average	Median
Discounts, Coupons & Loyalty Promotions (c)	2.05%	3.00%	2.69%	2/4 33%/67%	2.78%
Cost of Sales (d)	26.45%	35.64%	29.77%	2/4 33%/67%	30.66%
Labor, Payroll Taxes and Benefits (e)	28.03%	42.60%	34.47%	2/4 33%/67%	36.14%
Paper (f)	2.05%	3.02%	2.28%	3/3 50%/50%	2.23%
Supplies, Smallwares and Dishes (g)	.15%	.71%	.32%	3/3 50%/50%	.30%
Chemicals (h)	.22%	.91%	.57%	4/2 67%/33%	.56%
Utilities (i)	1.68%	3.89%	2.39%	3/3 50%/50%	2.68%
Operating Expenses (j)	3.65%	8.97%	5.28%	4/2 67%/33%	5.10%
Repairs/ Maintenance (k)	.82%	2.07%	1.48%	4/2 67%/33%	1.44%
Local Advertising (l)	.70%	1.09%	.92%	4/2 67%/33%	.82%
Continuing Fees (m)	1.00%	See Table 6	Not Applicable	Not Applicable	Not Applicable
Production Fees (n)	1.00%	1.00%	1.00%	Not Applicable	Not Applicable
General/ Administrative (o)	1.06%	2.68%	1.50%	3/3 50%/50%	1.94%

Notes to Tables in this Item:

(a) "Sales" includes the total revenue from the sales of goods and services less state and local sales taxes. Average Sales were calculated by averaging the annual sales of the outlets that were open for the entire fiscal years ending January 1, 2023 and December 31, 2023.

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

- (b) Expenses included are of selected costs only, and do not include depreciation, leasehold expense, taxes, interest, amortization expenses, income tax and several other operational expenses you will incur. You should consider these expenses when evaluating the purchase of the franchise offered by this Franchise Disclosure Document.
- (c) Includes customer refunds, discounts, coupons, or other loyalty programs.
- (d) Includes food, beverage, liquor and beer, and retail expenses.
- (e) Includes wages, benefits and payroll taxes paid to managers and staff. Manager wages range from \$56,000/yr. to \$91,000/yr. Crew wages range from \$2.33/hr. to \$30.00/hr. You may incur higher expenses and percentages depending on wages paid and staffing requirements in your market area.
- (f) Includes expenses for paper supplies and other paper items.
- (g) Includes expenses for supplies, smallwares and dishes.
- (h) Includes expenses for chemicals and cleaning supplies.
- (i) Includes electricity, gas, water and sewer costs. Your local and regional costs may vary.
- (j) Includes items such as credit card discounts, insurance, telephone, uniforms, rentals, contract services, menu printing, laundry, auto expenses and miscellaneous expenses. You may experience higher costs and percentages in some areas due to market and location.
- (k) Includes costs for repair, maintenance and related labor expenses. Costs will vary with each property and location.
- (l) Includes expenses for local marketing and advertising. You will be required to spend at least 1% of your Revenues on Local Advertising (see Items 6 and 11).
- (m) You will pay Monkburger Continuing Fees, which vary from 2% to 3.5% (see Item 6).
- (n) Production Fees equal to 1% of the Revenues of the Restaurants are deposited in the Production Fund controlled by Monkburger.
- (o) Includes bank charges, licenses, permits, dues and subscriptions, insurance, office supplies, postage, bookkeeping, legal and accounting fees, and other miscellaneous administrative expenses.

The expenses shown in the tables above DO NOT include all the expenses you will incur in the operation of your Monk's Restaurant, including:

- Initial Fee
- Legal and accounting fees
- Rent, interest or other financing costs for land, building, equipment and inventory
- Depreciation of property and equipment
- Management fees
- Income and property taxes
- Start-up funds

Sales, expenses and profitability of your Restaurant will be directly affected by factors which include the Restaurant's geographic location; competition in the market; presence of other restaurants; the quality of both management and service at the Restaurant; contractual relationships with lessors and vendors; the extent to which you finance the operation of your Restaurant; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; discretionary expenditures; accounting methods used; certain benefits and economies of scale which Monkburger may derive as a result of operating restaurants on a consolidated basis; and the fees payable to Monkburger by franchised Monk's Restaurants.

This information is provided as reference information only for your use with other information. Monkburger recommends that prospective franchisees make their own independent investigation of profitability. You should consult with your financial, business, tax, accounting and legal advisors about the financial information contained in this Item before executing the Franchise Agreement or the Area Development Agreement.

Monkburger will provide written substantiation of the data used to prepare the information contained in this Item upon your reasonable request.

Other than the above financial performance representation, Monkburger does not make any financial performance representations. Monkburger also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Monkburger 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 Monkburger's management by contacting Thomas Heller, P.O. Box 660, Wisconsin Dells, WI 53965, (608) 254-8386, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION
TABLE NO. 1

Systemwide Outlet Summary
For Fiscal Years 2021/2022/2023 (1)

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2021	5	7	+2
	2022	7	6	-1
	2023	6	6	0
Company-Owned (2)	2021	2	0	-2
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	7	7	0
	2022	7	6	-1
	2023	6	6	0

TABLE NO. 2

**Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor or an Affiliate)
For Fiscal Years 2021/2022/2023 (1)**

State	Year	Number of Transfers
Totals	2021	0
	2022	0
	2023	1

TABLE NO. 3

**Status of Franchised Outlets
For Fiscal Years 2021/2022/2023 (1)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Wisconsin	2021	5	2	0	0	0	0	7
	2022	7	0	1	0	0	0	6
	2023	6	0	0	0	0	0	6
Totals	2021	5	2	0	0	0	0	7
	2022	7	0	1	0	0	0	6
	2023	6	0	0	0	0	0	6

TABLE NO. 4

**Status of Company-Owned Outlets (2)
For Fiscal Years 2021/2022/2023 (1)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Wisconsin	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Footnotes to Table Nos. 1, 2, 3 and 4:

- (1) As of January 2, 2022, January 1, 2023, December 31, 2023.
- (2) These restaurants were owned and operated by affiliates of Monkburger prior to sale of ownership in 2021 (see Item 1 for additional information).

TABLE NO. 5
Projected Openings as of End of Last Fiscal Year

State	Franchise Agreements Signed But Outlets Not Opened (1)	Projected New Franchised Outlets in Next Fiscal Year (2)	Projected New Company-Owned Outlets in Next Fiscal Year (2)
Wisconsin	0	0	0
Totals	0	0	0

Footnotes to Table No. 5:

(1) As of the end of Monkburger's 2023 fiscal year.

(2) During Monkburger's 2023 fiscal year.

The following is a list of the franchised Monk's Restaurants, all of which were operational as of the end of Monkburger's 2023 fiscal year:

Jacob Wagner
Michael McMurry
Thomas Heller
JaMi Development LLC
3560 Oakwood Mall Dr.
Eau Claire, WI 53701
PO Box 660
Wisconsin Dells, WI 53965
608-254-8386

Daniel Collar (2)
Jacob Wagner
Mark Weiser
MBG Group LLC
33 Hillman Road
Lake Delton WI 53960
PO Box 660
Wisconsin Dells WI 53965
608-254-8386

*Broderick Altfeather
Jonathan Salsbury
Albury LLC
8313 Murphy Drive
Middleton, WI 53562
608-833-7001

Greg Frankov
Greg Hedrich
Damian Pulchny
FH Management LLC
1400 Commerce Place
Plover, WI 54467
715-544-6615

Greg Frankov
G N F Management LLC
2832 Prairie Lakes Drive
Sun Prairie, WI 53590
608-834-3198

Dan Collar (1)
DJC Management LLC
220 Broadway
P.O. Box 660
Wisconsin Dells, WI 53965
608-254-8386

Footnotes:

(1) The Monk's Restaurant located in Wisconsin Dells, Wisconsin has been operating since 1947 and became franchised owned in October 2021.

(2) The Monk's Restaurant located in Lake Delton, Wisconsin has been operating since 2006 and became franchised owned in September 2021.

*The following franchised Monk's Restaurant was transferred from the below former franchisee during the 2023 fiscal year:

Greg Frankov
John Carmody
Thomas Heller
Monks In The Middle LLC
8313 Murphy Drive
Middleton, WI 53562
608-833-7001

Besides the Middleton location listed above which was transferred to a new franchisee in January 2023, no franchisees were terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year. No franchisees failed to communicate with Monkburger within the 10-week period before the date of this Franchise 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 3 fiscal years, no current or former franchisees have signed any confidentiality clauses which restrict them from discussing with you their experiences as a franchisee in the Monkburger franchise system.

There are no trademark-specific franchisee associations applicable to you, either created, sponsored or endorsed by Monkburger, or independent franchisee associations.

21. FINANCIAL STATEMENTS

Attached as Exhibit B are the audited financial statements for Monkburger as of December 31, 2023, January 1, 2023 and January 2, 2022.

22. CONTRACTS

Attached as Exhibit C is the Franchise Agreement. Attached as Exhibit D is the Area Development Agreement.

23. RECEIPTS

The last pages of this Franchise Disclosure Document are detachable Receipts.

**ADDENDUM TO
MONKBURGER FRANCHISE GROUP LLC
FRANCHISE DISCLOSURE DOCUMENT**

Note to California franchisees: THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THIS FRANCHISE DISCLOSURE DOCUMENT.

The Franchise Agreement and the Area Development Agreement provide for termination upon your bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).

Neither Monkburger nor any person identified in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sec. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement or the Area Development Agreement contains a provision that is inconsistent with California law, California law will control.

You must sign a joint and mutual release of claims if you transfer your Franchise. California Corporations Code, Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Consequently, California Corporations Code, Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code, Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The provisions of the Franchise Agreement or the Area Development Agreement containing post-term covenants not to compete may not be enforceable under California law.

California Corporations Code, Section 31125 requires franchisors to give California franchisees a disclosure document, approved by the California Department of Business Oversight, before the solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement and the Area Development Agreement require non-binding mediation. The mediation will occur in Wisconsin, with the costs being borne by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or the Area Development Agreement restricting venue to a forum outside the State of California.

Neither the Franchise Agreement nor the Area Development Agreement contains a liquidated damage clause.

Monkburger's website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may

be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

If Monkburger negotiates the terms of the Franchise Agreement or the Area Development Agreement in California, a copy of the Notice of Negotiated Sale of Franchise will be made available for your review upon written request to Mr. Thomas Heller who can be reached at the address and telephone number of Monkburger disclosed on the cover page of this Franchise Disclosure Document. You will receive a copy of the Notice of Negotiated Sale of Franchise within 5 business days after Monkburger receives your written request.

Note to Illinois franchisees: The Franchise Agreement and the Area Development Agreement will be governed by Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1-44 (the “Illinois Act”). Section 41 of the Illinois Act provides that any condition, stipulation or provision purporting to require you to waive compliance with the Illinois Act or any other Illinois law is void. However, you can enter into a settlement agreement, execute a general release of a potential or actual lawsuit, and arbitrate any claim.

Note to Maryland franchisees: Section 14-226 of the Maryland Franchise Registration and Disclosure Law (the “Maryland Law”) prohibits Monkburger from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability under the Maryland Law as a condition of purchasing a franchise. Nothing in this Franchise Disclosure Document, the Franchise Agreement and the Area Development Agreement will act as a release, estoppel or waiver or any liability under the Maryland Law. The Uniform Consent to Service of Process which Monkburger must file pursuant to Section 14-216(25) of the Maryland Law requires that Monkburger be available for suit in Maryland. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the Franchise. You do not have to sign a general release to reacquire or transfer the Franchise.

Note to New York franchisees: The choice of law provisions in the Franchise Agreement and the Area Development Agreement will not be considered a waiver of any right conferred upon Monkburger or you by Article 33 of the General Business Law of the State of New York. Monkburger may, if it chooses, negotiate with you about items covered in this Franchise Disclosure Document. However, Monkburger cannot use the negotiating process to prevail upon you to accept terms which are less favorable than those set forth in this Franchise Disclosure Document.

Note to Minnesota franchisees: Minnesota Statutes, Section 80C.21 and Minn. Rule 2860.4400D prohibit Monkburger from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, requiring you to consent to liquidated damages, termination penalties or judgment notes, or requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Secs. 80C.01 to 80C.22. In addition, no provision of this Franchise Disclosure Document, the Franchise Agreement or the Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedy provided for by the laws of Minnesota. Monkburger will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of the nonrenewal of your Franchise.

Note to North Dakota franchisees: Covenants not to compete are generally unenforceable in North Dakota, except in limited circumstances provided by law. The North Dakota Securities Commissioner has held that requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota is unenforceable.

Note to Rhode Island franchisees: Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that any provision of the Franchise Agreement or the Area Development Agreement which restricts jurisdiction or venue to a forum outside Rhode Island is void if the claim is otherwise enforceable under the Rhode Island Franchise Investment Act.

Note to South Dakota franchisees: Covenants not to compete are generally unenforceable in South Dakota, except in limited circumstances provided by law. Any provision of the Franchise Agreement or the Area Development Agreement which designates jurisdiction or venue outside South Dakota or requires jurisdiction or venue in a forum outside of South Dakota is void if the cause of action is otherwise enforceable in South Dakota.

Note to Washington franchisees: In the event of a conflict of laws, the provision of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act") will prevail. The Washington Act may supersede the Franchise Agreement and the Area Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and the Area Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of the franchise.

The scope of the joint and mutual release signed by you as a condition of transfer of the Franchise will be limited by applicable law. A release or waiver or rights executed by a Washington franchisee will not include rights under the Washington Act, except for a negotiated settlement agreement executed after the Franchise Agreement is in effect where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act such as a right to a jury trial may not be enforceable.

Assignment Fees are collectable to the extent that they reflect Monkburger's reasonable estimated or actual costs in effecting an assignment.

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

EXHIBIT A

COMPUTERS AND SOFTWARE STANDARDS, SPECIFICATIONS AND REQUIREMENTS (1)

Toast hardware on the number of terminals and back office equipment as is reasonably required by Monkburger, each running the latest version of Toast software.

Note:

(1) As of the date of this Disclosure Document.

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B

FINANCIAL STATEMENTS

Monkburger Franchise Group, LLC

Financial Report

December 31, 2023



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MONKBURGER FRANCHISE GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Member of
Monkburger Franchise Group, LLC
Wisconsin Dells, WI

Opinion

We have audited the accompanying financial statements of Monkburger Franchise Group, LLC, which comprise the balance sheets as of December 31, 2023, and January 01, 2023, and the related statements of operations and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monkburger Franchise Group, LLC as of December 31, 2023, and January 01, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Monkburger Franchise Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Monkburger Franchise Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Monkburger Franchise Group, LLC'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 Monkburger Franchise Group, LLC'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.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin
June 25, 2024

MONKBURGER FRANCHISE GROUP, LLC

BALANCE SHEETS

December 31, 2023 and January 01, 2023

	<u>12/31/2023</u>	<u>1/1/2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 231,462	\$ 624,038
Accounts receivable	115,321	131,518
Accounts receivable, related parties	7,512	12,400
Contract assets	202,241	192,385
Inventories	15,826	11,423
Prepaid expenses	2,935	8,454
Deposits	600	600
	<u>575,897</u>	<u>980,818</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	2,901	2,901
Vehicles	85,057	0
	<u>87,958</u>	<u>2,901</u>
Less accumulated depreciation	10,749	1,829
	<u>77,209</u>	<u>1,072</u>
OTHER ASSETS		
Contract cost assets, net	7,631	8,151
	<u>7,631</u>	<u>8,151</u>
TOTAL ASSETS	<u>\$ 660,737</u>	<u>\$ 990,041</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Current maturities on long-term debt	\$ 49,280	\$ 47,797
Accounts payable	3,761	13,300
Due to related parties	1,616	1,302
Contract liabilities	82,921	78,875
Accrued compensation	16,625	14,435
Other accrued expenses	13,553	16,102
	<u>167,756</u>	<u>171,811</u>
LONG-TERM DEBT, less current maturities	120,589	165,305
	<u>372,392</u>	<u>652,925</u>
MEMBER'S EQUITY		
	<u>372,392</u>	<u>652,925</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 660,737</u>	<u>\$ 990,041</u>

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY
Years ended December 31, 2023 and January 01, 2023

	12/31/2023	1/1/2023
Income:		
Revenue from contracts with customers:		
Franchise continuation fees	\$ 413,037	\$ 420,477
Production fund fees	181,138	183,380
Sponsorship fees	252,135	273,405
Other	10,810	17,350
Total revenue from contracts with customers	857,120	894,612
Operating expenses:		
Wages, payroll taxes and employee benefits	286,211	261,244
Other operating expenses	299,491	238,319
Total operating expenses	585,702	499,563
Operating income	271,418	395,049
Other expense:		
Interest expense	8,829	11,312
Net income	262,589	383,737
Member's equity, beginning	652,925	235,810
Contributions	56,878	33,378
Distributions	(600,000)	0
Member's equity, ending	\$ 372,392	\$ 652,925

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and January 01, 2023

	<u>12/31/2023</u>	<u>1/1/2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 262,589	\$ 383,737
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation	8,920	414
Amortization	520	521
Gift cards breakage	5,810	17,350
Increase (decrease) in cash due to change in:		
Accounts receivable	16,197	29,192
Accounts receivable, related parties	4,888	2,482
Contract assets	(9,856)	(23,686)
Inventories	(4,403)	8,002
Prepaid expenses	5,519	(832)
Deposits	0	90
Accounts payable	(9,539)	7,799
Due to related parties	314	(4,395)
Contract liabilities	(1,764)	(11,014)
Accrued compensation	2,190	(475)
Other accrued expenses	(2,549)	(5,939)
	<u>278,836</u>	<u>403,246</u>
Net cash provided by operating activities	278,836	403,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(61,557)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(43,233)	(37,376)
Distributions	(600,000)	0
Contributions	33,378	33,378
	<u>(609,855)</u>	<u>(3,998)</u>
Net cash used in financing activities	(609,855)	(3,998)
Net increase (decrease) in cash	(392,576)	399,248
Cash:		
Beginning	624,038	224,790
Ending	<u>\$ 231,462</u>	<u>\$ 624,038</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 9,024</u>	<u>\$ 10,527</u>
SUPPLEMENTAL SCHEDULES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Trade-in value received (from member's vehicle) on purchase of vehicle	<u>\$ 23,500</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE A -- Nature of business and significant accounting policies

Nature of business

Monkburger Franchise Group, LLC (“the company”) grants franchise rights for the operation of full-service restaurants that feature classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere under the name Monk’s Bar & Grill.

The company shall be operated in a manner consistent with its treatment as a disregarded entity for federal and state income tax purposes whereby the activity of the company is reported directly by the owner. Therefore, the financial statements do not include the personal assets and liabilities of the owner, nor any provision for income tax expense.

The company consists of one member whose liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the act and other applicable laws.

The company’s operating agreement calls for the company to dissolve upon the earlier of date provided by law or specific events detailed in the operating agreement.

A summary of significant accounting policies follows:

Fiscal year

The company uses a 52–53-week fiscal year. The company’s fiscal years ended December 31, 2023 and January 01, 2023 contained 52 weeks.

Use of estimates in preparing financial statements

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Entities under common control

The company has adopted the accounting alternative offered to private companies in Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-17, Consolidation (Topic 810) for entities under common control. In accordance with this alternative, the company does not evaluate entities that meet the requirements in the variable interest entities subsections of ASU 2018-17. Instead, the company discloses information about the legal entities under common control required by the accounting alternative (Note D). There are no risks or exposure to loss associated with the company’s involvement with the related parties under common control.

Cash

The company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

MONKBURGER FRANCHISE GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Accounts receivable

The company carries its accounts receivable at cost less an allowance for doubtful accounts. Accounts receivable consist of rebates, continuing franchise fees, production fees, and other operational items. The company uses a calculated loss rate as the basis to determine expected credit losses for accounts receivable. The allowance for credit losses is estimated based on expected credit losses considering the company's historical losses, the existing economic conditions in the restaurant franchise industry, and the financial stability of its customers. Credit losses related to contract assets are determined using the same factors and calculated loss rate. The allowance related to accounts receivable and contract assets was \$0 as of December 31, 2023 and January 1, 2023.

Accounts receivable as of January 03, 2022, was \$160,710.

Inventories

Inventories consist primarily of frisbees, caddies and other promotional items to be sold to the franchisees and is reported at the lower of cost (first-in first-out) or net realizable value.

Property and equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed on the straight-line method based upon the estimated useful lives of the assets:

	<u>Years</u>
Furniture and fixtures	7
Vehicles	5

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Depreciation expense totaled \$8,920 and \$414 for the years ended December 31, 2023 and January 01, 2023, respectively.

Impairment of long-lived assets

The company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset is less than the carrying amount of that asset. To date, there have been no such losses.

Contract cost assets, net

The company will occasionally incur costs to obtain a contract with a franchisee. These costs primarily include referral fees. The company does not incur these costs unless the contract is obtained.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Contract cost assets, net (Continued)

On January 1, 2018, the company entered into an agreement to receive franchise sales and development services from an employee. Under the terms of the agreement, for each franchise sale made by the employee during a specified time period, the company will pay the employee 10% of continuing franchise fees received during the 24-month period beginning on the opening date of the franchise. The maximum amount that can be received is \$10,000 in each 12-month period per franchise. These referral fees paid to the employee are amortized over the period during which future benefits from the franchisee are expected to be received, which is equal to 20 years.

Amortization expense totaled \$520 and \$521 for the years ended December 31, 2023 and January 01, 2023, respectively.

Contract liabilities

Contract liabilities consist of outstanding gift cards. The company maintains a gift card program that requires franchisees to sell gift cards, which can be redeemed to purchase goods at all restaurant locations. The company derecognizes the liability and recognizes revenue related to the portion of the gift cards that ultimately will not be redeemed by customers ("breakage"). At the end of each year, the company updates the estimated amount of breakage expected in regard to the outstanding gift card balance. The determination of the gift card breakage rate is based upon the company's specific historical redemption patterns. The company recognizes gift card breakage by applying its estimate of the rate of gift card breakage to outstanding amounts at the end of each year. Breakage revenues recognized each year are included in other income on the statements of operations and member's equity.

Leases - lessee

The company determines if an arrangement is or contains a lease at inception. The company has entered into a variety of operating leases for office and storage space. Operating lease expense is recognized on a straight-line basis over the lease term. There were no ROU assets or lease liabilities as of December 31, 2023.

The company does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less and that do not include an option to purchase the underlying assets that is reasonably certain to be exercised). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. See Note B for short-term lease expense recognized for those leases during the year ended December 31, 2023. The remaining short-term lease payments due in 2024 are \$2,520.

For the lease of storage space, the company has elected to account for the lease and non-lease components as a single lease component. There is variability in future lease payments for the storage space as the amount of the non-lease components is dependent on certain factors that are unknown and change from one period to the next. These variable lease payments which are primarily comprised of real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

MONKBURGER FRANCHISE GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Leases - lessee (Continued)

In evaluating contracts to determine if they qualify as a lease, the company considers factors such as whether it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining what percentage of the lease term constitutes a major part of the economic life of the underlying asset and defining what percentage of the present value of the sum of lease payments equals or exceed substantially all of the fair value of the underlying asset, the company has elected to define major part as 75% of all classes of underlying assets and to define substantially all as 90% for all classes of underlying assets.

Revenue recognition

The company grants franchise rights for the operation of full-service restaurants. As a result, the company is dependent on the strength of the hospitality industry. The company has determined that the franchise license is the predominant item in the franchise agreements because the company assigns significantly more value to the license than to other goods and services in the agreements. Because the franchise agreements include other goods and services that are highly interdependent on the license, the license is not considered separately identifiable from the other promised goods and services. As a result, the promise to provide the license is combined with other promised goods and services as a single performance obligation.

The promise to provide the franchise license represents a series of distinct services, which is the franchisor's promise to provide daily access to the license over a period of time, and not a specified amount of services or access. Although the franchisor's underlying activities associated with the license will vary both within a day and day-to-day, the license is accessed over time and the franchisee simultaneously receives and consume the benefit from the franchisor's performance of providing access. This series of distinct services represents a single performance obligation. The company recognizes revenue when it satisfies the performance obligation (see Note E).

The company receives initial franchise fees for pre-opening services provided during new restaurant openings. The company adopted Accounting Standards Update (ASU) 2021-02, *Franchisors – Revenue from Contracts with Customers [Subtopic 952-909]: Practical Expedient* which provides an optional practical expedient to simplify application of the guidance on identifying performance obligations for certain franchisors. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to franchisees as distinct from the franchise license itself.

The company's loyalty program is a spend-based program that rewards customers with points for restaurant purchases. The loyalty points are accumulated and redeemed by the franchise locations. The company has no responsibility to redeem these amounts.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Advertising

Advertising costs are expensed as incurred. The amounts expensed for the years ended December 31, 2023 and January 01, 2023, were \$148,583 and \$96,653, respectively.

Operating expenses

Operating expenses related to franchise outlets for the years ended December 31, 2023 and January 01, 2023, were \$585,702 and \$499,563, respectively.

Accounting standards update

Effective January 1, 2023, the company adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. In addition, disclosure requirements were enhanced to enable financial statement users to understand the inherent credit risk in a portfolio, how management assesses the credit quality of the portfolio, and the estimate of credit losses and any changes in the estimate during the period. The company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the company's financial statements but did change how the allowance for credit losses is determined and added additional quantitative and qualitative disclosures.

Subsequent events

These financial statements have not been updated for subsequent events occurring after June 25, 2024, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

NOTE B -- Leases

The company leases office and storage space from third parties under operating leases with terms of one year or less. The terms of the leases expire in December 2023 and April 2024.

The components of lease expense are as follows for the years ended December 31:

	<u>12/31/23</u>	<u>01/01/23</u>
Variable lease cost	\$ 1,286	\$ 1,298
Short-term lease cost	<u>7,560</u>	<u>7,560</u>
Total lease cost	<u>\$ 8,846</u>	<u>\$ 8,858</u>

Subsequent to year-end, effective January 2024, the company entered into a lease agreement for storage space from a third party. The term of the lease is from January 2024 to December 2024.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE C -- Long-term debt

Long-term debt consists of the following:

	<u>12/31/23</u>	<u>01/01/23</u>
Note payable to Bank of Wisconsin Dells; monthly payments of \$4,355, including interest at 4.60% (effective interest rate of 4.70%); due March 30, 2025; secured by a commercial security agreement.	\$ 169,869	\$ 213,102
Less current maturities	<u>49,280</u>	<u>47,797</u>
	<u>\$ 120,589</u>	<u>\$ 165,305</u>

Repayment of principal on long-term debt as of December 31, 2023, is as follows:

Year ending December,

2024	\$ 49,280
2025	<u>120,589</u>
	<u>\$ 169,869</u>

NOTE D -- Related party transactions

The net amount due to Heller's, Ltd., related party through common ownership, as of December 31, 2023 and January 01, 2023, was \$1,616 and \$1,302, respectively.

The amount due from Monks in the Middle, LLC, related party through common ownership, as of January 01, 2023, was \$5,198. The member sold the LLC in January 2023.

The amount due from Jami Development, LLC, related party through common ownership, as of December 31, 2023 and January 01, 2023, was \$7,512 and \$7,202, respectively.

Related party revenue transactions between the company and entities related through common ownership are as follows for the years ended December 31, 2023 and January 01, 2023:

	<u>12/31/23</u>	<u>01/01/23</u>
Monks in the Middle, LLC	\$ 6,726	\$ 83,699
Jami Development, LLC	<u>67,577</u>	<u>67,479</u>
	<u>\$ 74,303</u>	<u>\$ 151,178</u>

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE E -- Revenue recognition

In the following table, revenue from contracts with customers (franchisees) is disaggregated by timing of satisfaction of performance obligations for the years ended December 31, 2023 and January 01, 2023:

	<u>12/31/23</u>	<u>01/01/23</u>
Performance obligations satisfied at a point in time	\$ 5,000	\$ 0
Performance obligations satisfied over time	<u>852,120</u>	<u>894,612</u>
Total revenue from contracts with customers	<u>\$ 857,120</u>	<u>\$ 894,612</u>

The company generally recognizes revenues over time, with the exception of new location rebates and initial franchise fees, which are recognized when a new restaurant opens; assignment fees, which are recognized on the date of assignment; and one-time signing bonuses, which are recognized upon acceptance of a contract. The company's contracts have single performance obligations, as the promise to transfer the goods or services is not separately identifiable from the promise to provide the license, and therefore, is not distinct.

Because the franchise agreements include other goods and services that are highly interdependent on the license, the license is not considered separately identifiable from the other promised goods and services. The company's primary sources of revenue include the following:

Initial franchise fees

The company collects initial franchise fees when franchise agreements are signed. The initial franchise fee is \$30,000. However, if an agreement is signed in compliance with an Area Development Agreement, then the initial franchise fee will be the amount as specified in such agreement. These fees are recognized at a point-in time when a new restaurant opens.

Franchise continuation fees

The company collects royalties from the franchisees equal to the greater of a percentage of revenues generated on a four-week period basis or a base amount as outlined in the franchise agreement. The continuing franchise fee is generally 2.5% to 4.0% of revenues with a base amount of \$1,000 to \$2,000. These fees are allocated to the franchise license performance obligation as sales occur. The company allocates the variable consideration to each day of distinct service and the royalty consideration is not included in the transaction price until the sales occur. Monthly royalty fees are recognized in the month the fees are billable.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE E -- Revenue recognition (Continued)

Production fund fees

The franchise agreements require the franchisee to pay the company a production fee equal to 1% of the revenues generated by the franchisee during the preceding four-week period, which are deposited into the advertising and marketing production fee fund, administered and controlled exclusively by the company. The company acts as a principal in this transaction as the company is responsible for providing the marketing and advertising services. The company reports the fees collected on a gross basis, with separate reporting of related expenses. Revenues are recognized over time when the underlying franchisee sales occur. When the production fund is over-spent at year-end, advertising expenses will be greater than the revenue recorded for the advertising contributions. Conversely, when the production fund is under-spent at year-end, the company will accrue advertising costs up to advertising contributions recorded as revenue.

The company had a liability of \$0 to the production fee fund for each of the years ended December 31, 2023 and January 01, 2023. The amount recorded in accounts receivable for the production fee as of December 31, 2023 and January 01, 2023 was \$13,326 and \$12,857, respectively.

Sponsorship fees

The company has entered into various agreements with its vendors, which provide the company payments in the form of rebates based upon quantities of product purchased. These usage-based incentive amounts represent variable consideration. However, the amounts are difficult to estimate as the amount to be received is largely dependent upon the activities of the franchisees and not the performance of the company. Therefore, the company has applied the 'sales and usage-based royalty' exception rules, which allows the consideration to not be included in the transaction price until the usage occurs. Revenues are recognized over time when the underlying usage occurs on a quarterly basis. The terms of each agreement are detailed below.

- The company entered into a beverage agreement with Coca-Cola Refreshments USA, Inc. ("the bottler") on October 22, 2020, with effective dates January 1, 2021 through December 31, 2028. The company will receive a fixed amount annually provided the company meets the minimum purchase requirement during the 8-year term. If the minimum requirements are not met in a given year, the company will be paid based on the percentage of the volume commitment satisfied. As the amount to be received is largely dependent upon the purchasing activities of the company in a given year, the company has applied the 'sales and usage-based royalty' exception rules, which allows the consideration to not be included in the transaction price until the usage occurs. Revenues are recognized when the underlying usage occurs on an annual basis. A fixed amount will be received to support marketing and promotional activities as well.

Revenue recognized under this contract was \$55,957 and \$57,894 for the years ended December 31, 2023 and January 01, 2023, respectively.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE E -- Revenue recognition (Continued)

- The company entered into an incentive program agreement with Gordon Food Service (GFS) effective April 4, 2021 through April 1, 2028. Under the terms of the agreement, the company receives various amounts based on total product purchased as specified in the agreement. Each restaurant needs to follow the related purchase commitment. The purchase commitment requires the subject restaurants to adhere to certain requirements as specified in the agreement. Under the terms of the agreement, the company also receives a fixed percentage of purchases for 12 months after each new location is added to the agreement and purchases from GFS for at least 90 days.

Revenue recognized under these contracts were \$139,773 and \$152,973 for the years ended December 31, 2023 and January 01, 2023, respectively.

- The company entered into a food services agreement with McCain Foods USA as of October 1, 2016 through September 30, 2018; and renewed the agreement through September 30, 2024. McCain pays a quarterly rebate per case of food items purchased as outlined in the agreement. Under the terms of the agreement, McCain will also provide the company with a fixed amount annually for marketing support and a menu allowance, if the company so chooses.

Revenue recognized under this contract was \$16,534 and \$5,456 for the years ended December 31, 2023 and January 01, 2023, respectively.

- The company entered into a product and services supply agreement with Ecolab, Inc. as of April 1, 2014, through March 31, 2017; and renewed the agreement through December 31, 2022. The company must purchase from Ecolab a minimum percentage of the company's requirements for warewashing, housekeeping, laundry and other cleaning and sanitizing chemical products. In addition, the company must only promote Ecolab as the source of the products to the franchisees. Franchisees may, but are not required to, purchase the products from Ecolab. A rebate is paid equal to a percentage of the price paid for products purchased by the company and franchisees for all invoices paid within 40 days of the invoice date.

On July 1, 2023, a new agreement was signed effective July 1, 2023 through June 30, 2026. The company must purchase from Ecolab a minimum percentage of the company's requirements for warewashing, housekeeping, laundry and other cleaning and sanitizing chemical products. In addition, the company must only promote Ecolab as the source of the products to the franchisees. Franchisees may, but are not required to, purchase the products from Ecolab. A rebate is paid equal to a percentage of the price paid for products purchased by the company and franchisees for all invoices paid.

Rebates earned under this agreement were \$7,559 and \$5,339 for the years ended December 31, 2023 and January 01, 2023, respectively.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE E -- Revenue recognition (Continued)

- The company entered into a rebate agreement with Sandridge Food Corporation as of April 4, 2017, through December 31, 2017. The agreement was verbally extended through December 31, 2024, with the same terms. The company must purchase a minimum number of cases of Sandridge or GFS items per quarter, as specified in the agreement, and purchases must be greater than or equal to the purchases in the prior year. The company earns a fixed fee per case on all cases purchased, with a few exceptions as outlined in the agreement. Rebates earned under this agreement were \$4,217 and \$4,147 for the years ended December 31, 2023 and January 01, 2023, respectively.
- The company entered into a rebate agreement with Riverside Foods, Inc. as of October 1, 2018, through December 31, 2019. The agreement was extended through December 31, 2024, with the same terms. Riverside Foods, Inc. pays the company a quarterly rebate at a fixed price per case on food items purchased as outlined in the agreement. Rebates earned under this agreement were \$26,478 and \$29,808 for the years ended December 31, 2023 and January 01, 2023, respectively.
- The company entered into a rebate agreement with Lamb Weston Sales, Inc. as of December 1, 2020 through November 30, 2022; and renewed the agreement through May 31, 2023. This agreement was not renewed after May 31, 2023. Lamb Weston pays a quarterly rebate per pound of food items purchased as outlined in the agreement. Rebates earned under this agreement were \$1,617 and \$17,788 for the years ended December 31, 2023 and January 01, 2023, respectively.

The company's timing of revenue recognition is generally consistent with its right to collect cash from its customers (franchisees). The company's accounts receivable represent amounts billed to customers that have yet to be collected and represent an unconditional right to cash from its customers.

Contract assets and contract liabilities as of December 31, 2023 and January 01, 2023, respectively, consist of the following:

	<u>12/31/23</u>	<u>01/01/23</u>
<u>Contract assets</u>		
Gift cards receivable (outstanding gift cards receipts due from franchise locations)	<u>\$ 202,241</u>	<u>\$ 192,385</u>
<u>Contract liabilities</u>		
Gift cards payable	<u>\$ 82,921</u>	<u>\$ 78,875</u>

Contract assets and contract liabilities as of January 03, 2022, totaled \$168,699 and \$72,539, respectively.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE F -- Commitments and contingencies

Savings Incentive Match Plan for Employees (SIMPLE)

The company employs staff directly but participates in the Heller's Ltd. SIMPLE IRA savings incentive match plan. The plan covers all employees who have received at least \$5,000 in compensation during any two preceding years and is expected to receive at least such amount during the year. The company matches 100% of employee contributions not to exceed 3% of employees' eligible compensation. Company matching contributions to the plan totaled \$5,851 and \$5,895 for the years ended December 31, 2023 and January 01, 2023, respectively.

Monkburger Franchise Group, LLC

Financial Report

January 02, 2022

MONKBURGER FRANCHISE GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Member of
Monkburger Franchise Group, LLC
Wisconsin Dells, WI

Opinion

We have audited the accompanying financial statements of Monkburger Franchise Group, LLC (an S corporation), which comprise the balance sheets as of January 02, 2022, and January 03, 2021, and the related statements of operations and member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monkburger Franchise Group, LLC as of January 02, 2022, and January 03, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Monkburger Franchise Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Monkburger Franchise Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Monkburger Franchise Group, LLC'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 Monkburger Franchise Group, LLC'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.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

May 10, 2022

MONKBURGER FRANCHISE GROUP, LLC

BALANCE SHEETS

January 02, 2022 and January 03, 2021

	<u>1/2/2022</u>	<u>1/3/2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 224,790	\$ 116,966
Accounts receivable, net	160,710	76,833
Accounts receivable, related parties	14,882	25,949
Contract assets	168,699	173,482
Inventories	19,425	25,597
Prepaid expenses	7,622	3,032
Deposits	690	690
	<u>596,818</u>	<u>422,549</u>
Total current assets	596,818	422,549
FURNITURE AND FIXTURES		
Furniture and fixtures	2,901	2,901
Accumulated depreciation	1,415	1,001
	<u>1,486</u>	<u>1,900</u>
Furniture and fixtures, net	1,486	1,900
OTHER ASSETS		
Contract cost assets, net	8,672	9,192
	<u>8,672</u>	<u>9,192</u>
TOTAL ASSETS	<u>\$ 606,976</u>	<u>\$ 433,641</u>
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Current maturities on long-term debt	\$ 250,478	\$ 37,210
Accounts payable	5,501	10,266
Due to related parties	5,697	150,871
Contract liabilities	72,539	78,072
Accrued compensation	14,910	11,050
Other accrued expenses	22,041	13,848
	<u>371,166</u>	<u>301,317</u>
Total current liabilities	371,166	301,317
LONG-TERM DEBT, less current maturities	0	286,128
	<u>235,810</u>	<u>(153,804)</u>
MEMBER'S EQUITY (DEFICIT)	235,810	(153,804)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u>\$ 606,976</u>	<u>\$ 433,641</u>

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
Years ended January 02, 2022 and January 03, 2021

	1/2/2022	1/3/2021
Income:		
Revenue from contracts with customers:		
Franchise continuation fees	\$ 248,750	\$ 114,572
Production fund fees	180,145	117,144
Sponsorship fees	262,622	144,041
Other	15,750	18,690
Total revenue from contracts with customers	707,267	394,447
PPP contribution income	41,532	25,806
Government grant/EIDL advance	0	10,000
Total income	748,799	430,253
Operating expenses:		
Wages, payroll taxes and employee benefits	214,851	195,879
Other operating expenses	167,459	232,377
Total operating expenses	382,310	428,256
Operating income	366,489	1,997
Other expense:		
Interest expense	15,815	18,164
Net income (loss)	350,674	(16,167)
Member's deficit, beginning	(153,804)	(165,452)
Contributions	38,940	27,815
Member's equity (deficit), ending	\$ 235,810	\$ (153,804)

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC

STATEMENTS OF CASH FLOWS

Years ended January 02, 2022 and January 03, 2021

	1/2/2022	1/3/2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 350,674	\$ (16,167)
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:		
Depreciation	414	414
Amortization	520	767
Gift cards breakage	750	3,690
Increase (decrease) in cash due to change in:		
Accounts receivable, net	(83,877)	19,237
Accounts receivable, related parties	11,067	6,485
Contract assets	4,783	(6,719)
Inventories	6,172	(4,775)
Prepaid expenses	(4,590)	3,304
Deposits	0	205
Contract costs assets, net	0	(3,698)
Accounts payable	(4,765)	(14,160)
Due to related parties	(145,174)	(5,477)
Contract liabilities	(6,283)	(661)
Accrued compensation	3,860	(2,370)
Accrued payroll taxes	0	(5,328)
Other accrued expenses	8,193	4,707
	141,744	(20,546)
Net cash provided by (used in) operating activities	141,744	(20,546)
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	0	35,700
Payments on long-term debt	(72,860)	(38,014)
Contributions	38,940	27,815
	(33,920)	25,501
Net cash provided by (used in) financing activities	(33,920)	25,501
Net increase in cash	107,824	4,955
Cash:		
Beginning	116,966	112,011
Ending	\$ 224,790	\$ 116,966
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 16,630	\$ 18,599
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reduction of contract liabilities through cumulative adjustment benefit to retained earnings as a result of adopting ASU 2021-02	\$ 0	\$ 28,000

The accompanying notes are an integral part of the financial statements.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE A -- Nature of business and significant accounting policies

Nature of business

Monkburger Franchise Group, LLC (“the company”) grants franchise rights for the operation of full-service restaurants that feature classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere under the name Monk’s Bar & Grill.

The company shall be operated in a manner consistent with its treatment as a disregarded entity for federal and state income tax purposes whereby the activity of the company is reported directly by the owner. Therefore, the financial statements do not include the corporate assets and liabilities of the owner, nor any provision for income tax expense.

The company consists of one member whose liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the act and other applicable laws.

The company’s operating agreement calls for the company to dissolve upon the earlier of date provided by law or specific events detailed in the operating agreement.

A summary of significant accounting policies follows:

Fiscal year

The company uses a 52–53-week fiscal year. The company’s fiscal years ended January 02, 2022 and January 03, 2021, contained 52 and 53 weeks, respectively.

Use of estimates in preparing financial statements

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Entities under common control

The company has adopted the accounting alternative offered to private companies in Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-17, Consolidation (Topic 810) for entities under common control. In accordance with this alternative, the company does not evaluate entities that meet the requirements in the variable interest entities subsections of ASU 2018-17. Instead, the company discloses information about the legal entities under common control required by the accounting alternative (Note D). There are no risks or exposure to loss associated with the company’s involvement with the related parties under common control.

Cash

The company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Accounts receivable, net

The company carries its accounts receivable at cost less an allowance for doubtful accounts. Accounts receivable consist of rebates, continuing franchise fees, production fees, and other operational items. Accounts receivable are not interest bearing. On a periodic basis, the company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit. At January 02, 2022 and January 03, 2021, there is no allowance as management believes all accounts receivable are collectible.

Accounts receivable, net as of December 30, 2019, were \$96,070.

Inventories

Inventories consist primarily of frisbees, caddies and other promotional items to be sold to the franchisees and is reported at the lower of cost (first-in first-out) or net realizable value.

Furniture and fixtures

Furniture and fixtures is stated at cost. Depreciation of furniture and fixtures is computed on the straight-line method based upon an estimated useful life of 7 years.

Maintenance and repairs of furniture and fixtures are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of furniture and fixtures, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Depreciation expense totaled \$414 for each of the years ended January 02, 2022 and January 03, 2021.

Impairment of long-lived assets

The company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset is less than the carrying amount of that asset. To date, there have been no such losses.

Contract cost assets, net

The company will occasionally incur costs to obtain a contract with a franchisee. These costs primarily include referral fees. The company does not incur these costs unless the contract is obtained.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Contract cost assets, net (Continued)

On January 1, 2018, the company entered into an agreement to receive franchise sales and development services from an employee. Under the terms of the agreement, for each franchise sale made by the employee during a specified time period, the company will pay the employee 10% of continuing franchise fees received during the 24-month period beginning on the opening date of the franchise. The maximum amount that can be received is \$10,000 in each 12-month period per franchise. These referral fees paid to the employee are amortized over the period during which future benefits from the franchisee are expected to be received, which is equal to 20 years. Referral fees of \$10,406 were not paid for each of the years ended January 02, 2022 and January 03, 2021, and are included in 'Other accrued expenses' on the accompanying balance sheet.

Amortization expense totaled \$520 and \$767 for the years ended January 02, 2022 and January 03, 2021, respectively.

Contract liabilities

Contract liabilities consist of outstanding gift cards. The company maintains a gift card program that requires franchisees to sell gift cards, which can be redeemed to purchase goods at all restaurant locations. The company derecognizes the liability and recognizes revenue related to the portion of the gift cards that ultimately will not be redeemed by customers ("breakage"). At the end of each year, the company updates the estimated amount of breakage expected in regard to the outstanding gift card balance. The determination of the gift card breakage rate is based upon the company's specific historical redemption patterns. The company recognizes gift card breakage by applying its estimate of the rate of gift card breakage to outstanding amounts at the end of each year. Breakage revenues recognized each year are included in other income on the statements of operations and member's equity (deficit).

Revenue recognition

The company grants franchise rights for the operation of full-service restaurants. As a result, the company is dependent on the strength of the hospitality industry. The company has determined that the franchise license is the predominant item in the franchise agreements because the company assigns significantly more value to the license than to other goods and services in the agreements. Because the franchise agreements include other goods and services that are highly interdependent on the license, the license is not considered separately identifiable from the other promised goods and services. As a result, the promise to provide the license is combined with other promised goods and services as a single performance obligation.

The promise to provide the franchise license represents a series of distinct services, which is the franchisor's promise to provide daily access to the license over a period of time, and not a specified amount of services or access. Although the franchisor's underlying activities associated with the license will vary both within a day and day-to-day, the license is accessed over time and the franchisee simultaneously receives and consume the benefit from the franchisor's performance of providing access. This series of distinct services represents a single performance obligation. The company recognizes revenue when it satisfies the performance obligation (see Note F).

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE A -- Nature of business and significant accounting policies (Continued)

Revenue recognition (Continued)

The company receives initial franchise fees for pre-opening services provided during new restaurant openings. The company adopted Accounting Standards Update (ASU) 2021-02, *Franchisors – Revenue from Contracts with Customers [Subtopic 952-909]: Practical Expedient* which provides an optional practical expedient to simplify application of the guidance on identifying performance obligations for certain franchisors. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to franchisees as distinct from the franchise license itself.

The company's loyalty program is a spend-based program that rewards customers with points for restaurant purchases. The loyalty points are accumulated and redeemed by the franchise locations. The company has no responsibility to redeem these amounts.

Conditional contributions

The company elected to account for the proceeds from Paycheck Protection Program (PPP) loans received in 2021 and 2020 as conditional contributions (see Note C). Conditional contributions are those that contain a measurable performance or other barrier and a right of return and are not recognized as revenue until the conditions on which they depend have been met. The amounts received are recognized as refundable advance liabilities until the conditions have been substantially met.

Advertising

Advertising costs are expensed as incurred. The amounts expensed for the years ended January 02, 2022 and January 03, 2021, were \$57,665 and \$129,590, respectively.

Subsequent events

These financial statements have not been updated for subsequent events occurring after May 10, 2022, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

Note B -- Long-term debt

Long-term debt consists of the following:

	<u>01/02/22</u>	<u>01/03/21</u>
Note payable to Bank of Wisconsin Dells; monthly payments of \$4,355, including interest at 5.50%; due March 30, 2022; secured by a commercial security agreement.	\$ 250,478	\$ 287,638
Note payable to U.S. Small Business Administration (SBA); commencing June 2021 monthly payments of \$174, including interest at 3.75%; due June 7, 2050; collateralized by the company's property and equipment. Amount paid in full in 2021.	<u>0</u>	<u>35,700</u>
	250,478	323,338
Less current maturities	<u>250,478</u>	<u>37,210</u>
	<u>\$ 0</u>	<u>\$ 286,128</u>

Repayment of principal on long-term debt as of January 02, 2022, is as follows:

Year ending December,

2022	<u>\$ 250,478</u>
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NOTE C -- Paycheck Protection Program

In April 2020, the company received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$25,806 (the PPP Loan). The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the company. Prior to January 03, 2021, the company applied for forgiveness of the PPP Loan with respect to these covered expenses. The application was approved, and the amount was forgiven in 2021. The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loan after forgiveness, the borrower must immediately repay the loan to the lender.

As of January 03, 2021, all of the conditions associated with the PPP loan were substantially met and the full amount of the PPP loan was recognized as PPP contribution income on the statements of operations and member's equity (deficit).

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE C -- Paycheck Protection Program (Continued)

In January 2021, the company received a second PPP Loan, for an aggregate principal amount of \$41,532. The permitted expenses and forgiveness provisions of the loan are similar to those of the previously received PPP loan. The company is in the process of applying for forgiveness. To the extent that all or part of the second PPP Loan is not forgiven, the company will be required to pay interest on the second PPP Loan at a rate of 1.0% per annum and commencing in June 2022 principal and interest payments will be required through the maturity date in January 2026. Subsequent to year-end, the company applied for forgiveness of the PPP Loan with respect to these covered expenses. The application was approved, and the amount was forgiven in 2022. The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loan after forgiveness, the borrower must immediately repay the loan to the lender.

As of January 02, 2022, all of the conditions associated with the PPP loan were substantially met and the full amount of the PPP loan has been recognized as PPP contribution income on the statements of operations and member's equity (deficit).

NOTE D -- Related party transactions

The amount due from MBG Group, LLC, related party through common ownership, as of January 03, 2021, was \$5,195. On September 13, 2021, the member sold the entity, and it is no longer a related party as of January 02, 2022.

The net amount due to Heller's, Ltd., related party through common ownership, as of January 02, 2022 and January 03, 2021, was \$5,697 and \$150,871, respectively.

The amount due from Monks in the Middle, LLC, related party through common ownership, as of January 02, 2022 and January 03, 2021, was \$7,513 and \$3,799, respectively.

The amount due from Jami Development, LLC, related party through common ownership, as of January 02, 2022 and January 03, 2021, was \$7,369 and \$16,955, respectively.

Related party revenue transactions between the company and entities related through common ownership are as follows for the years ended January 02, 2022 and January 03, 2021:

	<u>01/02/22</u>	<u>01/03/21</u>
MBG Group, LLC	\$ 44,256	\$ 38,530
Heller's, Ltd.	19,517	15,531
Monks in the Middle, LLC	62,078	33,738
Jami Development, LLC	<u>55,381</u>	<u>36,156</u>
	<u>\$ 181,232</u>	<u>\$ 123,955</u>

Related party revenue for MBG Group, LLC for the year ended January 02, 2022, includes revenue from January 04, 2021 through September 12, 2021, as the entity was sold on September 13, 2021.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE D -- Related party transactions (Continued)

Related party revenue for Heller's Ltd. for the year ended January 02, 2022, includes revenue earned from January 04, 2021 through October 3, 2021, as the restaurants assets were sold on October 4, 2021.

NOTE E -- Operating expenses

In the following table, operating expenses is disaggregated between franchisor-owned outlets and franchised outlets for the years ended January 02, 2022 and January 03, 2021:

	<u>01/02/22</u>	<u>01/03/21</u>
Franchisor-owned outlets	\$ 64,045	\$ 88,975
Franchised outlets	<u>318,265</u>	<u>339,281</u>
Total operating expenses	<u>\$ 382,310</u>	<u>\$ 428,256</u>

NOTE F -- Revenue recognition

In the following table, revenue from contracts with customers (franchisees) is disaggregated by timing of satisfaction of performance obligations for the years ended January 02, 2022 and January 03, 2021:

	<u>01/02/22</u>	<u>01/03/21</u>
Performance obligations satisfied at a point in time	\$ 15,000	\$ 15,000
Performance obligations satisfied over time	<u>692,267</u>	<u>379,447</u>
Total revenue from contracts with customers	<u>\$ 707,267</u>	<u>\$ 394,447</u>

The company generally recognizes revenues over time, with the exception of new location rebates and initial franchise fees, which are recognized when a new restaurant opens; assignment fees, which are recognized on the date of assignment; and one-time signing bonuses, which are recognized upon acceptance of a contract. The company's contracts have single performance obligations, as the promise to transfer the goods or services is not separately identifiable from the promise to provide the license, and therefore, is not distinct.

Because the franchise agreements include other goods and services that are highly interdependent on the license, the license is not considered separately identifiable from the other promised goods and services. The company's primary sources of revenue include the following:

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE F -- Revenue recognition (Continued)

Initial franchise fees

The company collects initial franchise fees when franchise agreements are signed. The initial franchise fee is \$30,000. However, if an agreement is signed in compliance with an Area Development Agreement, then the initial franchise fee will be the amount as specified in such agreement. These fees are recognized at a point-in time when a new restaurant opens.

Franchise continuation fees

The company collects royalties from the franchisees equal to the greater of a percentage of revenues generated on a four-week period basis or a base amount as outlined in the franchise agreement. The continuing franchise fee is generally 2.5% to 4.0% of revenues with a base amount of \$1,000 to \$2,000. These fees are allocated to the franchise license performance obligation as sales occur. The company allocates the variable consideration to each day of distinct service and the royalty consideration is not included in the transaction price until the sales occur. Monthly royalty fees are recognized in the month the fees are billable.

Production fund fees

The franchise agreements require the franchisee to pay the company a production fee equal to 1% of the revenues generated by the franchisee during the preceding four-week period, which are deposited into the advertising and marketing production fee fund, administered and controlled exclusively by the company. The company acts as a principal in this transaction as the company is responsible for providing the marketing and advertising services. The company reports the fees collected on a gross basis, with separate reporting of related expenses. Revenues are recognized over time when the underlying franchisee sales occur. When the production fund is over-spent at year-end, advertising expenses will be greater than the revenue recorded for the advertising contributions. Conversely, when the production fund is under-spent at year-end, the company will accrue advertising costs up to advertising contributions recorded as revenue.

The company had a liability of \$0 to the production fee fund for each of the years ended January 02, 2022 and January 03, 2021. The amount recorded in accounts receivable for the production fee as of January 02, 2022 and January 03, 2021 was \$13,912 and \$10,381, respectively.

Sponsorship fees

The company has entered into various agreements with its vendors, which provide the company payments in the form of rebates based upon quantities of product purchased. These usage-based incentive amounts represent variable consideration. However, the amounts are difficult to estimate as the amount to be received is largely dependent upon the activities of the franchisee and not the performance of the company. Therefore, the company has applied the 'sales and usage-based royalty' exception rules, which allows the consideration to not be included in the transaction price until the usage occurs. Revenues are recognized over time when the underlying usage occurs on a quarterly basis. The terms of each agreement are detailed below.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE F -- Revenue recognition (Continued)

- The company entered into a beverage agreement with Coca-Cola Refreshments USA, Inc. (“the bottler”) as of October 1, 2014, through the later of September 30, 2019, or until such time as they have purchased and paid for a specified number of cases and gallons of products, as outlined in the agreement. On September 27, 2019, the company signed an amendment to the agreement, which increased the volume commitment. The agreement expired September 30, 2020. On October 22, 2020, the company signed a second amendment to the agreement to extend the term through December 31, 2020. Under the terms of the agreement, the company also received a fixed amount annually for the initial 5-year term, as well as to support marketing and promotional activities. A fixed fee is also received for each location added to the agreement.

On October 22, 2020, a new agreement was signed effective January 1, 2021 through December 31, 2028. The company will receive a fixed amount annually provided the company meets the minimum purchase requirement during the 8-year term. If the minimum requirements are not met in a given year, the company will be paid based on the percentage of the volume commitment satisfied. As the amount to be received is largely dependent upon the purchasing activities of the company in a given year, the company has applied the ‘sales and usage-based royalty’ exception rules, which allows the consideration to not be included in the transaction price until the usage occurs. Revenues are recognized when the underlying usage occurs on an annual basis. A fixed amount will be received to support marketing and promotional activities as well.

Revenue recognized under these contracts were \$60,612 and \$11,760 for the years ended January 02, 2022 and January 03, 2021, respectively.

Under the terms of the agreement, Coca-Cola Refreshments USA, Inc. paid an upfront fee. The upfront fee was recognized at a point-in-time upon acceptance of the contract and is recorded in other revenue from contracts with customers on the statements of operations and member’s equity (deficit).

- The company entered into an incentive program agreement with Gordon Food Service (GFS) effective for a term of 60 months commencing on June 1, 2016 and expiring on May 31, 2021. Under the terms of the agreement, the company receives various amounts based on total product purchased as specified in the agreement. Each restaurant needs to follow the related purchase commitment. The purchase commitment requires the subject restaurants to adhere to certain requirements as specified in the agreement. Under the terms of the agreement, the company also receives a fixed amount annually for the length of the contract, as well as a fixed fee after each new location is added to the agreement and purchases from GFS for at least 90 days.

MONKBURGER FRANCHISE GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
January 02, 2022

NOTE F -- Revenue recognition (Continued)

On March 9, 2021, a new agreement was signed effective April 4, 2021 through April 1, 2028. Under the terms of the agreement, the company receives various amounts based on total product purchased as specified in the agreement. Each restaurant needs to follow the related purchase commitment. The purchase commitment requires the subject restaurants to adhere to certain requirements as specified in the agreement. Under the terms of the agreement, the company also receives a fixed percentage of purchases for 12 months after each new location is added to the agreement and purchases from GFS for at least 90 days.

Revenue recognized under these contracts were \$138,583 and \$83,010 for the years ended January 02, 2022 and January 03, 2021, respectively.

- The company entered into a food services agreement with McCain Foods USA as of October 1, 2016 through September 30, 2018; and renewed the agreement through September 30, 2022. McCain pays a quarterly rebate per case of food items purchased as outlined in the agreement. Under the terms of the agreement, McCain will also provide the company with a fixed amount annually for marketing support and a menu allowance, if the company so chooses.

Revenue recognized under this contract was \$5,023 and \$18,353 for the years ended January 02, 2022 and January 03, 2021, respectively.

- The company entered into a product and services supply agreement with Ecolab, Inc. as of April 1, 2014, through March 31, 2017; and renewed the agreement through March 31, 2022. The company must purchase from Ecolab a minimum percentage of the company's requirements for warewashing, housekeeping, laundry and other cleaning and sanitizing chemical products. In addition, the company must only promote Ecolab as the source of the products to the franchisees. Franchisees may, but are not required to, purchase the products from Ecolab. A rebate is paid equal to a percentage of the price paid for products purchased by the company and franchisees for all invoices paid within 40 days of the invoice date. Rebates earned under this agreement were \$6,811 and \$6,597 for the years ended January 02, 2022 and January 03, 2021, respectively.
- The company entered into a rebate agreement with Sandridge Food Corporation as of April 4, 2017, through December 31, 2017. The agreement was verbally extended through December 31, 2022, with the same terms. The company must purchase a minimum number of cases of Sandridge or GFS items per quarter, as specified in the agreement, and purchases must be greater than or equal to the purchases in the prior year. The company earns a fixed fee per case on all cases purchased, with a few exceptions as outlined in the agreement. Rebates earned under this agreement were \$4,381 and \$3,093 for the years ended January 02, 2022 and January 03, 2021, respectively.
- The company entered into a rebate agreement with Riverside Foods, Inc. as of October 1, 2018, through December 31, 2019. The agreement was extended through December 31, 2022, with the same terms. Riverside Foods, Inc. pays the company a quarterly rebate at a fixed price per case on food items purchased as outlined in the agreement. Rebates earned under this agreement were \$27,582 and \$18,708 for the years ended January 02, 2022 and January 03, 2021, respectively.

MONKBURGER FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

January 02, 2022

NOTE F -- Revenue recognition (Continued)

- The company entered into a rebate agreement with Red Bull North America, Inc. as of January 1, 2020 through December 31, 2020. Red Bull pays a quarterly rebate based on cases purchased as outlined in the agreement. Rebates earned under this agreement were \$1,295 for the year ended January 03, 2021.
- The company entered into a rebate agreement with Lamb Weston Sales, Inc. as of December 1, 2020 through November 30, 2022. Lamb Weston pays a quarterly rebate per pound of food items purchased as outlined in the agreement. Rebates earned under this agreement were \$19,630 and \$1,225 for the years ended January 02, 2022 and January 03, 2021, respectively.

Under the terms of the agreement, Lamb Weston paid a one-time signing bonus contingent upon the company agreeing to purchase minimum pounds of food in the contract year, as outlined in the agreement. The signing bonus was recognized at a point-in-time upon acceptance of the contract and is recorded in other revenue from contracts with customers on the statements of operations and member's equity (deficit).

The company's timing of revenue recognition is generally consistent with its right to collect cash from its customers (franchisees). The company's accounts receivable represent amounts billed to customers that have yet to be collected and represent an unconditional right to cash from its customers.

Contract assets and contract liabilities as of January 02, 2022 and January 03, 2021, respectively, consist of the following:

	<u>01/02/22</u>	<u>01/03/21</u>
<u>Contract assets</u>		
Gift cards receivable (outstanding gift cards receipts due from franchise locations)	\$ <u>168,699</u>	\$ <u>173,482</u>
<u>Contract liabilities</u>		
Gift cards payable	\$ <u>72,539</u>	\$ <u>78,072</u>

Contract assets and contract liabilities as of December 30, 2019, totaled \$166,763 and \$103,043, respectively.

NOTE G -- Commitments and contingencies

Savings Incentive Match Plan for Employees (SIMPLE)

The company employs staff directly but participates in the Heller's Ltd. SIMPLE IRA savings incentive match plan. The plan covers all employees who have received at least \$5,000 in compensation during any two preceding years and is expected to receive at least such amount during the year. The company matches 100% of employee contributions not to exceed 3% of employees' eligible compensation. Company matching contributions to the plan totaled \$4,932 and \$4,888 for the years ended January 02, 2022 and January 03, 2021, respectively.

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C

FRANCHISE AGREEMENT

Monkburger Franchise Group LLC
PO Box 660
Wisconsin Dells, WI 53965
Telephone: (608) 254-8386
Fax: (608) 254-4859

FRANCHISE AGREEMENT

Franchisee

Legal Name

Street

City, State, Zip Code

Telephone Number/Facsimile Number

Email Address

Franchised Location

Street

City, State, Zip Code

Date of Franchise Agreement

_____, 20____

Monk's Restaurant No. _____

Monkburger Franchise Group LLC

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Monkburger Franchise Group LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 20____, by and between Monkburger Franchise Group LLC, a Wisconsin limited liability company ("Monkburger"), and _____, a(n) _____ (the "Franchisee").

INTRODUCTION

Monkburger has developed a distinctive business system for operating and franchising restaurants featuring classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere under the name "Monk's Bar and Grill®" (the "Monkburger System").

Monkburger has the right and authority to license the use of the name "Monk's Bar and Grill®" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Monkburger in writing now owned, licensed or developed by Monkburger (the "Marks") for use in connection with the Monkburger System to selected persons, businesses or Entities that will comply with Monkburger's uniformity requirements and quality standards.

Monkburger will continue to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages and Products (as defined herein) and related services marketed under the Monkburger System, and to represent to the public the Monkburger System's high standards of quality, appearance, cleanliness and service.

The Franchisee desires to develop, own and operate a Monk's Bar and Grill® restaurant (the "Monk's Restaurant" or the "Restaurant") in conformity with the Monkburger System and Monkburger's uniformity requirements and quality standards as established and promulgated from time to time by Monkburger.

The Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness and service established by Monkburger, and the necessity of operating the Franchisee's Restaurant in strict conformity with the standards and specifications established by Monkburger.

Pursuant to this Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Monkburger and the Franchisee agree and contract as follows:

ARTICLE 1 GRANT OF FRANCHISE

1.1 Franchised Location.

Monkburger hereby grants the Franchisee the personal right to operate one Monk's Restaurant in conformity with the Monkburger System using the name "Monk's Bar and Grill®" and other specified Marks only at the Franchised Location described in the Addendum attached to this Agreement.

1.2 Protected Area.

Except as provided to the contrary in this Article, the Franchisee will receive the “Protected Area” defined in the Addendum attached to this Agreement. Monkburger and its Affiliates will not have the right to Develop Monk’s Restaurants that are physically located within the Franchisee’s Protected Area. Notwithstanding the foregoing, Monkburger and its Affiliates will have the absolute right to: (a) Develop other restaurant business concepts under other brand names, provided such concepts are not Competitive Restaurants, even if the locations for the concepts are within the Protected Area; (b) Develop Monk’s Restaurants and/or Competitive Restaurants in the Protected Area if they are located on a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a regional shopping center or mall, and/or a stadium or arena used for sporting events; (c) market, distribute and sell, on a wholesale or retail basis, packaged food products or other goods under any of the Marks or other brand names, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other method of marketing or distribution, even if such sales are made to customers, distributors or retailers who are located in the Protected Area; and (d) own, operate, manage, franchise and/or license other individuals or Entities to own, manage and/or operate Competitive Restaurants in the Protected Area if Monkburger or an Affiliate derived its Ownership Interests or other rights to such restaurants as part of an acquisition or purchase of a majority of the Ownership Interests in, or substantially all of the assets of, another Entity.

1.3 Undetermined Franchised Location.

If the Franchised Location has not yet been determined as of the date of this Agreement, then when the address of the Franchised Location is determined, the street address, city and state for the Franchised Location will be inserted in the attached Addendum to this Agreement and signed by both Monkburger and the Franchisee.

1.4 Relocation.

Provided the Franchisee is not in default of this Agreement, the Franchisee may, at its sole expense and with the prior written approval of Monkburger, be authorized by Monkburger to relocate the Franchised Location if: (a) the proposed new location is located in the Franchisee’s original Protected Area, as defined in the Addendum to this Agreement when this Agreement was signed by the parties; (b) the proposed new location meets Monkburger’s requirements as set forth in this Agreement; and (c) the Franchisee’s new Protected Area, as defined in the Addendum to this Agreement based upon the proposed new location, does not infringe upon (i) the market area of any existing or proposed Monk’s Restaurant or any other restaurant owned or operated by Monkburger or any of its Affiliates; or (ii) any protected area granted to any other developer, area developer, franchisee, master franchisee or subfranchisee of Monk’s Restaurants. The new location of the Restaurant, including the real estate and the building, must comply with Monkburger’s then-current image, décor, standards and specifications. The Franchisee will pay Monkburger a Relocation Fee of \$5,000 on the date Monkburger approves the Franchisee’s right to relocate at the new location.

1.5 Conditions.

The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. The Franchisee will not have the right to Assign this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

ARTICLE 2

TERM OF AGREEMENT

2.1 Term.

The term of this Agreement will commence on the date of this Agreement and will be for 20 years, unless modified as set forth below in this Article 2.1 or earlier terminated in accordance with the terms and conditions of this Agreement. This Agreement will not be enforceable until it has been signed by both the Franchisee and Monkburger. Notwithstanding the foregoing, if the Lease for the Franchised Location, including a Lease entered into in accordance with Article 12.9 of this Agreement, is effective after the date of this Agreement, then: (a) the term of this Agreement will be for a minimum of 20 years and will be extended to coincide with the term of the Lease signed by the Franchisee, and this Agreement will expire on the same day the Lease term expires, provided that (1) the Lease term (including renewals and options) is for a maximum of 20 years; and (2) the effective date of the Lease is prior to the Required Opening Date; (b) if the Lease term (including renewals) is less than 20 years, then the term of this Agreement will be for 20 years; and (c) under no circumstances will the term of this Agreement exceed 21 years.

2.2 Franchisee's Option to Reacquire Franchise.

At the end of the term of this Agreement, the Franchisee will have the right to reacquire the Franchise for the Franchised Location, provided that the Franchisee has timely complied with all terms and conditions of this Agreement including the timely payment of all Continuing Fees, Production Fees and other Fees due, and further provided that: (a) the Franchisee has given Monkburger written notice at least 180 days prior to the end of the term of this Agreement of its intention to reacquire the Franchise for the Franchised Location; (b) all monetary obligations owed by the Franchisee to Monkburger have been paid or satisfied prior to the end of the term of this Agreement and the Franchisee is not in default under this Agreement; (c) the Franchisee either owns or has the right to lease the Franchised Location for a term that coincides with the term of Monkburger's then-current standard Franchise Agreement; (d) the Franchisee and its Management Staff have completed the required training designated by Monkburger; (e) the Franchisee agrees to execute Monkburger's then-current standard Franchise Agreement (the "New Franchise Agreement"); (f) the Franchisee has agreed in writing to make, within 6 months after the date of the New Franchise Agreement, reasonable capital expenditures necessary to remodel the Franchised Location to comply with the then-current Monkburger's image, décor and specifications and has evidenced to Monkburger's reasonable satisfaction that it has received a written loan commitment from a commercial lender for the amount of the estimated cost of the remodeling or is financially capable of making such expenditures; and (g) on or before the date the Franchisee executes the New Franchise Agreement, the Franchisee will pay Monkburger a Reacquisition Fee equal to the costs incurred by Monkburger in conjunction with the Franchisee's reacquisition of the Franchise, which will not exceed 25% of the Initial Fee specified in the New Franchise Agreement. The Franchisee will have the right to reacquire the Franchise for the Franchised Location under the same terms and conditions then being offered to other developers and franchisees under Monkburger's then-current standard Franchise Agreement; provided however, that the Franchisee will pay Monkburger the Reacquisition Fee specified above, rather than an Initial Fee, and the Franchisee will pay Continuing Fees at a rate that will not exceed 110% of the Continuing Fees required by the terms of this Agreement. The Franchisee will pay the Production Fees and all other Fees at the rates specified in the then-current standard Franchise Agreement. The Franchisee acknowledges that the terms, conditions and economics of the New Franchise Agreement may vary substantially in substance and form from this Agreement.

ARTICLE 3

FEES

3.1 Initial Fee.

The Franchisee will pay Monkburger an Initial Fee of \$30,000 on the date the Franchisee signs this Agreement; provided however, that if the Agreement is signed in compliance with an Area Development Agreement between Monkburger and the Franchisee (or a Controlled Entity, as defined in the Area Development Agreement), then the amount of the Initial Fee payable to Monkburger will be the amount specified in the Area Development Agreement. In all instances, the Initial Fee will be nonrefundable and will be fully earned by Monkburger when the Initial Fee is paid by the Franchisee.

3.2 Continuing Fee; Date Payable.

On the Fee Payment Date, the Franchisee will pay to Monkburger Continuing Fees equal to the greater of the following: (a) a percentage of the Revenues generated by the Franchisee's Monk's Restaurant during the preceding Fee Payment Period, based on the Monk's Restaurant's annual level of Revenues, as set forth in the chart attached as Exhibit E, or (b) \$2,000 (the "Continuing Fee"). The Continuing Fees will be payable by the Franchisee during the term of this Agreement by EFT as provided for in Article 6.2 of this Agreement.

ARTICLE 4

ADVERTISING

4.1 Production Fee.

In addition to all amounts payable to Monkburger by the Franchisee pursuant to this Agreement, on each Fee Payment Date, the Franchisee will pay Monkburger an amount equal to 1% of the Revenues generated by the Franchisee's Monk's Restaurant during the preceding Fee Payment Period (the "Production Fee") for deposit into the advertising and marketing production fund (the "Production Fund") which will be administered and controlled exclusively by Monkburger.

4.2 Use of Production Fees.

Monkburger will have the absolute and unilateral right to determine when, how and where the Production Fees and other payments deposited into the Production Fund will be spent. This includes, without limitation, the right of Monkburger to purchase and pay for product and market research; customer research; real estate research; development of real estate computer models and software; demographic research; conventions; guest satisfaction programs and services; independent shopping service evaluations; production development and materials; ad slicks; brochures; radio and television commercial production; services provided by advertising agencies; table tents, in-store advertising and menu boards; signs; public relations; telemarketing; print advertising; direct mail advertising; promotional programs; advertising market research; graphics and design costs; creation, hosting, software development, upgrades, and maintenance for the Monkburger Website and any additional websites deemed necessary by Monkburger, including intranet websites; Internet, social media and other electronic promotions and advertising; miscellaneous advertising; the administration of the Production Fund; and other business products and services Monkburger deems appropriate and in the best interests of all Monk's Restaurants and the Monkburger System. All administrative and other costs associated with or incurred in the administration of the Production Fund including, but not limited to, marketing and administrative personnel salaries (excluding the salaries of the Executive Management of Monkburger), fringe benefits and Travel Expenses, long-distance telephone charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Production Fees) and office supplies will be

paid from the Production Fund. Monkburger will not be required to spend the Production Fees deposited into the Production Fund in: (a) any particular geographic or market area, (b) the Franchisee's market area in proportion to the Production Fees paid by the Franchisee, or (c) the calendar year in which the payments were made. All interest accrued by the Production Fund will be the property of the Production Fund. A summary showing the income and expenditures of the Production Fund during each calendar year will be prepared by Monkburger on or before March 31 for the preceding calendar year and copies of the summary will, upon written request, be provided to the Franchisee.

4.3 Management of Fund.

The Production Fund will be managed by Monkburger, and Monkburger will have the right to, in its business judgment, do any of the following: (a) compensate Monkburger and/or its Affiliates for salaries, administrative costs, overhead and other expenses incurred in Production Fund related programs/activities including, but not limited to, production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Production Fund consistent with the provisions of this Agreement; (b) charge the Production Fund for attorneys' fees and other costs related in any way to Claims against Monkburger regarding the Production Fund; (c) spend in any fiscal or calendar year an amount greater or less than the aggregate contributions to the Production Fund in that year, and the Production Fund may borrow from Monkburger or other lenders to cover deficits of the Production Fund or cause the Production Fund to invest any surplus; (d) loan money to the Production Fund for the purposes set forth herein; provided however, that all such loans by Monkburger to the Production Fund will be evidenced by a promissory note and will bear interest at the rate that is equal to the prime rate of interest quoted by the Money and Investing section of the Wall Street Journal on the date of the loan, plus 300 basis points; (e) in accordance with Article 10.8 of this Agreement, collect for remission to the Production Fund any Payments made by any supplier based upon developer or franchisee purchases; provided however, that any such contributions, whether or not made with respect to direct or indirect purchases by the Franchisee, will not count toward the Franchisee's required Production Fees; (f) revise marketing and other programs, and/or make expenditures from the Production Fund, to take account of cultural and other differences; (g) defer, waive and/or compromise Claims for current/future contributions to, and/or Claims against or with respect to, the Production Fund and pay the same from the Production Fund; (h) take legal or other action against any developer or franchisee in default of their obligations to the Production Fund; (i) merge the Production Fund with any other advertising, production or marketing fund otherwise established for Monk's Restaurants, so long as the restrictions of the relevant Franchise Agreement(s) continue to apply to contributions made by developers and franchisees under such arrangements; (j) maintain the Production Fund assets in one or more accounts designated as "trust accounts" for purposes of protecting such assets from Claims of third-party creditors, (however, such action will not be deemed to create any "trust," "fiduciary relationship" or similar special arrangement); and (k) take such other actions in connection with the Production Fund as Monkburger considers to be appropriate and as are consistent with the provisions of this Article.

ARTICLE 5 OTHER ADVERTISING AND PROMOTION

5.1 Approved Advertising.

The Franchisee will not conduct any advertising and/or promotion programs for its Restaurant, without the written approval of Monkburger. The Franchisee's use of advertising, marketing and promotional materials provided to the Franchisee in the Operations Manual or otherwise furnished by Monkburger to the Franchisee will be deemed to have been approved by

Monkburger. The Franchisee will not permit any party to advertise its business, services or products on the premises of the Franchised Location or in connection with the Franchisee's Restaurant.

5.2 Local Advertising.

The Franchisee will, each Fee Payment Period during the term of this Agreement, spend an amount equal to at least 1% of its Revenues during such period for approved local advertising as specified in the Operations Manual for its Restaurant ("Local Advertising"). On each Fee Payment Date, the Franchisee will, in the prescribed form, furnish Monkburger with an accurate accounting of the Franchisee's expenditures for Local Advertising for the previous Fee Payment Period. If the Franchisee fails to meet the minimum Local Advertising requirement, the Franchisee will deposit with Monkburger the difference between what it should have spent and what it actually spent which Monkburger will spend on advertising within the Franchisee's market area or deposit in the Production Fund, as determined by Monkburger in its sole discretion.

5.3 Multiple Restaurants.

If the Franchisee operates more than one Monk's Restaurant in the same DMA pursuant to Franchise Agreements with Monkburger, then the Franchisee will only be required to spend 1/2% of its Revenues for approved Local Advertising for each of the Monk's Restaurants owned and operated by the Franchisee in the same DMA, provided, however, the total expenditures on approved local advertising for all of the Franchisee's Monk's Restaurants operated in the same DMA must equal at least 1% of the total Revenues of the Restaurants.

5.4 Local Advertising Association.

When two or more independently owned or controlled Monk's Restaurants, including the Franchisee's Restaurant, are opened in the Franchisee's Designated Market Area ("DMA") (or such other market area designated by Monkburger), Monkburger will have the right to require, in its sole discretion, that the Franchisee's Restaurant (and the other Monk's Restaurants in the DMA) participate in a local DMA advertising group (the "Local Advertising Association" or the "LAA") which will conduct and administer media advertising, promotion, marketing and public relations ("Production and Marketing") for the benefit of the Monk's Restaurants located in the DMA. At such time as Monkburger requires that the Franchisee participate in a Local Advertising Association for the Restaurants in its DMA, the LAA will be subject to the following terms and conditions:

- (a) The LAA will consist of all Monk's Restaurants in the DMA, including the Monk's Restaurants in the DMA owned by Monkburger or an Affiliate of Monkburger.
- (b) Each Monk's Restaurant in the DMA, including the Monk's Restaurants owned by Monkburger or an Affiliate will be a "Member" of the LAA. Each Member will have one vote for each franchised or company-owned Restaurant owned by it in the DMA on all matters to be voted upon at duly convened meetings.
- (c) Each Member will be given 5 days written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LAA will be required to convene any meeting of the LAA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert's Rules of Order.

(d) The purpose of the LAA will be to conduct Production and Marketing for the benefit of all Monk's Restaurants located in the DMA.

(e) The LAA will not conduct any Production and Marketing program or campaign for the Monk's Restaurants in the DMA unless and until Monkburger has given the LAA prior written approval for all concepts, materials or media proposed for any such Production and Marketing program or campaign.

(f) On or before the Fee Payment Date, each Member of the LAA will contribute to the LAA at least an amount equal to 1% of the Revenues generated during the previous Fee Payment Period by the Member's Monk's Restaurant (the "Local Advertising Fee"). The Local Advertising Fee contributed by the Members will be used by the LAA for Production and Marketing programs and campaigns for the benefit of all Monk's Restaurants in the DMA. The cost of all Production and Marketing in the DMA must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Production and Marketing approved by the Members exceeds the amount of funds available to the LAA, then the Local Advertising Fee payable by the Franchisee and all other Members to the LAA pursuant to this subsection (f) may be increased by vote of a majority of the Members present at a duly convened meeting. The Franchisee will contribute the amount of the Local Advertising Fee agreed to by the Members to the LAA in accordance with this provision.

(g) The LAA will, within 20 days after the end of each calendar quarter, furnish to Monkburger and its Members in the form prescribed by Monkburger, a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved Production and Marketing.

(h) The Local Advertising Fee paid by the Franchisee to the LAA will be applied to satisfy the Local Advertising requirement set forth in Article 5.2 of this Agreement. Otherwise, contributions to the LAA by the Franchisee pursuant to this provision will be in addition to the payment of the Production Fee and the other advertising obligations of the Franchisee set forth in this Agreement.

5.5 Grand Opening.

The Franchisee will spend a minimum of \$2,500 on approved grand opening advertising and promotion for the Franchisee's Restaurant during the period commencing 7 days prior to the opening of the Franchisee's Restaurant and ending 60 days after the date on which the Franchisee's Restaurant opens for business. Monkburger suggests that the Franchisee engage advertising and promotions specialists familiar with the area in which the Franchisee's Monk's Restaurant will be operated to determine whether the minimum amount specified in this section is sufficient to allow for a successful grand opening. Monkburger advises the Franchisee that it may be necessary to spend additional amounts on grand opening activities. The Franchisee will provide Monkburger with an accurate accounting (in the form prescribed by Monkburger) of its expenditures for grand opening advertising and promotion within 120 days after the opening of the Restaurant. All expenditures for grand opening advertising and promotion will be in addition to the Franchisee's other advertising and promotion obligations under this Agreement.

5.6 Telephone Directory Listings.

If the Franchisee advertises its Restaurant in the electronic or printed book versions of the "Yellow Pages" for the Franchisee's market area, the Franchisee will do so under the heading of

“Restaurants” and/or any other listings designated by Monkburger in writing. The format, size and content of the listings and advertising will conform to the standards specified by Monkburger. Expenditures made by the Franchisee for the Yellow Pages or White Pages advertising will qualify as Local Advertising for the purposes of Article 5.2 of this Agreement.

ARTICLE 6 **PAYMENT OF FEES**

6.1 Interest on Unpaid Fees.

If the Franchisee fails to timely remit any of the Fees due to Monkburger, then the amount of the past-due payment will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% per annum. The Franchisee will also pay Monkburger an Administrative Fee of \$250 for each delinquent payment of any of the Fees within 3 days after the delinquent payment was due. The Franchisee will, immediately upon receipt of an invoice from Monkburger, reimburse Monkburger for the actual costs incurred by Monkburger in the collection of any past-due Fees from the Franchisee, including attorneys' fees and costs.

6.2 Electronic Funds Transfers.

The Franchisee will, from time to time during the term of this Agreement, execute such documents as Monkburger may request to provide the Franchisee's unconditional and irrevocable authority and direction to its bank or financial institution authorizing and directing the Franchisee's bank or financial institution to pay Monkburger directly by electronic funds transfer (“EFT”) the full amount of the Fees payable by the Franchisee under this Agreement, and to charge to the account of the Franchisee. The EFT withdrawal authorizations will be in the form prescribed by Monkburger. EFT withdrawals will be initiated by Monkburger on each Fee Payment Date for the Fees payable on such date, as set forth in this Agreement, and upon the issuance of an invoice by Monkburger for other amounts payable by the Franchisee. The Franchisee's EFT authorizations will permit Monkburger to designate the amount to be withdrawn from the Franchisee's account, and to adjust such amount from time to time for the Fees. If the Franchisee fails at any time to provide the reports of its Revenues required under this Agreement, then Monkburger will have the right, in its sole discretion, to estimate the amount of Fees payable by the Franchisee for any applicable period, and to withdraw the amount of the estimated Fees by EFT from the Franchisee's bank account in accordance with the provisions of this Article 6.2. The Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be withdrawn from the Franchisee's account and paid directly to Monkburger for all current Fees payable by the Franchisee. It will be a default under this Agreement if the Franchisee fails to maintain an account balance sufficient to pay the Fees or if the Franchisee closes the account designated to pay the Fees without first designating a new account and notifying Monkburger of the new account information. The Franchisee will be responsible for all fees imposed by its bank or financial institution in connection with the Franchisee's EFT payment of the Fees.

6.3 Franchisee's Obligation to Pay.

The Franchisee's obligation to pay Monkburger the Fees pursuant to the terms of this Agreement are absolute and unconditional, and will remain in full force and effect for the entire term of this Agreement. The Franchisee will not have the “right of offset,” and as a consequence, the Franchisee will timely pay all Fees due to Monkburger under this Agreement regardless of any Claims or allegations the Franchisee may allege against Monkburger.

ARTICLE 7

REPORTS AND FINANCIAL STATEMENTS

7.1 Reports.

The Franchisee will maintain an accurate durable electronic or written record of the daily Revenues for the Franchisee's Restaurant and other information specified by Monkburger, and will electronically submit reports for the Franchisee's Restaurant using the forms, formats and procedures set forth in the Operations Manual. The reports will include the Franchisee's Revenues and such other information as may be required by Monkburger in the Operations Manual or otherwise in writing.

7.2 Financial Statements.

The Franchisee will adopt the Accounting Year for financial reporting purposes specified by Monkburger in the Operations Manual or otherwise in writing. The Franchisee will, at its expense, prepare Financial Statements that will be delivered to Monkburger within 90 days after the end of the Franchisee's Accounting Year. In addition, if the Franchisee has received a notice of default from Monkburger, the Franchisee will, at its expense, prepare Financial Statements that will be delivered to Monkburger within 10 days after the end of each Fee Payment Period until such time as the Franchisee has received written notice from Monkburger that it is no longer in default hereunder. All Financial Statements will be prepared in accordance with generally accepted accounting principles in the form or forms prescribed by Monkburger and will conform to the Accounting Year and standard chart of accounts prescribed by Monkburger in this Agreement or the Operations Manual. The Financial Statements must be verified by an officer or Owner of the Franchisee as to their accuracy and completeness.

7.3 Income Tax Returns.

Within 90 days after the Franchisee's Accounting Year end, the Franchisee will furnish Monkburger with signed copies of all pages of its federal income tax returns pertaining to the Franchisee's Restaurant for the Accounting Year or any other period requested by Monkburger. Monkburger will maintain the confidentiality of the information provided by the Franchisee pursuant to this provision.

7.4 Audit Rights.

Within 3 business days after receiving written notice from Monkburger, the Franchisee and the Franchisee's accountants will make all of their Financial Records available during business hours for Monkburger or its designees to review, copy and audit. The Financial Records for each Accounting Year will be maintained by the Franchisee in a safe place for each of the last 5 Accounting Years. The audit will be conducted at the location where the Franchisee maintains the Financial Records and Monkburger will be provided with adequate facilities by the Franchisee to conduct the audit. Monkburger will maintain the confidentiality of all Financial Records; however, if the Financial Records are relevant to any issue in any mediation, court or other proceeding between the parties, then Monkburger will have the right to disclose the Financial Records accordingly.

7.5 Payment of Audit Costs.

If an audit of the Franchisee's Financial Records reveals any deficiencies in the Fees payable to Monkburger, then the Franchisee will, within 5 days after receipt of an invoice, pay to Monkburger any deficiency owed, together with interest and Administrative Fees as provided for herein. In addition, if an audit establishes that the Franchisee's Revenues were understated by more than 2% in any month, Quarter or Accounting Year, then the Franchisee will, within 10 days after receipt of an invoice, pay Monkburger for all costs and expenses incurred for the

audit of the Franchisee's Financial Records (including employee Salaries and Benefits, Travel Expenses, and audit fees).

ARTICLE 8 **OPERATING PARTNER**

When the Franchisee signs this Agreement, the Franchisee will designate an individual as the Operating Partner. If the Franchisee is an individual, then the Operating Partner will be the Franchisee. If the Franchisee is an Entity, the designated Operating Partner must have at least 5 years of restaurant management experience, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, portion control, food and service quality, employee productivity, supervision, customer relations, restaurant marketing, compliance with federal, state and local laws, financial accounting, cost controls and operational criteria described in the Operations Manual. The Operating Partner will, during the entire period he or she serves as the Operating Partner: (a) maintain, at all times, an Ownership Interest in the Franchisee of at least 25% of the issued and outstanding Ownership Interests in the Franchisee; (b) execute the Personal Guaranty of this Agreement in the form attached hereto and execute this Agreement as one of the Owners of the Franchisee; and (c) devote his or her full time and best efforts to the supervision, conduct and operations of the Franchisee's Restaurant. If during the term of this Agreement, the Operating Partner is not able to or is not qualified to continue to serve in the capacity of Operating Partner, then the Franchisee will promptly notify Monkburger in writing and will designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity.

ARTICLE 9 **STANDARDS REQUIRED OF FRANCHISEE**

9.1 Quality and Service Standards.

Monkburger has developed and will continue to develop uniform standards of quality, cleanliness and service applicable to all Monk's Restaurants, including the Franchisee's Restaurant, to protect and maintain for the benefit of Monkburger and all of its developers and franchisees the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Monkburger System. The Franchisee agrees to maintain the uniformity and quality standards required by Monkburger for all Foods, Beverages and Products, and the services associated with the Marks and the Monkburger System, and agrees to the terms and conditions contained in this Article to assure the public that all Monk's Restaurants will be uniform in nature and will sell and dispense quality Foods, Beverages and Products. Any required specifications, standards and operating procedures exist to protect Monkburger's interests in the Monkburger System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to the Franchisee.

9.2 Identification of Restaurant.

The Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Monk's Restaurant. The style and form of "Monk's Bar and Grill®" and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of Monkburger. The Franchisee will use the name "Monk's Bar and Grill®," the approved logos and all graphics commonly associated with the Monkburger System and the Marks on all materials in the manner prescribed by Monkburger.

9.3 Compliance with Standards.

The Franchisee will use the Marks and the Monkburger System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by Monkburger.

9.4 Franchisee's Name.

The Franchisee will not use any of the Marks, any derivative of the marks, or the word "Monk's" or any derivative or confusingly similar word or phrase in the name of any Entity formed by the Franchisee or any affiliate of the Franchisee. The Franchisee will at all times hold itself out to the public as an independent contractor operating its Restaurant pursuant to a Franchise Agreement with Monkburger. The Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that the Franchisee is operating its Restaurant as an independent contractor.

9.5 Interests of Franchisee.

The Franchisee will be dedicated solely to the operation of the Franchisee's Restaurant(s) and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Monkburger.

9.6 Default Notices and Significant Correspondence.

The Franchisee will deliver to Monkburger, immediately upon receipt by the Franchisee or delivery at the Franchised Location, an exact copy of all (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party, (b) notifications or other correspondence relating to any legal proceeding for any Claim in excess of \$10,000 relating in any way to the Franchisee's Restaurant or to the Franchised Location, and (c) inspection reports or any other notices, warnings or citations from any Governmental Authority, including any health and safety, taxing and/or licensing authorities. The Franchisee will notify Monkburger in writing within 5 days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting the Franchisee and/or the operation of the Restaurant. Within 10 days after the end of each month, the Franchisee will provide Monkburger with a written summary of all written consumer and employee complaints. The Franchisee will provide all additional information requested by Monkburger relating to any of these matters.

9.7 Catastrophes.

If the Franchised Location is either partially or completely destroyed by fire or any catastrophe and the term of this Agreement and underlying Lease for the Franchised Location has a remaining term of at least 5 years, then the Franchisee will (a) use the building insurance proceeds to repair or reconstruct the Franchised Location as set forth herein, (b) within 30 days thereafter, initiate the process to commence the repairs and reconstruction necessary to restore the Restaurant to its original condition prior to such casualty, and (c) recommence the Restaurant's business operations as soon as reasonably possible. If the Restaurant cannot be restored to its original condition, then the Franchisee will relocate the Restaurant as provided for in Article 1.4 (except the Franchisee will not be required to pay a Relocation Fee). In any event, the term of this Agreement will be extended for the period from the date the Restaurant closed as a result of the casualty until the date it re-opens if the Franchisee elects to extend the term. The Franchisee will relocate the Restaurant as provided in Article 1.4 or repair or reconstruct the premises of the Restaurant in conformance of the then-current standard décor specifications and will open the Restaurant or the relocated Restaurant for business within 18 months after the date of such casualty. Notwithstanding the foregoing, the Franchisee will pay Monkburger the minimum Continuing Fees of \$2,000 per Fee Payment Period during the time that the Franchisee's

Monk's Restaurant is closed as a result of a casualty, a relocation of the Restaurant, or any other reason (or a pro-rated portion of such fee in the event the Restaurant is not closed for the entire Fee Payment Period).

9.8 Vending and Gaming Machines; Tickets.

The Franchisee will not, except with the written permission of Monkburger, permit any jukeboxes, electronic games, vending machines, ATMs, newspaper racks, entertainment devices, coin- or token-operated machines, or gambling devices or kiosks to be used on the Restaurant premises and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs.

9.9 Compliance with Applicable Law.

The Franchisee will be totally and solely responsible for the operation of its Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee. The Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations. The Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling of the Franchised Location and/or the operation of the Franchisee's Restaurant including, but not limited to: (a) health, food service and liquor licensing laws; (b) health and safety regulations and laws; (c) menu disclosure laws; (d) environmental laws; (e) employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws); (f) credit card and debit card laws applicable to consumers, including all privacy laws, and (g) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes, real estate taxes and federal, state and local income tax laws). The Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for the Franchisee's Restaurant, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, Executive Management, agents and independent contractors. Monkburger makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with the Restaurant. It is the Franchisee's sole responsibility to identify and obtain all licenses, permits and authorizations necessary to construct or remodel the Franchised Location and to open and operate the Restaurant.

9.10 Tax Laws.

The Franchisee will be responsible for and will timely pay all federal, state and local taxes imposed by law in connection with the operation of the Restaurant, and will timely file all returns, notices and other forms required to comply with all applicable tax laws. Monkburger will have no liability for any taxes which arise out of or result from the Franchisee's Restaurant, and the Franchisee will indemnify Monkburger for any such taxes that may be assessed or levied against Monkburger which arise out of or result from the operation of the Franchisee's Restaurant. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities or operation of the Franchisee's Restaurant is imposed upon Monkburger by any taxing authority, then the Franchisee will reimburse Monkburger for all such taxes paid by Monkburger within 15 days after receiving an invoice from Monkburger for such taxes.

9.11 Other Laws.

The Franchisee will comply and/or assist Monkburger in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, the Franchisee will not enter into any prohibited transactions and will properly perform any currency reporting and other activities relating to the Restaurant business as may be required by Monkburger or by law. The Franchisee confirms that it is not listed in the Annex to Executive Order 13224 (<http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>), and agrees not to hire any person so listed or have any dealing with a person so listed. The Franchisee is solely responsible for ascertaining what actions must be taken by it to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in ARTICLE 25 of this Agreement pertain to its obligations hereunder.

9.12 Alcoholic Beverages.

The Franchisee will stock and maintain a full bar in compliance with the Operations Manual and will at all times comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations and requirements applicable to the sale of alcoholic beverages by the Franchisee at the Restaurant; and (b) the liquor liability insurance requirements set forth in this Agreement or otherwise provided by Monkburger in writing.

9.13 Restaurant Hours; Personnel.

The Franchisee's Restaurant will be open during the hours specified in the Operations Manual. During business hours, the Franchisee will have Management Staff on duty responsible for supervising the Restaurant's employees and operations. The Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the Restaurant. The Franchisee will require its employees to meet the appearance standards and to wear the standard attire or uniforms described in the Operations Manual.

9.14 Inspection Rights.

The Franchisee will permit Monkburger or its representatives to enter, remain on, and inspect the Restaurant without prior notice. The Franchisee agrees that Monkburger may: (a) interview the Franchisee's employees and customers; (b) take photographs and videotapes of the interior and exterior of the Franchised Location; (c) examine and remove samples of the Foods, Beverages and Products and other products sold or used at the Franchisee's Restaurant; and (d) evaluate the quality of the Foods, Beverages and Products, and the services provided by the Franchisee to its customers. Monkburger will have the right to use all interviews, photographs and videotapes of the Franchisee's Restaurant for such purposes as Monkburger deems appropriate, including use in advertising, marketing and promotional materials, without any approval of or any compensation to the Franchisee.

9.15 Security Interest in Franchise Agreement.

This Agreement and the Franchise granted to the Franchisee hereunder may not be used by the Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors, any financial institution, or any other party, except with the prior written approval of Monkburger.

9.16 Credit Cards.

The Franchisee will honor all credit, charge, courtesy and cash cards approved by Monkburger in writing. To the extent the Franchisee will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of the Foods, Beverages and Products provided under this Agreement, the Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards (“PCI DSS”), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the term of this Agreement. The Franchisee further understands it is responsible for the security of cardholder data in the possession or control of any subcontractors it engages to perform under this Agreement. Such subcontractors must be identified to and approved by Monkburger in writing prior to sharing cardholder data with the subcontractor. The Franchisee will, if requested to do so by Monkburger, provide appropriate documentation to Monkburger to demonstrate compliance with applicable PCI DSS requirements by the Franchisee and all identified subcontractors.

9.17 Data Security.

The Franchisee will comply with all laws and regulations relating to privacy and data protection, and will comply with any privacy policies and data protection and breach response policies Monkburger may establish. The Franchisee will notify Monkburger immediately of any suspected data breach at or in connection with the Restaurant.

9.18 Gift Cards; Guest Loyalty Programs.

The Franchisee will not create or issue any gift certificates or gift cards and will only sell gift certificates or gift cards that have been issued by Monkburger that are accepted at all Monk’s Restaurants. The Franchisee will participate in all gift certificate and/or gift card administration programs as may be designated by Monkburger from time to time. The Franchisee will honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Monkburger. The Franchisee will fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Monkburger. The Franchisee will not issue coupons or discounts of any type for use at its Restaurant except as approved by Monkburger in writing, which may be withheld in its sole and absolute discretion.

9.19 Music and Music Selection.

The Franchisee will play only the music and music selections that have been approved by Monkburger as set forth in the Operations Manual or otherwise in writing. The Franchisee will install the equipment necessary to receive and play the approved music.

9.20 Security and Fire Monitoring Systems.

The Franchisee will utilize a security and fire monitoring system sufficient to provide notification of life and safety hazards and unauthorized access to the Franchised Location.

9.21 Maintenance.

The Franchisee will, at its expense, repair and maintain the Restaurant in a clean and sanitary condition consistent with Monkburger’s then-current operating standards and will replace all décor items and FF&E as they become worn-out, soiled or in disrepair. All food preparation, mechanical, service, and other equipment must be kept in good working order and repair by the Franchisee. All replacement FF&E and décor items used in the Restaurant must comply with the standards and specifications in the Operations Manual.

9.22 Remodeling of Restaurant Premises.

The Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate (“remodel” or “remodeling”) the Franchisee’s Restaurant and to replace and modernize the FF&E so that the Franchisee’s Restaurant will reflect the then-current image of a Monk’s Restaurant and conform to Monkburger’s then-current specifications. The Franchisee acknowledges and agrees that the requirements to remodel and modernize the Monk’s Restaurant as set forth in this provision are reasonable and necessary to maintain uniformity among all Monk’s Restaurants, to update the image of Monk’s Restaurants and to avoid the deterioration of the appearance and operation of the Franchisee’s Restaurant. The Franchisee will complete remodeling the Restaurant within 9 months after receiving written notice from Monkburger specifying the required remodeling. Except for repairs and maintenance as provided for in Article 9.21 of this Agreement, the Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E more than once every 5 years from the date of this Agreement.

9.23 Working Capital.

The Franchisee will, at all times, maintain sufficient working capital to operate the Monk’s Restaurant and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill the Franchisee’s obligations to maintain, remodel and modernize the premises and operations of the Restaurant as required by the provisions of this Agreement.

9.24 Required Opening Date.

The Franchisee must open the Restaurant for business and commence operations on or before the Required Opening Date.

9.25 Other Business.

The Franchisee will use the Franchised Location solely for the operation of a Monk’s Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location. The Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the Franchisee’s Restaurant or at the Franchised Location.

9.26 Conventions.

The Operating Partner, the Owners, and such other persons as may be required by Monkburger, will attend the conventions, meetings, seminars and other gatherings or group sessions (collectively, “Conventions”) held by Monkburger. The topics covered, duration, date and location of all Conventions held by Monkburger will be at the sole discretion of Monkburger. The Franchisee will pay the registration fees, if any, established by Monkburger for each person attending a Convention held by Monkburger, and will also pay the Salaries and Benefits, the Travel Expenses and all other expenses incurred by the persons attending the Convention on the Franchisee’s behalf.

9.27 Quality Assurance Programs.

The Franchisee will participate, at its expense, in any quality assurance monitoring programs specified by Monkburger, including telephonic or electronic customer polling or onsite “secret shopper” programs, and will share the results of such programs with Monkburger.

9.28 Disclosure.

Monkburger will have the right to disclose in its Franchise Disclosure Document as required by law, and in other documents and places as determined by Monkburger, any information relating

to the Restaurant, including the Franchisee's name, any address and/or telephone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by Monkburger will be for reasonable business purposes, and its rights under this provision will survive the Assignment, termination or expiration of this Agreement.

ARTICLE 10

FOODS, BEVERAGES AND PRODUCTS

10.1 Limitations on Foods, Beverages and Products.

The Franchisee will only sell the Foods, Beverages and Products specified in writing by Monkburger or in the Operations Manual, and will offer and sell all of the Foods, Beverages and Products specified by Monkburger in writing or in the Operations Manual. The Franchisee will maintain sufficient inventories to realize the full potential of the Restaurant and will conform to all customer service standards prescribed by Monkburger in writing. The Franchisee will only sell the Foods, Beverages and Products on a retail basis and will not offer or sell the Foods, Beverages and Products: (a) on a wholesale basis; (b) on a retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing; or (d) by any other method of distribution. Monkburger does not represent that any of the Foods, Beverages and Products will be available to the Franchisee in any particular market area or that any pricing or payment terms extended by any supplier to Monkburger or any of its Affiliates will be offered to the Franchisee.

10.2 Catering and Delivery.

The Franchisee may offer catering and delivery services of the Foods, Beverages and Products and other menu items offered and sold by the Franchisee's Monk's Restaurant from the Franchised Location to customers located in the Protected Area and in the other areas outside of the Protected Area only as specified and approved by Monkburger in writing. Monkburger will have the absolute right to withdraw its approval for the Franchisee to offer catering and delivery services to customers in specific areas outside of the Protected Area by giving the Franchisee 30 days' prior written notice. All catering and delivery services must comply with Monkburger's standards, policies and requirements set forth in the Operations Manual or otherwise in writing by Monkburger.

10.3 Approved Suppliers.

The Franchisee will purchase certain Foods, Beverages and Products which will be used or sold by the Franchisee at its Restaurant only from Approved Suppliers. Monkburger or an Affiliate may be an Approved Supplier for the foods, food items, products and services used or sold in the Franchisee's Restaurant. The Franchisee will have the right to purchase such Foods, Beverages and Products from other suppliers provided they conform to Monkburger's standards and specifications and provided that Monkburger determines that the supplier's business reputation, quality standards, delivery performance, credit rating, and other criteria meet commercial business standards. If the Franchisee desires to purchase any Foods, Beverages and Products from other suppliers, then the Franchisee must, at its expense, submit samples, specifications, and product information requested by Monkburger, for review and testing to determine whether these Foods, Beverages and Products comply with Monkburger's standards and specifications. Monkburger will also have the right to inspect the facilities of the proposed supplier, and the Franchisee will reimburse Monkburger for the costs and expenses incurred to conduct the inspection. Monkburger anticipates that it will complete all product testing within 90 days, and will notify the Franchisee of its determination within 100 days after Monkburger receives the samples and other requested information from the Franchisee. The written

approval of Monkburger must be obtained before any previously unapproved Foods, Beverages and Products are purchased, sold or used by the Franchisee.

10.4 Designated Suppliers.

The Franchisee will purchase the Foods, Beverages and Products specified in the Operations Manual or otherwise in writing by Monkburger solely and exclusively from Designated Suppliers. Monkburger or an Affiliate may be a Designated Supplier for the foods, food items, recipe ingredients, proprietary products, other products and services used or sold in the Restaurant.

10.5 Brand Name Products.

The Franchisee will purchase and use in the operations of its Restaurant all of the brand name Foods, Beverages and Products specified in the Operations Manual or otherwise in writing by Monkburger.

10.6 Branding of Foods, Beverages or Products.

The Franchisee will not have the right to: (a) use or display the Marks on or in connection with any foods, beverages or products that have not been approved by Monkburger; (b) acquire, develop or manufacture any food, beverage or product using the name “Monk’s Bar and Grill®” or any of the Marks, or direct any other person or Entity to do so; (c) acquire, develop or manufacture any Foods, Beverages or Products that have been developed or manufactured by or for Monkburger for use in conjunction with the operations of the Restaurant and which are sold under any of the Marks, or direct any other person or Entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any Foods, Beverages or Products created by or at the direction of Monkburger and sold under any of the Marks.

10.7 Purchasing Cooperative.

Monkburger may require that the Franchisee join and make required purchases/leases through a purchasing cooperative or other Entity designated by Monkburger. Such Entity may adopt its own by-laws, rules, regulations and procedures, subject to Monkburger’s prior approval. The Franchisee’s failure to timely pay amounts due to, or comply with the by-laws, rules, regulations and procedures of such cooperative is a breach of this Agreement. Monkburger will have the right to offset against amounts Monkburger owes to the Franchisee the amount of the Franchisee’s unpaid cooperative obligations.

10.8 Payments by Suppliers.

The Franchisee acknowledges that Monkburger and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments (“Payments”) based upon the actual purchases of the Foods, Beverages and Products by Monkburger, its Affiliates, developers and franchisees from Designated Suppliers, Approved Suppliers, Monkburger, and/or other suppliers, vendors and distributors (“Supplier(s)”). Any Payments made to Monkburger will become Monkburger’s property for use as determined by Monkburger.

ARTICLE 11

CONFIDENTIAL OPERATIONS MANUAL; CONFIDENTIAL INFORMATION

11.1 Compliance with Operations Manual.

Monkburger will loan the Franchisee one copy of the Operations Manual, which may be provided to the Franchisee via any reasonable method, including electronically. The Franchisee

will conform to the common image and identity created by the Foods, Beverages and Products, music, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation, and services associated with Monk's Restaurants which are portrayed and described by the Operations Manual. The Franchisee will modify the operations of the Restaurant to implement all changes, additions and supplements made by Monkburger to the Monkburger System which are reflected by the Operations Manual as promptly as reasonably possible. The Franchisee will not use the Operations Manual or any information contained therein for any purpose other than the operation of the Franchisee's Restaurant. The Franchisee acknowledges receiving one copy of the Operations Manual from Monkburger.

11.2 Revisions to Operations Manual.

The Operations Manual will at all times remain the sole and exclusive property of Monkburger. Monkburger may, from time to time, revise and update the Operations Manual to address changes or improvements to the Monkburger System, and the Franchisee expressly agrees to operate its Restaurant in accordance with all such revisions and updates. The Franchisee will at all times keep its copy of the Operations Manual current and up-to-date, and in the event of any dispute regarding the Operations Manual, the terms of the master copy of the Operations Manual maintained by Monkburger will be controlling in all respects. Monkburger will have the option of providing the revisions and updates to the Operations Manual to the Franchisee electronically.

11.3 Trade Secrets.

Franchisee understands and agrees that he/she will come into possession of certain of Monkburger's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: recipes and formulas; methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software; and Monkburger's materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Monkburger. Franchisee agrees that Monkburger derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. As described in Section 33.9, Monkburger' trade secrets are part of the "Confidential Information."

11.4 Confidential Information.

Monkburger and the Franchisee expressly understand and agree that Monkburger will be disclosing and providing the Franchisee and its employees and agents with Confidential Information. The Franchisee and its employees and agents will not, during the term of this Agreement or thereafter, reveal, communicate, sell, use, employ, copy, reverse engineer, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information of Monkburger, or any abstracts thereof, to any person or Entity except as expressly authorized by this Agreement or by Monkburger in writing. The Franchisee will only disclose or provide Monkburger's Confidential Information to its employees who must have access to it to properly execute their job functions and to operate the Franchisee's Restaurant. Notwithstanding any other provision of this Agreement to the contrary, there may be certain instances where applicable law allows for the disclosure of certain Confidential Information, including trade secrets, under limited circumstances as specified in the Operations Manual or otherwise in writing by Monkburger. All Confidential Information is and will remain the sole and absolute property of Monkburger and the Franchisee will have no rights or interests in any Confidential Information, except the right to use the Confidential Information in the operations of the Restaurant as provided in this Agreement. Any additions, changes, modifications and/or

improvements made to any of Monkburger's Confidential Information by the Franchisee or its employees and agents will be the sole and exclusive property of Monkburger.

11.5 Confidentiality of Operations Manual.

The Franchisee will treat the Operations Manual and any other manuals created for or approved for use in the operation of the Franchisee's Restaurant as Confidential Information. The Franchisee will use all reasonable means to keep the contents of the Operations Manual secret and will only grant access to the Operations Manual to those employees who must use the Operations Manual in the performance of their employment duties in the Franchisee's Restaurant.

11.6 Confidentiality Agreements; Noncompetition Agreements.

The Franchisee's Owners, the Management Staff and all of the Franchisee's employees who have access to the Operations Manual or any Confidential Information must sign agreements in the form prepared by the Franchisee's legal counsel and satisfactory to Monkburger agreeing to maintain the confidentiality, during the course of their employment and thereafter, of all Confidential Information of Monkburger. In addition, each member of the Franchisee's Management Staff must sign a noncompetition agreement at the time of employment prepared by legal counsel retained by the Franchisee in a form that is satisfactory to Monkburger. The Franchisee will be responsible for the enforcement of the confidentiality and noncompetition agreements, and the legal fees, costs and expenses associated with such enforcement.

ARTICLE 12 SITE SELECTION; CONSTRUCTION; SIGNS

12.1 Site Selection; Purchase or Lease of Site.

The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Restaurant. The Franchisee must retain a commercial real estate broker or salesperson who has at least 5 years of experience in locating restaurant sites to advise and counsel the Franchisee with regard to the price, economics, demographics, access, visibility, location, and the acquisition or lease of the site for the Franchisee's Restaurant. Monkburger recommends that the Franchisee retain an experienced attorney to provide advice and counsel on the terms, conditions and economics of the legal and other documents required to lease or purchase the site for the Franchised Location. The Franchisee will provide Monkburger with a copy of the proposed Lease for the site selected by the Franchisee at least 15 days before the date the Lease is to be signed. Monkburger's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice or analysis. The Franchisee will be solely responsible for all terms of the Lease, including the enforceability, economics and legality of all provisions in the Lease. The enforceability of the Lease must be conditioned upon the approval of the Franchisee by Monkburger and the enforceability of this Agreement. The Franchisee will not sign the Lease until this Agreement has been signed by both the Franchisee and Monkburger and the Lease contains the terms required under this Article. The terms of the Lease must, at a minimum, give Monkburger the right to enter the premises of the Franchised Location to conduct inspections during regular business hours, and the right (but not the duty) to assume the Lease for the remaining term of the Lease in accordance with the provisions of ARTICLE 26 if, prior to the expiration of the Lease, the Franchisee is evicted by the Landlord or if this Agreement expires or is terminated by either Monkburger or the Franchisee for any reason.

12.2 Site Information.

The Franchisee will provide to Monkburger the information specified by Monkburger in writing for the proposed site (the "Site Information"). Monkburger will have the right to require that the Franchisee obtain, at the Franchisee's expense, an economic feasibility study for the proposed site for the Franchised Location. Any such feasibility study required by Monkburger will be completed by an expert mutually agreed upon by Monkburger and the Franchisee in writing. Monkburger will visit the site proposed by the Franchisee and prepare a review of the site. The Franchisee will not purchase or lease a proposed site until the Franchisee has provided the Site Information to Monkburger, Monkburger has reviewed the proposed site, and Monkburger has provided the Franchisee with a no-objection letter for the proposed site. The Franchisee will provide executed copies of the Lease or purchase closing documents for the Franchised Location within 3 days after their execution. The review of any Site Information, any visits by Monkburger to a proposed site, the review of the site, and/or the issuance of a no-objection letter by Monkburger will not constitute an approval of the site by Monkburger or a warranty or representation by Monkburger or any other party that the site for the Franchised Location chosen by the Franchisee will be a financial or operational success. The issuance of a no-objection letter by Monkburger will mean only that it has received the Site Information provided by the Franchisee and reviewed the site, and will not be deemed to be an approval of the site by Monkburger.

12.3 Site Release.

MONKBURGER WILL HAVE NO DUTY OR OBLIGATION TO ASSIST THE FRANCHISEE IN THE SELECTION OF A SITE FOR THE FRANCHISED LOCATION, OR TO PROVIDE ANY ASSISTANCE TO THE FRANCHISEE IN THE PURCHASE OR LEASE OF THE FRANCHISED LOCATION. MONKBURGER HAS INFORMED THE FRANCHISEE THAT IT DOES NOT HAVE ANY EXPERIENCE OR EXPERTISE IN SELECTING REAL ESTATE SITES IN THE GEOGRAPHIC AREA WHERE THE FRANCHISEE'S RESTAURANT WILL BE LOCATED AND THEREFORE, MONKBURGER WILL NOT HAVE ANY OBLIGATION, DUTY OR LIABILITY TO THE FRANCHISEE AS A RESULT OF THE SITE SELECTED BY THE FRANCHISEE AND/OR THE PURCHASE OR LEASE OF THE FRANCHISED LOCATION. THE FRANCHISEE HEREBY RELEASES MONKBURGER AND ITS CURRENT AND FORMER AFFILIATES AND THEIR PAST AND PRESENT EXECUTIVE MANAGEMENT, AGENTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, FROM ANY AND ALL CLAIMS BY THE FRANCHISEE ARISING FROM, IN CONNECTION WITH, OR AS A RESULT OF THE FRANCHISEE'S PURCHASE OR LEASE OF THE SITE SELECTED BY THE FRANCHISEE FOR THE FRANCHISED LOCATION.

12.4 Standard Plans and Specifications.

Monkburger will, at its expense, provide the Franchisee with a set of the plans and specifications for an existing Monk's Restaurant. The Franchisee acknowledges that unique aspects of each real estate site may require significant modifications to the standard plans. Consequently, the Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for the Franchisee's Restaurant. The Franchisee will be responsible for the accuracy of all drawings, plans and specifications for its Restaurant.

12.5 Compliance with Specifications and Standards.

The Franchised Location and the Franchisee's Restaurant will conform to all standards, specifications and other requirements (the "Design Standards") established by Monkburger for the design, decoration, layout, FF&E and other items of the Restaurant. Any changes or modifications to the Design Standards must be submitted to Monkburger for its prior approval.

Compliance with the Design Standards does not release the Franchisee from its obligation to ensure that the Restaurant is designed and constructed in compliance with all federal, state, and local laws including, without limitation, the Americans with Disabilities Act. The Franchisee will purchase and install the FF&E specified in the Operations Manual or otherwise in writing by Monkburger for the Franchisee's Restaurant in compliance with the Design Standards.

12.6 Construction Costs.

The Franchisee will retain a licensed contractor for the construction or renovation of the Franchisee's Restaurant. The Franchisee will be solely responsible for all costs and expenses incurred for the construction or renovation of the Franchisee's Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the plans and specifications necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

12.7 Inspection.

The Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by Monkburger. The Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of the Franchisee's Restaurant at the Franchised Location. Monkburger will have no responsibility to the Franchisee or any other party if the Restaurant is not constructed or renovated by the Franchisee or its architect or contractor: (a) according to the specifications established by Monkburger; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. The Franchisee will not open the Restaurant for business without the prior written approval of Monkburger.

12.8 Approved Signs.

All exterior and interior signs at the Franchised Location (the "Signs") must comply with the standard sign plans and specifications established by Monkburger and provided to the Franchisee and must be purchased from an Approved Supplier. The Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to Monkburger for written approval. Monkburger will have the absolute right to inspect, examine, videotape and photograph the Signs during the term of this Agreement. The Franchisee will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. The Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. The Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Monkburger in writing. Monkburger will have the right to redesign the specifications for the Signs without the approval or consent of the Franchisee. Within 90 days after receipt of written notice from Monkburger, the Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the new specifications. The Franchisee will not be required to modify or replace the Signs more than once every 5 years from the date of this Agreement.

12.9 Ownership of Franchised Location.

If the Franchisee, any of the Owners, or an Entity owned by the Franchisee and/or any of the Owners, owns, leases or otherwise controls the Franchised Location, including the land, building and related real estate, or if the Franchisee, any of the Franchisee's Owners, or an Entity owned by the Franchisee and/or any of the Owners owns 50.1% or more of an Entity that owns, leases or otherwise controls the Franchised Location, then the Franchisee will, as the lessee, enter into a Lease for the Franchised Location for a term coextensive with the term of this Agreement containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length transaction for similarly situated real estate. The Lease will be deemed to be a Major Asset of the Franchisee. This provision will not apply if the Franchisee owns the Franchised Location, and the Franchised Location is reflected as an asset on the Franchisee's Financial Statements, in which event, the Franchised Location will be deemed a Major Asset of the Franchisee.

ARTICLE 13 EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

13.1 Communications Equipment; Telephone Lines.

The Franchisee will, at its sole expense, obtain and maintain the dedicated telephone lines, high speed Internet connections, facsimile ("fax") equipment, and other communication and transmission equipment and systems for the Franchisee's Restaurant as are specified in the Operations Manual or otherwise in writing. The Franchisee will install and maintain telephone answering systems and other telephonic devices at the Restaurant, and will operate all communication and transmission systems and devices as specified by Monkburger in the Operations Manual or otherwise in writing.

13.2 Computer Hardware and Software; Point-of-Sale System.

The Franchisee will, at its sole expense, lease, license or purchase the computer hardware, computer software, peripheral devices and point-of-sale, cash register and operating systems (the "Computers and Software") that meet the standards, specifications and requirements established by Monkburger as set forth in the Operations Manual or otherwise in writing. The Franchisee's Computers and Software will be configured to provide Monkburger with direct electronic access to the Franchisee's Computers and Software, and databases to upload the data, financial information and other information the Franchisee is required to provide to Monkburger pursuant to this Agreement or the Operations Manual, including Revenues, and by category, direct labor costs and food costs. The Franchisee will, upon written notice from Monkburger, modify, enhance, update and upgrade the Computers and Software, at its sole expense, to the standards, specifications and requirements specified in the Operations Manual or otherwise in writing by Monkburger. The Franchisee will be solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders, and the Franchisee waives any and all Claims against Monkburger as the direct or indirect result of such disruptions, failures or attacks.

13.3 Internet Provider; Email Address.

The Franchisee will, at the Franchisee's expense, have access to the Internet and will maintain an email address. The Franchisee's email address will be provided to Monkburger and will be used for the Franchisee and Monkburger to communicate and to transmit documents and other information. The Franchisee will not use the words "Monk's Bar and Grill®" as any part of its email address or its domain name for any website maintained by the Franchisee. If Monkburger develops an intranet through which Monkburger and its developers and franchisees can

communicate by email or similar electronic means, then the Franchisee will use the Monkburger intranet in strict compliance with the standards, protocols and restrictions that are set forth in this Agreement, the Operations Manual or otherwise in writing by Monkburger. The Franchisee will not transmit any confidential information, documents or data without complying with the security measures adopted by Monkburger. The Franchisee will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through an intranet or by any other means.

13.4 Monkburger Website.

Monkburger will establish and maintain a website (the “Monkburger Website”) to advertise and promote the Monk’s Restaurants, including the Franchisee’s Monk’s Restaurant. All features of the Monkburger Website, including the domain name, content, features, format, procedures and links to other websites, will be determined by Monkburger, in its sole discretion. Monkburger will have the right to modify, enhance, suspend or temporarily or permanently discontinue the Monkburger Website at any time, in its sole discretion. The Franchisee will not have the right to establish a website or blog on the Internet to advertise or promote its Restaurant. Monkburger and its Affiliates will have the sole right to promote on the Internet the Foods, Beverages and Products offered by the Franchisee’s Restaurant, to create a website containing the “Monk’s Bar and Grill®” name and the Marks, and to use “monksbarandgrill.com” or any derivative or related domain name. There is no initial cost to the Franchisee for the Monkburger Website. However, Monkburger reserves the right, after giving the Franchisee at least 30 days prior written notice, to charge the Franchisee a fee for the costs associated with the maintenance or enhancement of the Monkburger Website. The Franchisee’s Restaurant will be removed from the Monkburger Website immediately upon the termination or expiration of this Agreement. The Franchisee will execute the Website Use Agreement attached as an exhibit to this Agreement.

13.5 Social Networking.

The Franchisee and its Executive Management, Management Staff, employees and agents will not have the right to use any of the Marks or other intellectual property of Monkburger on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any “blog,” YouTube, Facebook, MySpace, Wikipedia, professional networks like Linked-In, live-blogging and micro-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (“Social Media”), except with the prior written permission of Monkburger. The Franchisee and its Executive Management, Management Staff, employees and agents will comply with all of Monkburger’s policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Restaurant.

ARTICLE 14 TRAINING; OPENING ASSISTANCE

14.1 Initial Training.

To educate, familiarize and acquaint the Franchisee and its Management Staff with the Monkburger System and the operations of a Monk’s Restaurant, Monkburger will provide an initial training program for the Franchisee and the Management Staff at a Monk’s Restaurant in or near Wisconsin Dells, Wisconsin or at another location designated by Monkburger in writing (the “Training Program”). The Training Program will include instruction on basic business procedures, equipment operation and maintenance, hiring and training of employees, computer operations, advertising and promotion, purchasing procedures, food preparation and presentation, liquor service, inventory and cost controls, customer service, and other topics selected by Monkburger. The Training Program for the Franchisee and its Management Staff

will be scheduled by Monkburger in its sole discretion and will be for a maximum of 30 days (which need not be consecutive). The Franchisee and the Management Staff must begin the Training Program at least 60 days prior to the Required Opening Date. Each member of the Management Staff must attend and successfully complete the Training Program and be certified in writing by Monkburger within 30 days prior to the actual opening of the Franchisee's Restaurant. Any member of the Management Staff who does not successfully complete the required Training Program will not be permitted to participate in the operations of the Franchisee's Restaurant. Unless additional training is required by Monkburger pursuant to Article 14.4 of this Agreement, the Franchisee will not be required to pay Monkburger any training or other fees for the Training Program provided to the Franchisee and the Franchisee's Management Staff pursuant to this Article 14.1.

14.2 Changes in Personnel After Initial Opening.

All new members of the Franchisee's Management Staff hired after the initial opening of the Restaurant must attend the training program prescribed by Monkburger in the Operations Manual within 14 days after being hired or promoted by the Franchisee. If any member of the Management Staff fails to successfully complete the required training program within 60 days after the date of hiring, then the Franchisee will not permit that employee to continue to participate in the operation of the Franchisee's Restaurant.

14.3 Required Training of New Personnel.

The initial training program for new members of the Management Staff hired after the opening of the Restaurant will be conducted in or near Wisconsin Dells, Wisconsin, or at another location designated by Monkburger. The Franchisee will be required to pay the Per Diem Training Fee charged by Monkburger for each new Management Staff members trained by Monkburger after the opening of the Restaurant. If Monkburger, at its option, provides the initial training program, or any portion of the initial training program, for any Management Staff member at the Franchised Location (rather than at Monkburger's designated training location), then the Franchisee will, within 10 days after receipt of an invoice indicating the amount owed, pay Monkburger: (a) the Per Diem Training Fee for each trainer; and (b) for all Travel Expenses incurred by each trainer.

14.4 Additional Training.

The Franchisee, the Franchisee's Management Staff and other employees of the Franchisee may be required by Monkburger to attend, at the Franchisee's expense, additional training on the dates scheduled by Monkburger at the Franchised Location, or another location designated by Monkburger, on topics to be determined by Monkburger if the Franchisee's Restaurant fails to meet certain performance standards established by Monkburger or Monkburger otherwise determines, in its sole discretion, that additional training is necessary or required. The Franchisee may also request that one or more members of the Franchisee's Management Staff undergo additional training on the dates scheduled by Monkburger, at the Franchisee's cost. Whether the additional training is required by Monkburger or requested by the Franchisee, the Franchisee will pay the Per Diem Training Fee for each member of the Management Staff trained, and will reimburse Monkburger for the Travel Expenses of its trainers.

14.5 Payment of Salaries and Expenses.

The Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees of the Franchisee who attend any Monkburger training program on behalf of the Franchisee.

14.6 Opening Assistance.

Monkburger will provide an opening assistance team consisting of 4 trainers (the "Opening Team") to assist the Franchisee with (a) implementing the Monkburger System at the Franchisee's Monk's Restaurant, and (b) training the Franchisee's staff and kitchen employees. Members of the Opening Team will be present at the Franchisee's Restaurant for at least 14 days, with at least 4 members at the Franchisee's Monk's Restaurant for a period of 7 days and at least 2 members at the Franchisee's Monk's Restaurant for a period of 14 days. If any member of the Opening Team is required to remain at the Restaurant for more than 14 days, as determined in Monkburger's sole discretion, the Franchisee will pay Monkburger the Per Diem Training Fee and the additional Travel Expenses for each additional day of on-site opening assistance provided by each member of the Opening Team within 10 days after receipt of an invoice from Monkburger indicating the amount owed. The Franchisee will schedule the grand opening of its Monk's Restaurant on the date specified in writing by Monkburger.

14.7 Release and Indemnification.

The Franchisee and its Owners hereby waive any right to sue for Damages or other relief, and release all known and unknown Claims they may allegedly have against Monkburger and/or any of its current and former Affiliates and their past and present employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "Training" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. The Franchisee and the Owners agree to hold Monkburger, its current and former Affiliates and their past and present employees, agents, officers and directors harmless for any Claims or Damages incurred by the Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. The Franchisee, the Owners and all persons who attend and participate in the Training on behalf of the Franchisee will sign the documentation required by Monkburger or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training.

ARTICLE 15 **INSURANCE**

15.1 General Liability Insurance.

The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, a general liability insurance policy with coverage of at least \$1,000,000 per occurrence insuring the Franchisee, Monkburger and their respective Executive Management, agents and employees from and against any and all Claims and Damages of any kind whatsoever, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability and all other occurrences resulting from (a) the condition, operation, use, business or occupancy of the Franchisee's Restaurant and the Franchised Location, including the surrounding premises or area, the parking area and the sidewalks of the Franchised Location, and (b) any catering or delivery services provided by the Franchisee's Restaurant.

15.2 Liquor Liability Insurance.

The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, liquor liability insurance with coverage of at least \$1,000,000 per occurrence insuring the Franchisee, Monkburger and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever, including bodily injury, personal injury, death, property damage and all other occurrences, resulting from the sale or service of

liquor by the Franchisee or any of the Franchisee's employees in connection with the Franchisee's Restaurant.

15.3 Automobile Liability Insurance.

The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, automobile liability insurance with coverage of at least \$1,000,000 per occurrence insuring the Franchisee, Monkburger and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned by the Franchisee or used by the Franchisee or any of the Franchisee's employees (including automobiles owned or leased by any employee of the Franchisee) in connection with the Franchisee's Restaurant, including the catering and delivery services provided by the Franchisee's Restaurant.

15.4 Property Insurance.

The Franchisee will procure and maintain in full force and effect, at its sole cost and expense, "all risks" property insurance coverage, which will include fire and extended coverage and, if applicable based upon the location of the Franchised Location, wind, hurricane, flood and/or earthquake coverage, for the FF&E and other property owned or leased by the Franchisee and used by the Franchisee at the Franchised Location. The Franchisee's property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual "replacement" cost of the FF&E and the other property of the Franchisee used in the business operations of the Restaurant.

15.5 Business Interruption Insurance.

The Franchisee will procure and maintain, at its sole cost and expense, business interruption insurance insuring the Franchisee for the "Actual Loss Sustained" for a minimum of 12 months from the date of any interruption in the operation of the Franchisee's Restaurant until at least 60 days after the Restaurant reopens for business. If "Actual Loss Sustained" coverage is not available to the Franchisee, then the Franchisee will procure and maintain, at its expense, business interruption insurance in an amount equal to at least 90% of the Franchisee's Revenues for a minimum of 12 months, less non-continuing expenses.

15.6 Building Insurance.

If the Franchisee, or any of the Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then the Franchisee will insure the building or the business premises for and against all risk, loss and damages in an amount equal to at least actual "replacement" cost. If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then the Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location and recommence business as soon as reasonably possible.

15.7 Employment Practices Liability Insurance.

The Franchisee will procure and maintain, at its sole cost and expense, employment practices liability insurance coverage of at least \$1,000,000 per occurrence insuring the Franchisee and the Franchisee's employees for employment-related Claims and Damages.

15.8 Vendor Insurance.

(a) **General Liability Insurance.** The Franchisee will require each supplier and independent contractor ("supplier") to procure and maintain in full force and effect, at their sole cost and expense, a general liability insurance policy with coverage of at least \$1,000,000 per occurrence insuring the supplier and the Franchisee, Monkburger and their respective Executive

Management, agents and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability and all other occurrences arising from or as a result of any negligence or other wrongdoing by the supplier or its employees in providing services or products to the Franchisee, the Franchisee's Restaurant or to any customer or invitee of the Restaurant.

(b) Automobile Insurance. The Franchisee will require each supplier that performs any services for the Franchisee to procure and maintain in full force and effect, at its sole cost and expense, automobile liability insurance with coverage of at least \$1,000,000 per occurrence insuring the Franchisee, Monkburger and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned or leased by the supplier, or owned or leased by any of its employees and used by the supplier, in connection with any services provided to the Franchisee, including all catering and/or delivery services provided for or on behalf of the Franchisee's Restaurant.

15.9 Data Security/Cyber Breach Insurance.

The Franchisee will purchase and maintain in full force and effect, at its sole cost, a data security/cyber breach liability insurance policy with coverage for cyber liability claims.

15.10 Umbrella Liability.

The Franchisee will, at its sole cost and expense, purchase and maintain umbrella liability insurance in the amount of \$1,000,000 that will provide liability insurance coverage for any Claims or Damages incurred by the Franchisee in excess of the primary general liability, liquor liability, automobile liability, employment practices liability, and other liability insurance coverage carried by the Franchisee.

15.11 Insurance Required by Law.

The Franchisee will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees.

15.12 Franchisee's Insurance Obligations.

The Franchisee's obligation to obtain and maintain insurance policies in the amounts specified will not be limited in any way by reason of any insurance that Monkburger may maintain, nor does the Franchisee's procurement of required insurance relieve the Franchisee of liability under the indemnity obligations described in ARTICLE 25 or elsewhere in this Agreement. The Franchisee's insurance procurement obligations under this Article are separate and independent of the Franchisee's indemnity obligations. Monkburger does not represent or warrant that any insurance that the Franchisee is required to purchase will provide adequate coverage for the Franchisee or the Restaurant. The insurance policies described in this Article are minimum requirements and the Franchisee may purchase and maintain additional insurance policies and insurance with coverage amounts in excess of the coverage amounts required by Monkburger herein. The Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Monkburger.

15.13 Deductibles; Insurance Companies; Evidence of Coverage.

The maximum deductible payable by the Franchisee under any insurance policy carried by the Franchisee pursuant to this Article will be \$1,000, unless waived in writing by Monkburger. All insurance companies providing coverage to the Franchisee must be acceptable to and approved

by Monkburger, must be licensed in the state where coverage is provided, and carry an A.M. Best rating of at least A-VI. The Franchisee will provide Monkburger with copies of all insurance policies issued to the Franchisee together with certificates of insurance evidencing the insurance coverage, or such other insurance coverage as Monkburger may require pursuant to this Article no later than the date the Franchisee opens for business. The Franchisee will immediately provide, upon expiration, change or cancellation of a required insurance policy, a new certificate of insurance to Monkburger (or other updated evidence of coverage, as designated by Monkburger). Nothing in this Agreement will prevent the Franchisee from purchasing insurance with coverage amounts in excess of the coverage amounts required by Monkburger herein.

15.14 Defense of Claims.

All liability insurance policies procured and maintained by the Franchisee in connection with the Franchisee's Restaurant, including the Franchisee's employment practices liability policy, will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee, Monkburger, and their respective Executive Management, agents and employees.

15.15 Franchisee's Insurance Obligation

The Franchisee's obligation to obtain and maintain insurance policies in the amounts specified herein will not be limited in any way by reason of any insurance that Monkburger may maintain, nor does the Franchisee's procurement of required insurance relieve the Franchisee of liability under the indemnity obligations described in ARTICLE 22 of this Agreement. The Franchisee's insurance procurement obligations under this Article are separate and independent of the Franchisee's indemnity obligations. Monkburger does not represent or warrant that any insurance that the Franchisee is required to purchase will provide adequate coverage for the Franchisee. The Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Monkburger.

15.16 Rights of Monkburger.

All insurance policies procured and maintained by the Franchisee pursuant to this Article will name Monkburger as an additional insured, will contain endorsements by the insurance companies waiving all rights of subrogation against Monkburger, and will stipulate that Monkburger will receive copies of all notices of cancellation, non-renewal or elimination at least 30 days prior to the effective date of such cancellation, non-renewal or coverage elimination. The Franchisee will provide prior written notification to Monkburger of any reduction in the insurance coverages maintained by the Franchisee pursuant to this Article.

ARTICLE 16 LICENSING OF MARKS AND RESTAURANT SYSTEM

16.1 Right to License Marks.

Monkburger warrants that, except as otherwise provided for herein, it has the right to grant the Franchisee and to license the Marks and the Monkburger System to the Franchisee. Any and all improvements made by the Franchisee to the Marks or the Monkburger System will be the sole and absolute property of Monkburger, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. The Franchisee's right to use and identify with the Marks and the Monkburger System will exist concurrently with the term of this Agreement and such use by the Franchisee will inure exclusively to the benefit of Monkburger.

16.2 Conditions to License of Marks.

Monkburger hereby grants to the Franchisee the nonexclusive personal right to use the Marks and the Monkburger System in accordance with the provisions of this Agreement. The Franchisee's nonexclusive personal right to use "Monk's Bar and Grill®" as the name of the Franchisee's Restaurant and its right to use the Marks and the Monkburger System applies only to the Franchisee's Restaurant at the Franchised Location and such rights will exist only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "Nonexclusive," for the purposes of this Article, will mean that Monkburger has or will grant franchises to other developers, franchisees, Entities or persons authorizing them to own and operate Monk's Restaurants in conformity with the Monkburger System using the name "Monk's Bar and Grill®" and the other Marks, and that Monkburger and Affiliates have operated and may continue to own and operate Monk's Restaurants.

16.3 Franchisee's Authorized Use.

The Franchisee will only use the Marks designated by Monkburger and only in the manner authorized and permitted by Monkburger. The Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Monkburger under this Agreement and under the Lanham Act (15 U.S.C. §1051, et seq.). The Franchisee will not have or acquire any rights in any of the Marks or the Monkburger System other than the right of use as provided herein. The Franchisee will have the right to use the Marks and the Monkburger System only in the manner prescribed, directed and approved by Monkburger in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by Monkburger for sale by the Franchisee. If in the judgment of Monkburger, the acts of the Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the Monkburger System, then the Franchisee will, upon written notice from Monkburger, immediately modify its use of the Marks or the Monkburger System in the manner prescribed by Monkburger in writing.

16.4 Improvements.

If the Franchisee or the Owners develop any new or revised concept, product, recipe, trademark, service mark, branding concept, process or improvement in or related to the operation or promotion of the Monk's Restaurant or the Monkburger System ("Improvements"), then the Franchisee will promptly provide Monkburger with a detailed summary of the Improvements. The Franchisee and the Owners acknowledge and agree that: (a) all Improvements made by the Franchisee and the Owners are the property of Monkburger; (b) the Franchisee will execute and deliver any documents or instruments required by Monkburger to memorialize or evidence Monkburger's ownership of the Improvements; (c) Monkburger will have the right to incorporate any or all of the Improvements into the Monkburger System and/or the Marks; and (d) Monkburger will have the right to use and authorize its Affiliates, developers and franchisees to use any or all Improvements in the operations of any or all Monk's Restaurants owned, operated, licensed or franchised by Monkburger or its Affiliates without any compensation to the Franchisee.

16.5 Adverse Claims to Marks.

If there are any Claims by any party that its rights to any or all of the Marks are superior to those of Monkburger and if the attorneys for Monkburger are of the opinion that such Claims by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of Monkburger, then upon receiving written notice from Monkburger, the Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by Monkburger. If so specified, the

Franchisee will immediately cease using the Marks specified by Monkburger, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by Monkburger in writing at the Franchised Location, and in connection with all advertising, marketing and promotion of the Franchisee's Restaurant. The Franchisee will not make any changes or amendments whatsoever to the Marks or the Monkburger System without the written approval of Monkburger.

16.6 Defense or Enforcement of Rights to Marks.

The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Monkburger System in any court or other proceedings for or against imitation, infringement, prior use or for any other Claims or allegation. The Franchisee will give Monkburger immediate written notice of any and all Claims or complaints made against or associated with the Marks and the Monkburger System and will, without compensation for its time and at its expense, cooperate in all respects with Monkburger in any lawsuits or other proceedings involving the Marks and the Monkburger System. Monkburger will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Monkburger System, and the cost and expense of all litigation incurred by Monkburger, including attorneys' fees, specifically relating to the Marks or the Monkburger System will be paid by Monkburger.

16.7 Tender of Defense.

If the Franchisee is named as a defendant or party in any action involving the Marks or the Monkburger System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the Monkburger System, then the Franchisee will have the right to tender the defense of the action to Monkburger, and Monkburger will, at its expense, defend the Franchisee in the action provided that the Franchisee has tendered defense of the action to Monkburger within 7 days after receiving service of the pleadings or the summons and complaint relating to the action. Monkburger will indemnify and hold the Franchisee harmless from any Damages assessed against the Franchisee in any actions resulting solely from the Franchisee's use of the Marks or the Monkburger System at the Franchised Location if the Franchisee has timely tendered defense of the action to Monkburger.

16.8 Franchisee's Right to Participate in Litigation.

The Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the Monkburger System, and may do so with respect to matters involving only the Franchisee (i.e., not involving Monkburger or its interests); however, Monkburger and its attorneys will control and conduct all litigation involving the Marks or the Monkburger System and the rights of Monkburger. Except as expressly provided for herein, Monkburger will have no liability for any costs that the Franchisee may incur in any litigation involving the Marks or the Monkburger System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, if the Franchisee has not timely tendered the defense to Monkburger in accordance with Article 16.7.

ARTICLE 17 **OTHER OBLIGATIONS OF MONKBURGER**

17.1 Other Obligations.

Consistent with Monkburger uniformity requirements and quality standards, Monkburger will: (a) provide the Franchisee with a written schedule of all Foods, Beverages and Products sold or used by all Monk's Restaurants, and the FF&E and supplies required for the operation of the

Franchisee's Restaurant; (b) provide the Franchisee with a list of the Approved Suppliers and Designated Suppliers for the Foods, Beverages and Products and the FF&E for the Franchisee's Restaurant; (c) make available to the Franchisee basic restaurant-level sales and cost accounting and business procedures for use by the Franchisee in its Restaurant; (d) periodically make general local marketing recommendations to the Franchisee; (e) visit and review the Franchisee's Restaurant as often as Monkburger deems necessary and render written reports to the Franchisee as deemed appropriate by Monkburger; (f) protect, police and, when appropriate, enforce the Marks for the benefit of all Monk's Bar and Grill developers and franchisees in the manner deemed appropriate by Monkburger; (g) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos or commercial symbols for use in connection with the Monkburger System as deemed appropriate by Monkburger; (h) upon the reasonable written request of the Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of the Franchisee's Restaurant; (i) provide the Franchisee with a sample of the standard Monk's Bar and Grill® menu, and all modifications and updates to the menu; and (j) provide the Franchisee with a written or electronic copy of the Operations Manual, together with all written or electronic copies of the supplements and updates published by Monkburger from time to time.

17.2 Consulting Assistance.

If the Franchisee requests that Monkburger provide a consultant to train, assist or advise the Franchisee on management and operations issues at the Franchised Location, then the Franchisee will reimburse Monkburger for the Travel Expenses incurred by the consultant and will pay Monkburger the Per Diem Training Fee for each day the consultant provides training, assistance or advice to the Franchisee.

ARTICLE 18 **ASSIGNMENT**

18.1 Assignment of Agreement by Monkburger.

This Agreement may be unilaterally Assigned by Monkburger to a person or Entity without the approval of the Franchisee and will inure to the benefit of the successors and assigns of Monkburger. Monkburger will provide the Franchisee with written notice after the Assignment has been completed, and the assignee will be required to fully perform all obligations of Monkburger under this Agreement.

18.2 Assignment of Agreement to Beneficiary or Entity.

If the Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of the Franchisee, this Agreement may be Assigned to any designated person or beneficiary (the "Beneficiary") without the payment of any Assignment Fee and without complying with ARTICLE 22. However, the Assignment of this Agreement to the Franchisee's Beneficiary will be subject to the applicable provisions of Article 18.3(b) - (i) and will not be valid or effective until Monkburger has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement to the Beneficiary. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and must successfully complete the Training Program. There will be no charge to the Beneficiary for attending the Training Program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Beneficiary. In addition, this Agreement may be Assigned by the Franchisee to an Entity without the payment of an Assignment Fee and without complying with ARTICLE 22 if the Franchisee is an individual or a general partnership, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

18.3 Conditions to Assignment by Franchisee.

Subject to the provisions of ARTICLE 22, the Franchisee will not Assign any interest in or any part of this Agreement, the Franchise or the Restaurant to any person or Entity without the prior written approval of Monkburger. Monkburger will not withhold its written consent to the Assignment by the Franchisee if the Assignment does not violate any of the terms of this Agreement, if Monkburger does not exercise its rights under ARTICLE 22 of this Agreement, and if the Franchisee and/or the assignee Franchisee are in full compliance with the following terms and conditions: (a) the Franchisee has provided written notice to Monkburger of the proposed Assignment of this Agreement at least 45 days prior to the transaction; (b) all of the Franchisee's monetary obligations due to Monkburger have been paid in full, and the Franchisee is not otherwise in default under this Agreement; (c) the Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) Monkburger and the Franchisee have executed a joint and mutual release, in a form satisfactory to Monkburger, of any and all Claims against Monkburger and/or the Franchisee and their respective Executive Management, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, the operation of the Restaurant or the Franchisee's purchase of the Franchise including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Monkburger and the Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them for other Monk's Restaurants owned by the Franchisee; (e) the assignee Franchisee has demonstrated to the satisfaction of Monkburger that he, she or it meets the managerial, financial and business standards required by Monkburger for new developers or franchisees, possesses a good business reputation and credit rating, and that its management possesses the aptitude and ability to operate the Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee Franchisee and all of the assignee Franchisee's Owners execute the legal agreements required by Monkburger or its legal counsel to document the Assignment of this Agreement to the assignee Franchisee including, at the option of Monkburger, Monkburger's then-current standard Franchise Agreement; (g) the assignee Franchisee has purchased or leased the Franchised Location for a term consistent with the remaining term of this Agreement or, if applicable, the term of the then-current standard Franchise Agreement; (h) the assignee Franchisee has purchased or otherwise acquired a valid liquor license and a valid food service license for the Restaurant at the Franchised Location; and (i) the assignee Franchisee and its Management Staff have successfully completed the Training Program required under this Agreement. Monkburger may expand upon, and provide more details related to, the conditions for Assignment and Monkburger's consent as described in this Article 18.3, and may do so in the Operations Manual or otherwise in writing.

18.4 Assignment of Ownership Interest.

No Owner will have the right to Assign an Ownership Interest in the Franchisee without the prior written approval of Monkburger. Monkburger will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if Monkburger does not exercise its right of first refusal to acquire the Owner's Ownership Interest in the Franchisee pursuant to Article 22.8. An Assignment by an Owner of the Franchisee to (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of the Franchisee, will not be subject to the provisions of Articles 18.6 and 22.8, provided that: (i) the Assignment has been approved in writing by Monkburger, and (ii) the Franchisee's Owner has complied with all of the provisions of this Agreement applicable to an Owner.

18.5 Acknowledgment of Restrictions.

The Franchisee and Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Monkburger System and the Marks, as well as the reputation and image of Monkburger, and are for the protection of Monkburger, the Franchisee and all other developers and franchisees who own and operate Monk's Restaurants. Any Assignment permitted by this Article will not be effective until Monkburger receives a completely executed copy of all Assignment documents and Monkburger consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

18.6 Assignment Fee.

If this Agreement is Assigned to another person or Entity, or if any of the Owners Assign any Ownership Interest in the Franchisee to a third party, then except as provided for in Articles 18.2 and 18.4, the Franchisee will pay Monkburger, on or before the date of the Assignment, an Assignment Fee of \$5,000. The Assignment Fee is to cover the costs incurred by Monkburger in connection with the Assignment. Monkburger also reserves the right to charge the assignee Franchisee the Per-Diem Training Fee to cover the costs of providing the Training Program to the assignee Franchisee and its Management Staff. The assignee Franchisee will also be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all personnel attending the Training Program on behalf of the assignee Franchisee.

18.7 Assignment to Competitor Prohibited.

The Franchisee and the Owners will not Assign this Agreement or their Ownership Interests in the Franchisee, the Restaurant or the Franchise to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant. If Monkburger refuses to permit an Assignment of this Agreement under this provision, then the only remedy of the Franchisee and the Owners will be to have a mediator or arbitrator determine whether the proposed assignee owns or operates a Competitive Restaurant.

ARTICLE 19 **TERMINATION RIGHTS OF MONKBURGER**

19.1 Termination; Conditions of Breach.

In addition to its other rights of termination contained in this Agreement, Monkburger will have the right to terminate this Agreement if: (a) within 120 days after the date of this Agreement, Monkburger determines that any required or other financial, personal or other information provided by the Franchisee to Monkburger is materially false, misleading, incomplete or inaccurate; (b) the Franchisee has not purchased or leased a site for the Franchised Location within 120 days after the date of this Agreement; (c) the Franchisee has not obtained all licenses, permits, and certifications required for the service of food for its Restaurant from the appropriate Governmental Authorities at least 10 days before the Required Opening Date; (d) the Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate Governmental Authorities at least 10 days before the Required Opening Date; (e) the Franchisee or any member of the Management Staff has not completed the Training Program required under this Agreement at least 30 days prior to the Required Opening Date; (f) the Franchisee materially violates any federal, state or municipal law, rule, code or regulation applicable to the Franchisee's Restaurant operations, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any guest of the Franchisee's Restaurant; (g) the Franchisee breaches any material provision, term or condition of this Agreement including, but

not limited to, the failure to timely pay any Fees, rents or any other monetary obligations due and payable to Monkburger or an Affiliate pursuant to this Agreement or any other agreement; (h) the Franchisee, the Operating Partner, or any of its Executive Management or Owners are convicted of, or plead guilty to a violation of any federal or state law that has a material adverse effect on the operations of the Franchisee's Restaurant or a crime involving dishonesty, fraud, or moral turpitude; (i) the Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing to Monkburger, any Affiliate, the Local Advertising Association, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government; (j) the Franchisee is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (k) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (l) any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts; (m) the Franchisee voluntarily or otherwise Abandons the Restaurant; (n) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the name "Monk's Bar and Grill®," any other Marks or the Monkburger System; (o) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons or the Franchisee is evicted from the Franchised Location; (p) any license, permit, or certification required for food service and, if applicable, liquor service at the Franchisee's Restaurant is canceled for any reason; (q) the Franchisee fails to provide the Financial Records requested by Monkburger to substantiate the Financial Statements or to produce and permit Monkburger to audit the Franchisee's Financial Records in accordance with this Agreement; (r) the Franchisee fails to open the Restaurant and commence business operations by the Required Opening Date; (s) the Franchisee fails to designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity; and (t) the Franchisee, an affiliated Entity or an Owner breaches any other agreement between such person or Entity and Monkburger or an Affiliate.

19.2 Notice of Breach.

Except as provided in Articles 19.4 and 19.5, Monkburger will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in detail has been delivered to the Franchisee by Monkburger; and (b) after receiving the written notice, the Franchisee fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then the Franchisee will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Franchisee is delinquent in the payment of any of the Fees, rents or other monetary obligations payable to Monkburger or an Affiliate pursuant to this Agreement or any other agreement, in which case the Franchisee will have 15 days after receipt of written notice to correct the breach by making full payment to Monkburger, together with interest on the past-due obligations at the rate of 18% per annum and the applicable Administrative Fees. If the Franchisee fails to correct the alleged breach set forth in the written notice within the required period of time, then this Agreement may be terminated by Monkburger as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both Monkburger and the Franchisee agree in writing that the alleged breach has been corrected.

19.3 Notice of Termination.

Except as provided in Articles 19.4 and 19.5 of this Agreement, if Monkburger has complied with the provisions of this Article 19.3 and the Franchisee has not corrected the alleged breach set

forth in the written notice of breach within the applicable time period specified in this Agreement, then Monkburger will have the absolute right to terminate this Agreement by giving the Franchisee written notice of termination and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee.

19.4 Immediate Termination Rights of Monkburger.

Notwithstanding Article 19.2, Monkburger will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if: (a) the Franchisee, the Operating Partner or any of its Executive Management or Owners are convicted of, or plead guilty to a charge of violating any law relating to the Franchisee's Restaurant; (b) the Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee and the Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (c) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (d) the Franchisee voluntarily or otherwise Abandons the Restaurant; (e) the Franchisee fails or refuses to provide the Financial Records and other materials requested by Monkburger to substantiate the Franchisee's Financial Statements or to produce and permit Monkburger to audit the Franchisee's Financial Records; (f) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Monkburger System, and the Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from Monkburger; (g) the Franchisee breaches any provision, term or condition of this Agreement 3 or more times during any 12-month period, without regard to whether the breaches were of a similar or different nature or whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breaches; or (h) the Franchisee fails to open its Restaurant and commence business operations by the Required Opening Date.

19.5 Notice of Immediate Termination.

Except as provided below, if this Agreement is terminated by Monkburger pursuant to Article 19.4, then Monkburger will give the Franchisee written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee. If notice of termination is given to the Franchisee by Monkburger pursuant to Article 19.4(f), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if the Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

19.6 Right To Discontinue Supplying Items Upon Default.

If Monkburger delivers a notice of default to the Franchisee, Monkburger will have the right to (a) require that the Franchisee pay C.O.D. (i.e., cash on delivery) or by certified check for goods/services, and/or (b) stop selling and/or providing any goods/services to the Franchisee until it has cured all defaults. No such action by Monkburger will be a constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and the Franchisee agrees that it will not be relieved of any obligations under this Agreement because of any such action.

19.7 Other Remedies.

Nothing in this Article will preclude Monkburger from seeking other remedies or Damages under any state or federal law, common law, or under this Agreement against the Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated

by Monkburger pursuant to this Article, or if the Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Monkburger will be entitled to seek recovery of all Damages that Monkburger has sustained and will sustain in the future as a result of the Franchisee's breach of this Agreement.

19.8 No Equity Upon Termination.

The Franchisee's rights regarding the Franchise for the Restaurant will be controlled by the provisions of this Agreement. The Franchisee will have no equity or any other continuing interest in the Franchise, any goodwill associated with the Restaurant or the Marks, or any right to compensation or refunds upon the expiration and/or termination of this Agreement.

19.9 Continuing Obligations.

If this Agreement is terminated because of a default by the Franchisee, the Franchisee will not be released or discharged from its obligations, including payment of all Fees then due and other amounts which would have become due under this Agreement if the Franchisee had continued the operation of the Restaurant for the full term of this Agreement. Monkburger's remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of its bargain with the Franchisee, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to Monkburger or any Affiliates of Monkburger. It would be commercially unreasonable and damaging to the integrity of the Monkburger System if a developer or franchisee could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of a franchise agreement. The Franchisee will sign a general release if Monkburger chooses to waive its rights to collect any amounts that would have become due if the Franchisee had continued in business for the term of this Agreement.

ARTICLE 20
FRANCHISEE'S TERMINATION RIGHTS

20.1 Conditions of Breach.

The Franchisee will have the right to terminate this Agreement, as provided herein, if Monkburger breaches any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to the Franchisee.

20.2 Notice of Breach.

The Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or proceeding against Monkburger for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, Damages, or termination, unless and until: (a) written notice setting forth the alleged breach in detail has been delivered to Monkburger by the Franchisee; and (b) Monkburger fails to correct the alleged breach within 30 days after receipt of the written notice. If Monkburger fails to correct the alleged breach within 30 days after receiving written notice, then the Franchisee will have the right to terminate this Agreement as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by Monkburger will be deemed to be "corrected" if both Monkburger and the Franchisee agree in writing that the alleged breach has been corrected.

20.3 Limitation of Actions by Franchisee.

The Franchisee must give Monkburger written notice of any alleged breach of this Agreement by Monkburger. If the Franchisee fails to give written notice to Monkburger of the alleged breach within 12 months from the first day the alleged breach of this Agreement by Monkburger actually occurred, including any breach of this Agreement by Monkburger based upon any state law, federal law or common law, then the alleged breach by Monkburger will be deemed to be condoned, approved and waived by the Franchisee, and the alleged breach by Monkburger will not be deemed to be a breach of this Agreement by Monkburger and the Franchisee will be absolutely barred from commencing any action against Monkburger or from recovering any Damages from Monkburger for that specific alleged breach of this Agreement.

ARTICLE 21

FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

21.1 Termination of Use of Marks; Other Obligations.

If this Agreement is canceled or terminated for any reason or this Agreement expires, then the Franchisee will: (a) within 5 days after termination, pay all Fees to Monkburger; (b) immediately return to Monkburger the Operations Manual, menus, advertising materials and all other printed materials pertaining to the Restaurant by first class prepaid United States mail; and (c) comply with all other applicable provisions of this Agreement. Upon termination or expiration of this Agreement for any reason, the Franchisee's right to use "Monk's Bar and Grill®," the other Marks and the Monkburger System will terminate immediately in all respects, and the Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that the Franchisee is continuing to operate as a Monkburger franchisee. Without limiting the generality of the foregoing, the Franchisee will immediately cease all advertising which includes any of the Marks, will delete all content containing the Marks or any references to Monkburger or the Franchisee's Restaurant from any home page maintained by the Franchisee, and will cease using any and all items or materials which bear or include any of the Marks.

21.2 Alteration of Franchised Location.

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for the Franchisee's Restaurant, then within 30 days after the date of the expiration or termination of this Agreement, the Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Monk's Restaurant. At a minimum, such changes and modifications to the Franchised Location will include, but not be limited to: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with totally different colors, including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures and other decor items associated with Monk's Restaurants and replacing them with other decor items not of the general type and appearance customarily used in Monk's Restaurants; (c) removing all exterior and interior Monk's Bar and Grill® signs and all other items bearing any of the Marks; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in Monk's Restaurants.

21.3 Telephone Listings.

Upon termination or expiration of this Agreement, or if Monkburger acquires the Franchisee's Restaurant pursuant to this Agreement, Monkburger will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and any classified or other directory listings for the

Restaurant and to authorize the telephone company and all listing agencies to transfer to Monkburger or its assignee all telephone numbers and directory listings of the Franchisee's Restaurant. The Franchisee acknowledges and agrees that Monkburger has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and the Franchisee hereby authorizes Monkburger to direct the telephone company and all listing agencies to transfer the Franchisee's telephone numbers and directory listings to Monkburger or to an assignee of Monkburger, if this Agreement expires or is terminated or if Monkburger acquires the Franchisee's Restaurant. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Monkburger to such telephone numbers and directory listings and this Agreement will constitute the authority from the Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Monkburger. This Agreement will constitute a release of the telephone company and listing agencies by the Franchisee from any and all Claims and Damages that the Franchisee may at any time have the right to allege against them in connection with this Article. The Franchisee will execute the Telephone Listing Agreement attached as an exhibit to this Agreement and such other documents as Monkburger may require for completing the transfer of the telephone numbers as contemplated herein.

21.4 Continuation of Obligations.

The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 22 **OPTION OF MONKBURGER TO PURCHASE**

22.1 Terms of Option.

The Franchisee will not Assign or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to Monkburger in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment terms (the "Franchisee's Offer"). Monkburger will have 21 days after receipt of the Franchisee's Offer to give the Franchisee written notice which will either waive its option to purchase (the "Waiver Notice") or will state that it intends to exercise its rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee's Offer (the "Letter of Intent").

22.2 Due Diligence Review.

If Monkburger provides the Franchisee with a Letter of Intent within 21 days after receipt of the Franchisee's Offer, then Monkburger will have 60 days after the date the Letter of Intent is received by the Franchisee (the "Notice Date") to conduct a "due diligence" review. The Franchisee will promptly provide Monkburger with all Financial Information, Financial Records, and other information requested by Monkburger or its accountants to conduct its "due diligence" review. Monkburger will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from the Franchisee for any reason and at any time during the 60-day "due diligence" review period by giving the Franchisee written notice.

22.3 Good Faith Negotiations.

Unless Monkburger terminates its Letter of Intent as provided in Article 22.2, then the Franchisee and Monkburger will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in the Franchisee's Offer) and the closing date for the

sale of the Major Assets to Monkburger will take place at the offices of Monkburger within 90 days after the Notice Date.

22.4 Sale to Purchaser.

The Franchisee will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Franchisee's Offer to Monkburger if: (a) Monkburger delivers a Waiver Notice to the Franchisee, (b) Monkburger fails to deliver either a Waiver Notice or the Letter of Intent to the Franchisee within 21 days after receiving the Franchisee's Offer, (c) Monkburger terminates its Letter of Intent during the due diligence period pursuant to the provisions of Article 22.2, or (d) the Franchisee and Monkburger fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by Monkburger from the Franchisee (other than those objective terms and conditions contained in the Franchisee's Offer) on or before the 60th day after the Notice Date.

22.5 Negotiated Changes with Purchaser.

If Monkburger does not purchase the Major Assets from the Franchisee under the terms and conditions contained in the Franchisee's Offer, then if during any negotiations with the purchaser the Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by the Franchisee during negotiations that were not acceptable to Monkburger, then the Franchisee will be required to re-offer to sell the Major Assets to Monkburger under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article.

22.6 Financing Exception.

This Article will not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by the Franchisee to a bank, financial institution or other lender in connection with the Franchisee's financing of (a) the real estate or leasehold improvements for the Franchised Location, (b) the FF&E for the Franchisee's Restaurant, (c) inventory or supplies for the Restaurant, or (d) working capital required by the Restaurant.

22.7 Compliance with Agreement.

The Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all Fees and to operate the business as a Monk's Restaurant, will in no way be affected or changed because of non-acceptance by Monkburger of the Franchisee's Offer and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Monkburger not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant the Franchisee the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if Monkburger does not exercise the option to purchase granted to it pursuant to this Article and if the Franchisee sells or otherwise disposes of its Major Assets to a third party, then both the Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of ARTICLE 18 of this Agreement. Any Assignment of the Major Assets of the Franchisee's Restaurant that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by the Franchisee.

22.8 Assignment of Ownership Interest.

The Ownership Interests owned by the Franchisee or by the Owners of the Franchisee may not be Assigned by the Franchisee or the Owners until the Ownership Interests have first been offered to Monkburger in writing. If the Franchisee or the Owners desire to Assign their

Ownership Interests, then they will first offer the Ownership Interests in the Franchisee to Monkburger in writing under the same terms and conditions as those being offered to any party. Monkburger will have 30 days to accept any offer to purchase the Owner's Ownership Interest in the Franchisee. The Owner will be required to comply with the provisions of Article 18.4 if Monkburger does not exercise its right to purchase the Owner's Ownership Interest.

22.9 Acknowledgment of Restrictions.

The Franchisee and Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect the Monkburger System and the Marks, as well as the reputation and image of Monkburger, and are for the protection of Monkburger, the Franchisee and all other developers and franchisees who own and operate Monk's Restaurants. Any Assignment permitted by this Agreement will not be effective until Monkburger receives a completely executed copy of all Assignment documents and Monkburger consents to the Assignment in writing.

22.10 Right of Monkburger to Purchase Major Assets.

If this Agreement expires or is terminated by either Monkburger or the Franchisee for any reason whatsoever, if the Franchisee wrongfully terminates this Agreement by failing to comply with ARTICLE 19 or if the Franchisee at any time ceases to do business as a Monk's Restaurant, then Monkburger will have the right, but not the obligation, to purchase from the Franchisee any or all of the Major Assets. Within 2 business days after this Agreement expires or is terminated by either party, is wrongfully terminated by the Franchisee, or the Franchisee ceases to do business as a Monk's Restaurant, the Franchisee must give Monkburger written notice of the Franchisee's asking price for each of the Major Assets. If the Franchisee fails to give Monkburger written notice of the asking price for the Major Assets and/or if Monkburger and the Franchisee cannot agree on the price of the Major Assets, then either party will have the right to demand that the price of the Major Assets be determined by arbitration conducted in the municipality in which Monkburger's headquarters are then located, in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com). The arbitration hearing will be held as soon as possible, but in no event later than 7 days after the date arbitration is demanded by either party. The Arbitrator will not consider any value for goodwill associated with the name "Monk's Bar and Grill®" in determining the fair market value of the Major Assets since the right of purchase granted to Monkburger pursuant to this provision applies only after this Agreement has expired or been terminated or the Franchisee has ceased doing business. The Arbitrator may not include the value of the Lease for the Franchised Location if Monkburger gives the Arbitrator written notice that it intends to exercise its right to assume the Lease under ARTICLE 26 of this Agreement. If the Arbitrator is unable to determine the fair market value of any of the Major Assets, then they will be valued at book value as determined by generally accepted accounting principles (cost less depreciation). Monkburger will have the right, but not the obligation, to purchase any or all of the Major Assets from the Franchisee for cash within 20 days after the fair market value of the Major Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit Monkburger from enforcing the post-term obligations and conditions of this Agreement, including the covenants not to compete contained in ARTICLE 23.

22.11 Bankruptcy Issues.

If the Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in the Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of the Franchisee's obligations and/or rights hereunder, any material assets of the

Franchisee, or any indirect or direct interest in the Franchisee will be subject to all of the provisions of this Article.

ARTICLE 23

FRANCHISEE'S COVENANTS NOT TO COMPETE

23.1 Consideration.

The Franchisee and the Owners acknowledge that the Franchisee, the Operating Partner, its Executive Management and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Monkburger pertaining to the Monkburger System and the operation of the Monk's Restaurant. In consideration for this information, the Franchisee and the Owners will comply in all respects with the provisions of this Article. Monkburger has advised the Franchisee that this is a material provision of this Agreement and that Monkburger will not sell a Franchise to any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant; however, Monkburger may, under certain circumstances, exclude from the coverage of Articles 23.2 and 23.3 existing operational restaurant(s) owned and operated by the Franchisee on the date of this Agreement, and the Franchisee may, with the written consent of Monkburger, continue to own and operate such restaurants during the term of this Agreement and thereafter. The Franchisee warrants and represents that it does not, except as disclosed to and approved by Monkburger pursuant to this Article 23.1, own, operate or have any involvement with or interest in any Competitive Restaurant.

23.2 In-Term Covenant Not to Compete.

The Franchisee and the Owners will not, during the term of this Agreement, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of Monkburger.

23.3 Post-Term Covenant Not to Compete.

Except as provided to the contrary in Article 23.1, for a period of 24 months after the termination or expiration of this Agreement, the Franchisee and the Owners will not, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Restaurant which is located within 10 miles of the Franchised Location, within 10 miles of any other Monk's Restaurant, or within any protected area or territory granted by Monkburger pursuant to an area development agreement or other territorial agreement. The Franchisee and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect Monkburger and its other developers and franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to give Monkburger the opportunity to resell and/or develop a new Monk's Restaurant at or in the area near the Franchised Location. Franchisee further agrees that the length of time in this Section 23.3 will be tolled for any period during which Franchisee is in breach of the covenants set forth in this Section 23.3 or any other period during which Monkburger seeks to enforce this Agreement.

23.4 Ownership of Public Companies.

Notwithstanding the provisions of Articles 23.2 and 23.3, the Franchisee and the Owners will have the right to own up to 3% of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Restaurant business, provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

23.5 Injunctive Relief.

The Franchisee and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of Monkburger and its developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of Monkburger and its developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of the Monkburger System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting Monkburger's intellectual property rights. The Franchisee and the Owners also agree that Damages alone cannot adequately compensate Monkburger if there is a breach of this Article by the Franchisee or the Owners, and that injunctive relief against the Franchisee is essential for the protection of Monkburger and its developers and franchisees. The Franchisee and the Owners agree therefore, that if Monkburger alleges that the Franchisee or the Owners have breached this Article, then Monkburger will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee and the Owners, in addition to all other remedies that may be available to Monkburger. Monkburger will not be required to post a bond or other security for any injunctive proceeding. If Monkburger is granted ex parte injunctive relief against the Franchisee or the Franchisee's Owners, then the Franchisee or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

ARTICLE 24 INDEPENDENT CONTRACTORS

24.1 Independent Contractors.

Monkburger and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between Monkburger and the Franchisee. The Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Monkburger or represent that their relationship is other than that of franchisor and franchisee. Neither Monkburger nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

24.2 Operation of Restaurant.

The Franchisee will be totally and solely responsible for the daily management and operation of its Monk's Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee, including the right to hire and fire its employees. The Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled.

24.3 Employment Decisions.

Monkburger will not have any right, obligation or responsibility to control, supervise or manage the Franchisee's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of the Franchisee's Restaurant. The Franchisee will be solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether the Franchisee receives information from Monkburger on these subjects. The Franchisee acknowledges and agrees that all personnel decisions will be made by the Franchisee, without any influence or advice from Monkburger, and such decisions and actions will not be, nor be deemed to be, a decision or action of Monkburger. Neither the Franchisee nor any employee of the Franchisee will be considered an employee of Monkburger under any circumstances. To the extent that any legal authority determines that Monkburger has a duty to act or not act with respect to any of the Franchisee's employees, Monkburger hereby assigns to the Franchisee any such duty, and the Franchisee hereby accepts such assignment.

ARTICLE 25 **INDEMNIFICATION**

25.1 Indemnification.

Except as provided for in Article 16.7, the Franchisee will indemnify and hold harmless Monkburger and its current and former Affiliates and their past and present employees, shareholders, members, Owners, attorneys, accountants and agents (individually and collectively, the "Indemnified Parties") against, and will reimburse the Indemnified Parties for, all Damages that the Indemnified Parties incur in the defense of or as a result of any Claim brought against the Indemnified Parties arising from, as a result of, in connection with or out of this Agreement, the relationship between Monkburger and Franchisee, the operation of the Franchisee's Restaurant, and/or the Franchisee's or the Franchisee's employees' actions or inaction. The Franchisee will indemnify the Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, or as a result of any and all Claims including, but not limited to: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its Executive Management, employees, agents or representatives; (b) any failure on the part of the Franchisee to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority; (c) any failure of the Franchisee to pay any of its obligations to any person or Entity; (d) any failure of the Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Monkburger and/or the Indemnified Parties; (e) any misfeasance or malfeasance by the Franchisee or its Executive Management, employees, agents or representatives; (f) any tort committed by the Franchisee or its Executive Management, employees, agents or representatives; or (g) any other Claims brought against any of the Indemnified Parties. The Franchisee will not be obligated to indemnify the Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any negligence or wrongdoing by the Indemnified Parties. Any of the Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of the Franchisee's Monk's Restaurant.

25.2 Payment of Costs and Expenses.

The Franchisee will pay all attorneys' fees, costs and expenses (including interest on such fees, costs and expenses) incurred by the Indemnified Parties to defend any action brought by a third party against any of the Indemnified Parties as set forth in Article 25.1. These indemnification

provisions under this Article and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 26

LEASE AS SECURITY; TERMINATION OF LEASE

26.1 Monkburger's Review of Lease.

In accordance with Article 12.1 of this Agreement, the Lease for the Franchised Location will be submitted to Monkburger for its review prior to the execution of the Lease by the Franchisee. The terms of the Lease must meet the requirements set forth in Article 12.1. In accordance with the releases and acknowledgements provided by Article 12.3, Monkburger's review of the Lease will not be for the purpose of approving the legal aspects, economics or rental terms of the Lease. Accordingly, Monkburger will have no responsibility to the Franchisee regarding the economics, legality or enforceability of the Lease.

26.2 Franchisee's Assignment of the Lease.

The Franchisee hereby Assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to Monkburger as security for the Franchisee's performance of the terms and conditions of this Agreement. If an Event of Default occurs, then Monkburger will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted for by the Franchisee. The Franchisee authorizes Monkburger to file a UCC-1 Financing Statement and agrees to execute such other documents as may be reasonably required by Monkburger's attorneys to perfect and record Monkburger's security interest in the Lease. An "Event of Default," for the purposes of this Article, will occur if (a) this Agreement is terminated by either Monkburger or the Franchisee for any reason whatsoever, (b) the Franchisee wrongfully terminates this Agreement by failing to comply with ARTICLE 19 of this Agreement or otherwise, (c) the Franchisee at any time ceases to do business at the Franchised Location as a Monk's Restaurant, (d) this Agreement expires and the Franchisee does not reacquire the Franchise as provided for in Article 2.2, (e) the Lease for the Franchised Location is terminated by either the Landlord or the Franchisee for any reason whatever, or (f) this Agreement expires and the Franchisee fails to renew the Lease pursuant to any renewal provisions. This right granted by the Franchisee to Monkburger to assume the Franchisee's position as the tenant under the Lease will be at Monkburger's sole election, and Monkburger will bear no responsibility for any of the Franchisee's past-due obligations under the Lease.

26.3 Perfected Assignment; Notice.

This Assignment will constitute a perfected, absolute and present Assignment; provided, however, Monkburger will have no right under this Assignment to enforce the provisions of the Lease until an Event of Default has occurred. After an Event of Default has occurred, Monkburger will have the right, but not the obligation, to enforce the provisions of this Assignment and to take possession of the Franchised Location by giving the Franchisee and the Landlord written notice that it has affirmatively exercised its rights under this Assignment. The written notice will state: (a) that Monkburger is taking and assuming the Lease from the Franchisee; (b) the date that Monkburger will take physical possession of the Franchised Location; and (c) that Monkburger agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease. Monkburger will execute the appropriate documents at the time it gives written notice to the Franchisee and the Landlord of its assumption of the Lease.

26.4 No Prior Assignment; Estoppel.

The Franchisee represents and warrants that (a) there has been no prior Assignment of the Lease to a third party, (b) it has the right to Assign the Lease to Monkburger, (c) the Lease is a valid and enforceable agreement, (d) neither the Landlord nor the Franchisee is in default to the other thereunder and (e) all covenants, conditions and agreements have been performed as required by the Lease. No change in the terms of the Lease will be valid without the written approval of Monkburger. The Franchisee will not Assign the Lease to a third party or encumber its interest in the Lease so long as this Assignment is in effect. During the term of this Agreement, the Franchisee will not lease or sublease all or any part of the Franchised Location without Monkburger's prior written consent.

26.5 Enforcement of Franchisee's Rights.

The Franchisee hereby irrevocably constitutes and appoints Monkburger as its attorney-in-fact to demand, receive and enforce the Franchisee's rights with respect to the Lease, to make payments under the Lease and to give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Franchisee or, at the option of Monkburger, in the name of Monkburger, with the same force and effect as the Franchisee could do if this Assignment had not been made. This appointment is coupled with an interest and is irrevocable.

26.6 Monkburger's Rights and Remedies.

Upon taking physical possession of the Franchised Location, Monkburger may, without affecting any of its rights or remedies against the Franchisee under any other instrument, document or agreement, exercise its rights under this Agreement as the Franchisee's attorney-in-fact in any manner permitted by law and, in addition, Monkburger will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law.

26.7 Proration of Rents and Expenses.

At the time Monkburger takes physical possession of the Franchised Location, all charges, real estate taxes, utilities and rentals will be prorated between Monkburger and the Franchisee. Monkburger will have no obligation to pay any past-due obligations or arrearages of the Franchisee to any person or Entity, including the Landlord.

26.8 Possession; Obligations of Monkburger and Franchisee.

Monkburger will hold the Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Franchised Location from the date that Monkburger takes physical possession of the Franchised Location. The Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that Monkburger takes physical possession of the Franchised Location. With the specific and limited exception of rental payments and other obligations to the Landlord arising from Monkburger's use of the Franchised Location after taking physical possession of the premises, the Franchisee will indemnify and hold Monkburger harmless from and against any and all Claims and Damages to which Monkburger may become exposed, or which Monkburger may incur, in exercising any of its rights under this assignment.

26.9 Landlord's Consent to Assignment of Lease as Security.

The Franchisee will secure the Landlord's written consent to the provisions contained in this Article in the form attached as an exhibit to this Agreement.

26.10 Assignment by Monkburger.

Monkburger will have the right to Assign its right, title and interest in the Lease to any persons or Entities upon giving written notice to the Franchisee and the Landlord without any consent whatsoever from the Franchisee or the Landlord, and any such Assignment to any person or Entity will be valid and binding upon the Franchisee and the Landlord as fully as if each had expressly approved the same. Subject to the limitation on further Assignment by the Franchisee contained in Article 26.4, this Assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the Franchisee, Monkburger and the Landlord.

26.11 Lease Not Yet Executed.

In the event that the Franchisee has not yet entered into the Lease for the Franchised Location at the time this Agreement is executed, the provisions of Articles 26.2, 26.3 and 26.5 of this Agreement will take effect immediately upon the execution of the Lease. The representations of the Franchisee contained in Article 26.4 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. The Franchisee will execute all additional documents required by Monkburger's attorneys to perfect the Assignment of the Lease.

ARTICLE 27
MANDATORY NON-BINDING MEDIATION

27.1 Disputes Subject to Mediation.

Except as provided in Article 27.6, all disputes between Monkburger and the Franchisee will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

27.2 Purpose.

Monkburger and the Franchisee acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other developers and franchisees, and the Monkburger System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

27.3 Mediation Protocol.

If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place at a venue determined by Monkburger and located within 25 miles of Monkburger's then-current headquarters location. The sessions will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

27.4 Conditions.

Monkburger and the Franchisee will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the

mediator, then either party will have the right to pursue all other remedies available to them under this Agreement.

27.5 Miscellaneous.

The matters set forth in Article 27.6 will not be subject to mediation or the provisions of this Article. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. Monkburger and the Franchisee will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

27.6 Disputes Not Subject to Mediation.

The following disputes between Monkburger and the Franchisee will not be subject to mediation: (a) use of the Marks by either Monkburger or the Franchisee; (b) the obligations of the Franchisee and Monkburger upon termination or expiration of this Agreement; (c) any alleged breach of the provisions of this Agreement relating to Confidential Information and in-term and post-term covenants not to compete contained in ARTICLE 23; (d) any dispute regarding the Franchisee's obligations to indemnify Monkburger and/or an Affiliate for any Claims or Damages pursuant to ARTICLE 25 of this Agreement; and (e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights.

ARTICLE 28
ENFORCEMENT

28.1 Injunctive Relief.

Either the Franchisee or Monkburger will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) the use of the Marks and/or the Monkburger System by Monkburger or the Franchisee; (b) the obligations of the Franchisee or Monkburger upon termination or expiration of this Agreement; and (c) any breaches of the provisions of this Agreement by either the Franchisee or Monkburger relating to Confidential Information and the provisions of ARTICLE 23 relating to the interpretation, construction or enforcement of the covenants not to compete.

28.2 Payments to Monkburger.

The Franchisee will not, on grounds of the alleged nonperformance by Monkburger of any of its obligations under this Agreement, any other contract between Monkburger and the Franchisee, or for any other reason, withhold the payment of any Fees due to Monkburger. The Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts, Damages or other funds allegedly due to the Franchisee by Monkburger against any Fees due to Monkburger by the Franchisee. Monkburger will have the right to deduct from amounts payable to the Franchisee by Monkburger or an Affiliate any Fees or other payments owed to Monkburger, an Affiliate or a third party. Monkburger will also have the right to apply the Fees and other payments made to Monkburger by the Franchisee in such order as Monkburger may designate from time to time. As to the Franchisee and its Affiliates, Monkburger will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by the Franchisee, except that Production Fees may only be credited to the Production Fund; (b) set off, from any amounts that may be owed by Monkburger, any amount owed to Monkburger, the Production Fund or any other fund or account; and (c) retain any amounts received for the Franchisee's account (and/or that of any

Affiliate of the Franchisee), whether rebates from suppliers or otherwise, as a payment against any Fee owed to Monkburger. Monkburger will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Monkburger and/or any Affiliate.

28.3 Effect of Wrongful Termination.

If either Monkburger or the Franchisee takes any action to terminate this Agreement or the Franchisee takes any action to convert its Restaurant to another business, and such actions were taken without first complying with the terms and conditions of this Agreement, including ARTICLE 19 or ARTICLE 20 of this Agreement, as applicable, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

28.4 Attorneys' Fees and Costs.

The Franchisee will fully reimburse and indemnify Monkburger for all attorneys' fees, costs and expenses (including interest on such fees, costs and expenses) incurred by Monkburger in: (a) enforcing any of the terms and conditions of this Agreement, including a breach of this Agreement, against the Franchisee not involving any proceeding or court action; (b) any proceeding or court action brought against the Franchisee to enforce the terms and conditions of this Agreement, including a breach of this Agreement; and (c) defending any claim Franchisee brings against Monkburger, including without limitation, a claim related to the offering of a franchise or the franchise relationship.

28.5 Venue and Jurisdiction.

All court proceedings, lawsuits and court hearings initiated by the Franchisee or Monkburger must and will be venued exclusively in the county or municipality in which Monkburger's headquarters are then located. The Franchisee, the Operating Partner and its Executive Management and its Owners do hereby agree and submit to personal jurisdiction in such court for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Restaurant, and do hereby agree and stipulate that any such suits, proceedings and hearings will be venued exclusively in such court. The Franchisee, its Executive Management and its Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction. The parties acknowledge and agree that this provision will survive the termination or expiration of this Agreement.

28.6 Limitation of Actions.

Except as provided otherwise in this Agreement or by applicable law, and except for any Claims brought under the indemnification or insurance provisions of this Agreement, any and all Claims arising out of or relating to this Agreement, the relationship between the Franchisee and Monkburger, or the Franchisee's operation of the Restaurant brought by either party against the other, whether in mediation or any court proceeding, must be commenced within 12 months after the occurrence of the facts giving rise to such Claims, or such Claims will be absolutely barred and unenforceable.

28.7 Waiver of Jury Trial.

MONKBURGER AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY,

BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

28.8 Waiver of Damages.

FRANCHISEE HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOST FUTURE PROFITS OR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST MONKBURGER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM FRANCHISEE SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

28.9 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Monkburger is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

28.10 Waiver.

Monkburger and the Franchisee may, by written instrument signed by Monkburger and the Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Monkburger of any payment by the Franchisee and the failure, refusal or neglect of Monkburger to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder will not constitute a waiver by Monkburger of any provision of this Agreement. Monkburger will have the absolute right to waive obligations or restrictions for other developers and franchisees under their franchise agreements without waiving those obligations or restrictions for the Franchisee and, except to the extent provided by law, Monkburger will have the right to negotiate terms and conditions, grant concessions and waive obligations for other developers and franchisees without granting those same rights to the Franchisee and without incurring any liability to the Franchisee whatsoever.

28.11 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Franchisee and the President or a Vice President of Monkburger.

28.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either Monkburger or the Franchisee that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Monkburger and the Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or

contracts that are signed concurrently with this Agreement. In addition, any Area Development Agreement between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by Monkburger in the Franchise Disclosure Document provided to the Franchisee prior to the execution of this Agreement by the Franchisee.

28.13 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term “Franchisee” as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to “Franchisee,” “assignee” and “transferee” which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Franchisee or any such assignee or transferee if the Franchisee or such assignee or transferee is an Entity.

28.14 Miscellaneous.

The rights of Monkburger hereunder are cumulative and no exercise or enforcement by Monkburger of any right or remedy hereunder will preclude the exercise or enforcement by Monkburger of any other right or remedy hereunder or which Monkburger is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If the Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

28.15 Business Judgment.

Franchisee understands and agrees that whenever Monkburger reserves or is deemed to have reserved rights in a particular area, or where Monkburger agrees or is deemed to be required to exercise its rights reasonably or in good faith, Monkburger will satisfy its obligations whenever it exercises reasonable business judgment in making Monkburger’s decision or exercising a right (regardless of whether such term is expressly stated). A decision or action by Monkburger will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Monkburger’s decision or action is intended, in whole or significant part, to promote or benefit the Monkburger System generally even if the decision or action also promotes a financial or other individual interest of Monkburger. Neither Franchisee nor any third party (including, without limitation, a trier of fact) may substitute its judgment for Monkburger’s reasonable business judgment.

ARTICLE 29 NOTICES

All notices to Monkburger will be in writing and will be made by personal service upon an officer of Monkburger or sent by prepaid certified mail addressed to the President of Monkburger Franchise Group LLC, PO Box 660, Wisconsin Dells, WI 53965, or such other address as Monkburger may designate in writing, with copies to Lathrop GPM LLP, Attention: Ryan R. Palmer, Esq., 500 IDS Center, 80 South 8th Street, Minneapolis, Minnesota 55402. All notices to the Franchisee will be made by personal service (or, if applicable, upon an officer of the Franchisee) or sent by prepaid certified mail addressed to the Franchisee at the Franchised Location, or such other address as the Franchisee may designate in writing. For the purposes of this Agreement, personal service will include service by a recognized overnight delivery service (such as Federal Express, Airborne Express or UPS) which requires a written

confirmation of delivery to the addressee. Any notice delivered in the manner specified herein will be deemed delivered and received, regardless of whether the recipient refuses or fails to sign for the notice, if addressed to the recipient at the address set forth above or the last designated or last known address of the recipient, and will be deemed effective upon written confirmation of delivery to the recipient or 3 business days after being mailed, whichever is applicable.

ARTICLE 30

ACKNOWLEDGMENTS; DISCLAIMER; MISCELLANEOUS

30.1 Disclaimer.

MONKBURGER DOES NOT WARRANT OR GUARANTEE THAT THE FRANCHISEE WILL DERIVE INCOME OR PROFIT FROM ITS RESTAURANT, OR THAT MONKBURGER WILL REFUND ALL OR PART OF THE INITIAL FEE PAID BY THE FRANCHISEE OR REPURCHASE ANY OF THE FOODS, BEVERAGES AND PRODUCTS, TECHNOLOGY, OR FF&E SUPPLIED OR SOLD BY MONKBURGER OR BY AN APPROVED OR DESIGNATED SUPPLIER IF THE FRANCHISEE IS IN ANY WAY UNSATISFIED WITH ITS RESTAURANT. MONKBURGER EXPRESSLY DISCLAIMS THE MAKING OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE SALES, EARNINGS, INCOME, PROFITS, REVENUES, ECONOMICS, BUSINESS OR FINANCIAL SUCCESS, OR VALUE OF THE FRANCHISEE'S RESTAURANT EXCEPT AS SPECIFICALLY CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY THE FRANCHISEE.

30.2 Acknowledgments by Franchisee.

The Franchisee acknowledges that it has conducted an independent investigation of the Franchise and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurant involve business and economic risks. The Franchisee acknowledges that the financial, business and economic success of the Franchisee's Restaurant will be primarily dependent upon the personal efforts of the Franchisee, its management and employees, on economic conditions in the area where the Franchised Location is located, and economic conditions in general. The Franchisee acknowledges and agrees that the officers, directors, employees, and agents of Monkburger act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than Monkburger has or will have any duties or obligations to the Franchisee under this Agreement. The Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurant, or other economic matters pertaining to the Franchisee's Restaurant from Monkburger or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by the Franchisee from Monkburger ("Representations"). The Franchisee further acknowledges that if it had received any such Representations, it would have not executed this Agreement, promptly notified the President of Monkburger in writing of the person or persons making such Representations, and provided to Monkburger a specific written statement detailing the Representations made.

30.3 Other Franchisees.

The Franchisee acknowledges that other Monkburger developers and franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

30.4 Receipt of Agreement and Franchise Disclosure Document.

The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least 7 calendar days prior to the date that this Agreement was executed by the Franchisee. The Franchisee further acknowledges that it received a copy of Monkburger’s Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. The Franchisee confirms receiving the Franchise Disclosure Document on the date the Franchisee signed the acknowledgment of receipt page (the “Receipt Page”) attached to the Franchise Disclosure Document. The Franchisee and Monkburger each acknowledge receiving a signed and dated copy of the Receipt Page.

30.5 Monkburger’s Consent.

Except where expressly provided to the contrary, any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation required from or by Monkburger under the terms of this Agreement will be granted or withheld by Monkburger in its reasonable discretion.

**ARTICLE 31
FRANCHISEE’S LEGAL COUNSEL**

The Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon the Franchisee. The Franchisee has been advised by Monkburger to retain an attorney or advisor prior to the execution of this Agreement to review the Monkburger Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the Monk’s Restaurant, to determine compliance with applicable laws, to advise the Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise the Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other legal and business matters. The name and telephone number of the Franchisee’s attorney or other advisor is: _____; Telephone Number: (____) _____; Email Address: _____.

**ARTICLE 32
GOVERNING LAW; STATE MODIFICATIONS**

32.1 Governing Law; Severability.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.), all Claims arising out of or relating to this Agreement and/or the relationship between Monkburger and the Franchisee will be governed by, and will be interpreted in accordance with the substantive laws of the state where Franchisee’s Restaurant is located, unless applicable state law specifically provides otherwise. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisee and Monkburger. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship including, but not limited to, those described in Section 32.2 and 32.4 below, will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

32.2 Applicable State Laws.

If applicable, the following states have statutes which may supersede the provisions of this Agreement in the Franchisee's relationship with Monkburger in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e, et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in the Franchisee's relationship with Monkburger in the areas of termination and renewal of the Franchise.

32.3 State Law Modifications.

If the Restaurant is located in any one of the states indicated below in this Article, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving Monkburger the right to terminate in the event of the Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

(b) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "Illinois Act") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by Monkburger; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by the Franchisee to enforce any liability created by the Illinois Act; (5) any representations made by Monkburger in the Franchise Disclosure Document provided to the Franchisee will remain valid and enforceable by the Franchisee after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Franchisee to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Illinois Act.

(c) Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Wisconsin will be deleted from this Agreement, and the Franchisee will have the right to commence litigation, lawsuits and other court proceedings alleging Claims arising under the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") in the State of Maryland; (2) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer will not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which Claims must be brought will not act to reduce the three-year statute of limitations afforded to a franchisee for bringing a Claim arising under the Maryland Law, and any Claims arising under

the Maryland Law must be brought within 3 years after the grant of the Franchise; and (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by Monkburger in the Franchise Disclosure Document.

(d) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, Monkburger must give the Franchisee at least 180 days prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if Monkburger gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to the date this Agreement is terminated by Monkburger, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Monkburger will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Monkburger against the Franchisee or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Franchisee will have up to 3 years after the cause of action accrues to bring an action against Monkburger pursuant to Minn. Stat. §80C.17.

(e) New York. If this Agreement is governed by the laws of the State of New York, then: (1) all rights enjoyed by the Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied; and (2) modifications to the Operations Manual by Monkburger will not unreasonably increase the Franchisee's obligations or place an excessive economic burden on the Franchisee's operations.

(f) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by the Franchisee to jurisdiction and venue in the State of Wisconsin contained in this Agreement will be inapplicable to the Franchisee; and (4) any provisions of this Agreement which limit the statute of limitations period for Claims under the North Dakota Franchise Investment Law (the "North Dakota Law") or the parties' rights or remedies under the North Dakota Law, such as the right to recover exemplary or punitive damages or to a jury trial, will not be enforceable.

(g) Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a Claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(h) South Dakota. If this Agreement is governed by the laws of the State of South Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (3) any provision of this Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires the Franchisee to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota; (4) any acknowledgment provision, disclaimer, integration clause or provision

having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates Chapter 37-5B or a rule or order under Chapter 37-5B; (5) mediation or arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location; and (6) provisions of this Agreement which require that actions be commenced within one year and that limit the parties' rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

(i) Washington. If this Agreement is governed by the laws of the State of Washington, then: (1) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail; (2) if applicable, the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrator; (3) a release or waiver of rights executed by the Franchisee will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (4) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable; and (5) the Assignment Fee is collectable by Monkburger to the extent that it reflects Monkburger's reasonable estimated or actual costs in effecting the Assignment.

(j) Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

ARTICLE 33 **DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

33.1 Abandon.

"Abandon" will mean the conduct of the Franchisee indicating the willingness, desire or intent of the Franchisee to discontinue operating its Monk's Restaurant in accordance with the quality standards, uniformity requirements and the Monkburger System as described in this Agreement and the Operations Manual including, but not limited to, the failure of the Franchisee to operate the Restaurant during the business hours specified in the Operations Manual for 2 or more consecutive days without the prior written approval of Monkburger or the failure to remain open for business during the specified business hours.

33.2 Accounting Year.

"Accounting Year" will mean the Franchisee's fiscal year consisting of 12 consecutive calendar months. The definition of Accounting Year may be further defined in the Operations Manual, and may in the future be changed by Monkburger as specified in the Operations Manual or otherwise in writing by Monkburger to address business practices and/or changes in the Internal Revenue Code.

33.3 Affiliate.

"Affiliate" will mean any Entity or individual that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with Monkburger.

33.4 Approved Supplier.

“Approved Supplier” will mean a supplier, vendor or distributor that has been approved in writing by Monkburger to supply its products and/or services to the Franchisee because its products and/or services conform to the standards and specifications established by Monkburger, and Monkburger has determined that its business reputation, quality standards, delivery performance, credit rating and other factors are satisfactory.

33.5 Area Development Agreement.

“Area Development Agreement” will mean the agreement entered into between Monkburger and the Franchisee granting the Franchisee, or an Entity owned by the Franchisee and/or the Owners of the Franchisee (referred to as the Area Franchisee in the Area Development Agreement), the right to develop the Restaurant at the Franchised Location pursuant to the terms of this Agreement.

33.6 Assign or Assignment.

“Assign” or “Assignment” will mean sale, assignment, pledge, bequeath, trade, transfer, lease or sublease.

33.7 Claims.

“Claims” will mean any and all demands, complaints, filings, assertions, requests for payment or compensation, challenges, allegations of liability, causes of action, and/or lawsuits.

33.8 Competitive Restaurant.

“Competitive Restaurant” will mean any restaurant, other than another Monk’s Restaurant that features a sports-themed environment and where (a) at least at least 10% of its revenue is derived from the sale of alcoholic beverages or (b) at least 50% of the food selections offered to its customers consists of hamburgers, French fries, and/or sandwiches.

33.9 Confidential Information.

“Confidential Information” will mean and include all of the business, technology, marketing, operational, and proprietary information developed, created, owned or licensed by Monkburger including, but not limited to, the following: (a) all plans and specifications relating to the construction of any Monk’s Restaurant, drawings and renderings, FF&E specifications and pricing, the names of all Approved Suppliers and Designated Suppliers, pricing information for any Foods, Beverages and Products sold to any Monk’s Restaurant, unpublished menus and menu designs, and all food recipes and cooking techniques, (b) all business information, practices, procedures, processes, “know how” and business and operational systems of Monkburger, (c) all marketing strategies, programs, and concepts, training programs, Operations Manual and materials, and operational and business development concepts, (d) all exclusive sales and marketing processes taught to the Franchisee’s personnel during any training programs, (e) all training programs and materials, (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs), (g) all copyrighted materials that have not been publicly disclosed by Monkburger which are marked as “confidential,” (h) all patents of Monkburger, including pending patents, (i) all password-protected websites designed, created and developed by Monkburger, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality, and (j) all other written materials disclosed to the Franchisee which have been designated as “confidential” by Monkburger. The Franchisee and its employees and agents will not disclose to any person or Entity the name, addresses or any other information relating to any customers or guests of any

Monk's Restaurant, including the Franchisee's Restaurant, except as authorized electronically or in writing by the customer or guest.

33.10 Damages.

"Damages" will mean all judgments, losses, injuries, awards, reparations, penalties, interest, punitive damages, lost profits, pecuniary compensation, court costs, attorneys' fees, mediation, arbitration or litigation out-of-pocket costs, settlement payments, deposition and pre-trial costs, mileage, Travel Expenses, investigation fees, and all other amounts paid or incurred as a result of any Claims.

33.11 Designated Market Area.

"Designated Market Area" or "DMA" will mean each media market exclusive of another as defined by the A.C. Nielsen ratings service, the Arbitron radio ratings service or such other ratings service as may be designated by Monkburger.

33.12 Designated Supplier.

"Designated Supplier" will mean a supplier, vendor or distributor designated by Monkburger in writing as the Franchisee's only source for those foods, food items, recipe ingredients, proprietary products, other products and services used or sold in the Restaurant that Monkburger has determined must meet certain quality and uniformity standards to protect the valuable goodwill and uniformity associated with the Marks and the Monkburger System.

33.13 Develop.

"Develop," for the purposes of Article 1.2 of this Agreement, will mean to franchise, license, own, manage or operate.

33.14 Dollars.

"Dollars" will mean United States of America dollars.

33.15 EFT.

"EFT" will mean the process relating to the electronic transfer of Fees directly from the Franchisee's bank account to Monkburger's bank account, as further described in Article 6.2 of this Agreement.

33.16 Entity.

"Entity" will mean a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law.

33.17 Executive Management.

"Executive Management" will mean: (a) the officers and directors specified in the by-laws if the Franchisee is a corporation; (b) the manager, chief manager, managers and/or governors specified in the operating agreement or by-laws if the Franchisee is a limited liability company; or (c) the general partner(s) if the Franchisee is a partnership or a limited partnership.

33.18 Fee Payment Date.

"Fee Payment Date" will mean either 15 days after the end of the calendar month or 15 days after the end of the four-Week period, depending upon the sales tax return reporting period of the Restaurant, or such other day designated by Monkburger in writing for the payment of Continuing Fees and Production Fees.

33.19 Fee Payment Period.

“Fee Payment Period” will mean either a calendar month or a four-Week period, depending upon the sale tax reporting period of the Restaurant, or such other payment period designated by Monkburger in writing.

33.20 Fees.

“Fees” will collectively mean and include the Initial Fee, the Continuing Fees, the Production Fees, the Administrative Fees, and all other amounts then due and payable by the Franchisee to Monkburger pursuant to this Agreement or any other agreement or for any products or services purchased by the Franchisee from Monkburger or any of its Affiliates.

33.21 FF&E.

“FF&E” will mean the furniture, fixtures, supplies and equipment used in the operation of the Restaurant.

33.22 Financial Records.

“Financial Records” will mean all accounting records and ledgers maintained in a written form, on a computer disk or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and other financial information.

33.23 Financial Statements.

“Financial Statements” will mean a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally-accepted accounting principles applied on a consistent basis.

33.24 Foods, Beverages and Products.

“Foods, Beverages and Products” will mean the authorized and/or proprietary foods, food items, beverages, menu items, recipe ingredients and FF&E that are specified in the Operations Manual or otherwise approved by Monkburger in writing that are (a) used in the operation of the Restaurant, (b) used in the preparation of any foods or food items, and/or (c) offered for sale to customers of the Restaurant.

33.25 Franchise.

“Franchise” will mean the right granted by Monkburger to the Franchisee under this Agreement authorizing the Franchisee to operate a Monk’s Restaurant at the Franchised Location in conformity with the Monkburger System using the name “Monk’s Bar and Grill®” and the other Marks.

33.26 Franchised Location.

“Franchised Location” will mean the address, city and state set forth in the Addendum to this Agreement where the Monk’s Restaurant to be owned and operated under this Agreement by the Franchisee will be physically located.

33.27 General Manager.

“General Manager” will mean the individual responsible for the overall management and operation of the Monk’s Restaurant including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location.

33.28 Governmental Authority.

“Governmental Authority” will mean any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States including, but not limited to, federal, state, district or commonwealth thereof, any foreign government or any jurisdiction, municipality or other political subdivision thereof.

33.29 Indemnified Parties.

“Indemnified Parties” will have the meaning given to it in Article 25.1 of this Agreement.

33.30 Kitchen Manager.

“Kitchen Manager” will mean the individual who will assist the Operating Partner and the General Manager with the management and operation of the Restaurant, with particular emphasis on the preparation of food and beverage items at the Restaurant.

33.31 Lease.

“Lease” will mean the written lease agreement and related documents signed by the Franchisee for the Franchised Location.

33.32 Major Assets.

“Major Assets” will mean (a) the Franchisee’s Restaurant; (b) the Franchised Location; (c) the Lease for the Franchised Location; (d) the FF&E, inventory, point-of-sale system, customer lists and all other assets used in the Franchisee’s Restaurant; (e) this Agreement; (f) any Ownership Interest in the Franchisee; (g) all FF&E leases, and (h) the land, building and related real estate used for the Franchisee’s Restaurant, if the land, building and real estate are owned by the Franchisee.

33.33 Management Staff.

“Management Staff” will mean and include the Franchisee’s Operating Partner designated in accordance with the provisions of this Agreement, the General Manager and the Kitchen Manager.

33.34 Marks.

“Marks” will include the name “Monk’s Bar and Grill®,” “Monk’s™,” and such other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines as Monkburger has or may create, own, develop or license for use in connection with restaurants operating under the Monk’s Bar and Grill® name.

33.35 Monk’s Restaurant.

“Monk’s Restaurant” or “Restaurant” will mean the restaurant operated pursuant to this Agreement in conformity with the Monkburger System under the Marks.

33.36 Monkburger Website.

“Monkburger Website” will have the meaning given to it in Article 13.4 of this Agreement.

33.37 Operations Manual.

“Operations Manual” will mean the confidential and copyrighted standard operations manuals developed by Monkburger containing mandatory and suggested specifications, standards and procedures for the operation of Monk’s Restaurants.

33.38 Owner.

“Owner” will mean any person or Entity who owns (a) any shares of capital stock in the Franchisee if the Franchisee is a corporation, (b) any membership interests in the Franchisee if the Franchisee is a limited liability company, (c) any partnership interests in the Franchisee if the Franchisee is a partnership, (d) any limited or general partnership interests if the Franchisee is a limited partnership, and (e) any other kind or type of Ownership Interest in the Franchisee. References to “Franchisee,” “assignee” and “transferee” which are applicable to (i) an individual or individuals will mean the Owner or Owners of an Ownership Interest in the Franchisee and (ii) an Entity will mean the Entity that has an Ownership Interest in the Franchisee.

33.39 Ownership Interests.

“Ownership Interests” will mean (a) capital stock if the Franchisee is a corporation, (b) membership interest if the Franchisee is a limited liability company, (c) partnership interest if the Franchisee is a partnership, (d) limited or general partnership interests if the Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in the Franchisee.

33.40 Per Diem Training Fee.

“Per Diem Training Fee” will mean the current daily fee charged by Monkburger for each employee or independent contractor of Monkburger who provides any training, coaching, consulting and/or instructing services or any operational, assistance or other services to the Franchisee pursuant to the terms of this Agreement. The amount of the Per Diem Training Fee will be the amount specified in the most current publication and update of the Operations Manual, and the amount of the Per Diem Training Fee may be increased from time to time, at the sole option of Monkburger, to account for inflation, increased costs and other economic conditions.

33.41 Production Fund.

“Production Fund” will mean the fund maintained by Monkburger to account for the Production Fees received by Monkburger pursuant to Article 4.1 and the expenditure of the Production Fees pursuant to Article 4.2.

33.42 Quarter.

“Quarter” will mean 3 consecutive calendar months. The definition of Quarter may be changed from time to time as specified by Monkburger in the Operations Manual or otherwise in writing.

33.43 Required Opening Date.

“Required Opening Date” will mean the date that is 12 months after the date of this Agreement, unless the Franchisee’s Restaurant is being developed pursuant to an Area Development Agreement or other written agreement between the Franchisee and Monkburger, in which case the Required Opening Date will be the date specified in the Area Development Agreement or other written agreement between the parties hereto.

33.44 Monkburger System.

“Monkburger System” will mean the distinctive Foods, Beverages and Products which are associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising and instructions promulgated by Monkburger.

33.45 Revenues.

“Revenues” will mean the total dollar sales from all guests or customers of the Franchisee’s Restaurant, and will include all cash, credit card, and credit sales made by the Franchisee of every kind and nature made at, from, by or in connection with the Franchisee’s Restaurant including, but not limited to, all dollars and income received from the following: (a) the sale of all Foods, Beverages and Products, including alcoholic and nonalcoholic beverages and drinks; (b) the sale of any and all goods, products, merchandise or items sold under any of the Marks; (c) all payments received from or for vending machines, telephones and electronic and other amusement games; (d) all payments received from or for slot machines, and gaming machines; (e) all payments received from or for lotteries, lottery tickets and pull tabs; (f) all sales from the catering of Foods, Beverages and Products; (g) all sales from the delivery of Foods, Beverages and Products; (h) all sales of Foods, Beverages or Products for any banquet service; (i) all sales from the carry-out of Foods, Beverages and Products; (j) all sales of Foods, Beverages and Products at any locations or sites other than the Franchised Location; (k) all payments received from or for the redemption of gift cards and gift certificates by the Franchisee’s Restaurant; (l) all payments received from business interruption insurance payments made to the Franchisee by any insurance company; and (m) the sale of all Foods, Beverages and Products to its employees including sales from discounted meals provided to employees and actually paid for by employees. “Revenues” will not include (i) any sales, use or gross receipts tax imposed by any Governmental Authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by the Franchisee; (ii) the sale (as opposed to the redemption) of gift cards by the Franchisee’s Restaurant; (iii) the value of complimentary Foods, Beverages and Products, such as house charges; and (iv) the one-time sale of any FF&E or any inventory items to a purchaser.

33.46 Salaries and Benefits.

“Salaries and Benefits” will mean the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers’ compensation insurance, and all other expenses related to employment.

33.47 Travel Expenses.

“Travel Expenses” will mean all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental and all other related travel expenses.

33.48 Week or Weekly.

“Week” or “Weekly” will mean a period of 7 consecutive days beginning on each Monday and ending each Sunday.

IN WITNESS WHEREOF, Monkburger, the Franchisee and the Owners have respectively signed this Agreement effective as of the date set forth above.

In the Presence of:

Signature

Print Name

Monkburger Franchise Group LLC

By _____
Signature

Print Name

Its _____
Title

“Franchisee”

In the Presence of:

Signature

Print Name

Legal Name

By _____
Signature

Print Name

Its _____
Title

In the Presence of:

Signature

Print Name

And

By _____
Signature

Print Name

Its _____
Title

Each of the undersigned Owners of the Franchisee hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to Monkburger agreeing to enter into this Agreement with the Franchisee, each Owner agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement.

<u>In the Presence of:</u>	<u>Names of Owners:</u>	<u>Percentage of Ownership:</u>
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
	Total	_____ %
		<u>100%</u>

Operating Partner:

Name

Address

City, State, Zip Code

Telephone

Cell Phone

Email Address

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Personal Guaranty") is made and entered into this _____ day of _____, 20__ (the "Effective Date"), by and between Monkburger Franchise Group LLC, a Wisconsin limited liability company ("Monkburger"), and each one of the undersigned personal guarantors (the "Personal Guarantors").

WHEREAS, Monkburger and _____, (a/an) _____ (the "Franchisee") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised Monk's Restaurant at the Franchised Location set forth in the Franchise Agreement (the "Franchise Agreement").

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Monkburger, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by the Franchisee.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Franchise Agreement which is incorporated herein by reference.

Default of Franchisee. If the Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Monkburger the Initial Fee, Continuing Fees, Production Fees and all other Fees due and payable to Monkburger under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by the Franchisee from Monkburger or any Affiliate of Monkburger.

Noncompliance by Franchisee. If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

Obligations to Monkburger. If the Franchisee is at any time in default on any obligation to pay monies to Monkburger or any affiliate of Monkburger, whether for the Initial Fee, Continuing Fees, Production Fees, goods or services purchased by the Franchisee from Monkburger or any Affiliate of Monkburger, or for any other indebtedness of the Franchisee to Monkburger or any Affiliate of Monkburger, then each of the undersigned, their heirs, successors and assigns,

do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Franchisee to Monkburger or any Affiliate of Monkburger upon default by the Franchisee.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Monkburger.

Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement, and each one of the Personal Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

Personal Guarantors

_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone
_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone

Signature

Signature

Print Name

Print Name

Address

Address

City, State and Zip Code

City, State and Zip Code

Telephone

Telephone

Signature

Signature

Print Name

Print Name

Address

Address

City, State and Zip Code

City, State and Zip Code

Telephone

Telephone

EXHIBIT A
AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS

PAYEE	BANK NAME	ACCOUNT NO.
Monkburger Franchise Group LLC	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "debits") drawn on such account which are payable to the above-named Payee. It is agreed that the Depository's rights with respect to each such debit will be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever. This authorization will continue in force until the Depository and the Payee have received at least thirty (30) days written notification from the Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

- (1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or Entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein.

Name of Depository (Franchisee's Bank): _____

Bank Address: _____
Address, City, State, Zip Code

Bank Telephone Number: _____ Bank Fax Number: _____

Account No.: _____ Routing No.: _____

(Please attach one voided check for the above account.)

Name of Franchisee/Depositor as Listed on Account: _____

Franchisee's Restaurant Address: _____
Address, City, State, Zip Code

Franchisee's Telephone Number: _____

By _____ Title _____
Franchisee's Authorized Representative

Date: _____, 20__

EXHIBIT B
WEBSITE USE AGREEMENT

THIS AGREEMENT is entered into effective as of this _____ day of _____, 20____, by and between Monkburger Franchise Group LLC, a Wisconsin limited liability company (“Monkburger”) and _____, a(n) _____ (the “Franchisee”).

INTRODUCTION

Monkburger has developed a distinctive business system for operating and franchising restaurants under the name “Monk’s Bar and Grill®” (the “Monkburger System”), and has extensively publicized the name “Monk’s Bar and Grill®” to the public as an organization of restaurant businesses operating under the Monkburger System.

The Franchisee has signed a Franchise Agreement with Monkburger on the date of this Agreement (the “Franchise Agreement”). The Franchisee will operate a franchised Monk’s Restaurant utilizing the Monkburger System pursuant to the Franchise Agreement (the “Monk’s Restaurant”).

The Monkburger System includes the website developed and designed by Monkburger to conduct certain business functions as defined in the Franchise Agreement (the “Monkburger Website”). The Franchisee desires to obtain the right to have access to and to use the Monkburger Website in connection with the operation of its franchised Monk’s Restaurant.

Pursuant to the above Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Monkburger and the Franchisee agree and contract as follows:

1. Grant of Use.

Monkburger grants to the Franchisee a nonexclusive and nontransferable right to use the Monkburger Website in connection with the operation of the Franchisee’s Monk’s Restaurant, subject to the terms and conditions of this Agreement. The Franchisee is strictly prohibited from using the Monkburger Website (a) in a manner other than as prescribed by Monkburger, (b) for any purpose other than to support the operation of the Franchisee’s Monk’s Restaurant, or (c) after the expiration or termination of this Agreement or the Franchise Agreement. All references to the Franchisee’s Restaurant will be removed from the Monkburger Website immediately upon the termination or expiration of this Agreement or the Franchise Agreement.

2. Term.

Unless sooner terminated by Monkburger as provided for herein, the term of this Agreement and the rights granted herein will commence on the date set forth above and will continue until the expiration or termination of the Franchise Agreement.

3. Internet Website.

Monkburger will establish and maintain the Monkburger Website to advertise, promote and conduct business at the Monk’s Restaurants, including the Franchisee’s Monk’s Restaurant. All features of the Monkburger Website, including the domain name, content, features, graphics, functionality, color schemes, designs, format, procedures and links to other websites, will be determined by Monkburger, in its sole discretion. Monkburger will have the right to modify, enhance, suspend or temporarily or permanently discontinue the Monkburger Website at any

time, in its sole discretion. The Franchisee will not have the right to establish a website or home page on the Internet to advertise or promote its Restaurant.

4. Fees.

Proceeds from the Production Fund, as defined in the Franchise Agreement, will be used to develop and maintain the Monkburger Website. Monkburger will have the right to impose a monthly software maintenance fee for the upgrades, improvements, and service provided to the Franchisee in connection with the functionality of the Website after giving the Franchisee 30 days' prior written notice of the amount and terms of payment for any such fee.

5. Technology.

The Monkburger Website, certain images, user interfaces, databases, software programs and source codes, computer processes, methods of operation, processes, procedures, know-how and accompanying data relating to the Monkburger Website (collectively, the "Technology") may be made available to the Franchisee by Monkburger for its access and/or use pursuant to this Agreement. The Technology is protected by United States and worldwide copyright laws and treaty provisions. The Technology constitutes Confidential Information, and as such is subject to the provisions of the Franchise Agreement relating to Confidential Information.

In recognition of the above, the Franchisee agrees that it may not and will not, directly or indirectly, for its own benefit or for the benefit of any other person or Entity: (a) copy, reproduce, modify, use, display, publish, upload, post, transmit or distribute any portion of the Technology in any way without Monkburger's express prior written permission; (b) use, copy, modify or display any of the Marks in any way or for any purpose without Monkburger's express prior written permission; or (c) use the Monkburger Website, any Confidential Information or Technology for any business or personal purpose or use other than those purposes expressly authorized by Monkburger pursuant to this Agreement.

6. No Warranty.

The Franchisee is provided with access to the Technology on an "AS IS" and "AS PROVIDED" basis. MONKBURGER AND ITS SUPPLIERS MAKE NO, AND SPECIFICALLY DISCLAIM ANY, WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, WHETHER BY STATUTE, COMMON LAW, CUSTOM, USAGE OR OTHERWISE, AS TO ANY MATTER INCLUDING, WITHOUT LIMITATION, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY, INTEGRATION, SATISFACTORY QUALITY, FITNESS FOR ANY PARTICULAR PURPOSE, PERFORMANCE OR RESULTS THE FRANCHISEE OR ITS CUSTOMERS MAY OBTAIN BY USING THE TECHNOLOGY. MONKBURGER AND ITS SUPPLIERS MAKE NO WARRANTY THAT OPERATION OF THE TECHNOLOGY WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR-FREE, AND MAKE NO WARRANTY REGARDING ANY SERVICES OBTAINED THROUGH USE OF THE TECHNOLOGY OR ANY TRANSACTIONS ENTERED INTO THROUGH USE OF THE TECHNOLOGY. The Franchisee will not have the right to use the Technology after the termination of this Agreement.

7. Limitation of Liability.

IN NO EVENT WILL MONKBURGER OR ITS SUPPLIERS BE LIABLE TO THE FRANCHISEE OR ANY THIRD PARTY FOR ANY DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS WHATSOEVER OR FOR ANY CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES, OR FOR ANY LOST PROFITS OR LOST SAVINGS ARISING OUT OF, RELATING TO OR RESULTING FROM THIS AGREEMENT, THE TECHNOLOGY, THE USE OR INABILITY TO USE THE TECHNOLOGY, ANY SERVICES OBTAINED OR TRANSACTIONS ENTERED INTO PURSUANT TO THIS AGREEMENT, ANY LOSS OR UNAUTHORIZED ALTERATION

OF ANY DATA, OR ANY UNAUTHORIZED ACCESS TO ANY DATA. THE FOREGOING LIMITATIONS AND EXCLUSIONS WILL APPLY TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW EVEN IF MONKBURGER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES, DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS. IF MONKBURGER OR ITS SUPPLIERS BREACH THIS AGREEMENT, OR IF THE FRANCHISEE IS DISSATISFIED IN ANY RESPECT WITH THE SERVICES PROVIDED BY MONKBURGER OR ANY SUPPLIER PURSUANT TO THIS AGREEMENT, THEN THE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY WILL BE TO TERMINATE THIS AGREEMENT AND CEASE USING THE MONKBURGER WEBSITE. UNDER NO CIRCUMSTANCES WILL MONKBURGER BE LIABLE FOR LOSS OF DATA, REPROCUREMENT COSTS, LOST REVENUE OR PROFITS, INTERRUPTION OF THE FRANCHISEE'S BUSINESS OPERATIONS, OR FOR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES EVEN IF THEY WERE FORESEEABLE OR THE FRANCHISEE HAS INFORMED MONKBURGER OF SUCH POTENTIAL DAMAGES. Monkburger is acting on behalf of its suppliers for the purpose of disclaiming, excluding and/or limiting obligations, warranties and liability as provided in this Agreement, but in no other respects and for no other purpose.

8. Dispute Resolution.

Except when injunctive relief is sought, all controversies arising from, as a result of or under this Agreement will be resolved in accordance to the dispute resolution provisions of the Franchise Agreement. All actions, hearings and any court proceedings, including injunctive actions, will be held exclusively in the municipality in which Monkburger's headquarters are then located, and the parties hereby expressly consent to personal jurisdiction and venue in such court.

9. Monkburger's Rights.

If the Franchisee is found to be in breach of the terms of this Agreement, its access to the Monkburger Website may be temporarily or permanently disabled and the Franchisee may be held liable for all Damages incurred by Monkburger caused by the Franchisee's breach of the terms and conditions of this Agreement.

10. Default.

Any of the following occurrences will constitute an "Event of Default" under this Agreement: (a) the Franchisee fails to pay when due any charge or fee payable to Monkburger or its Affiliates pursuant to this Agreement or any other agreement; (b) the Franchisee breaches or is in default of any other provision of this Agreement and such breach or default is not corrected within 30 days, or such other period of time specified by applicable law, after Monkburger gives the Franchisee written notice of breach; (c) the Franchise Agreement is terminated by either party or expires and is not renewed; or (d) the Franchisee is in default of any of its obligations under the Franchise Agreement and fails to correct such default in accordance with the notice and cure provisions of the Franchise Agreement.

11. Monkburger's Remedies Upon Default.

Upon the occurrence of any Event of Default, Monkburger will have the right to exercise any or all of the following rights and remedies: (a) terminate this Agreement; (b) declare all amounts owed to Monkburger pursuant to this Agreement to be immediately due and payable; (c) cease performance of all of Monkburger's obligations under this Agreement without liability to the Franchisee; (d) temporarily or permanently disable the Franchisee's access to the Monkburger Website; (e) remove the Franchisee's Monk's Restaurant from the Monkburger Website; and/or (f) hold the Franchisee liable for all Damages incurred by Monkburger caused by the Franchisee's default.

12. Sole Agreement; Modification.

This Agreement is the sole agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. This Agreement may be amended only by a writing executed by the party against whom enforcement is sought.

13. Governing Law.

This Agreement will be interpreted in accordance with the substantive laws of the State of Wisconsin.

14. Costs and Attorneys' Fees.

The Franchisee will indemnify Monkburger for all costs that Monkburger incurs in any lawsuit or proceeding to enforce this Agreement including, without limitation, actual attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by Monkburger.

15. Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

16. Waiver; Consent.

Monkburger and the Franchisee may, by written instrument signed by both parties, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Monkburger of any payment by the Franchisee and the failure, refusal or neglect of Monkburger to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations will not constitute a waiver by Monkburger of any provision of this Agreement. Whenever this Agreement requires Monkburger's prior written consent, such consent may be withheld by Monkburger for any reason whatsoever.

17. No Rights of Offset.

The Franchisee will not, on grounds of the alleged nonperformance by Monkburger of any of its obligations or for any other reason, withhold payment of any payments due Monkburger pursuant to this Agreement or pursuant to any other contract, agreement or obligation. The Franchisee will not have the right to "offset" any liquidated or unliquidated amounts, Damages or other funds allegedly due to the Franchisee by Monkburger against any payments due to Monkburger under this Agreement.

18. Monkburger's Rights Cumulative.

The rights of Monkburger are cumulative and no exercise or enforcement by Monkburger of any right or remedy will preclude the exercise or enforcement by Monkburger of any other right or remedy or which Monkburger is entitled by law to enforce.

19. Jurisdiction; Venue.

All litigation, court hearings, or other proceedings initiated by either party against the other party will be initiated, venued and maintained in strict accordance with the corresponding applicable provisions of the Franchise Agreement.

20. Binding Agreement.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

21. Notices.

All notices to Monkburger or the Franchisee will be given in accordance with and subject to the corresponding applicable terms and conditions of the Franchise Agreement.

22. Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, will have the meanings ascribed to such terms in the Franchise Agreement.

23. Counterparts.

This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

“Franchisee”

By _____

Its _____

“Monkburger”

Monkburger Franchise Group LLC

By _____

Its _____

EXHIBIT C
TELEPHONE LISTING AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between Monkburger Franchise Group LLC (“Monkburger”), and _____ (the “Franchisee”).

WHEREAS, Monkburger is the franchisor of Monk’s Restaurants and the licensor of the name “Monk’s Bar and Grill®” and certain other trademarks, trade names, service marks, logos and commercial symbols (the “Marks”); and

WHEREAS, Monkburger and the Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement (the “Franchise Agreement”) pursuant to which the Franchisee is granted the right to operate a franchised Monk’s Restaurant (the “Monk’s Restaurant” or the “Restaurant”) and to use the Marks in on-line and/or printed book versions of telephone directory listings for the Franchisee’s Restaurant; and

WHEREAS, the Franchisee is authorized to continue using the Marks until such time as the Franchise Agreement is terminated or expires.

NOW, THEREFORE, Monkburger and the Franchisee hereby agree as follows:

1. The Franchisee is authorized to obtain telephone service for Franchisee’s Monk’s Restaurant. Such service will not be used in conjunction with any other business or residential telephone service.
2. The Franchisee is authorized to secure on-line and printed book White Pages, Yellow Pages and directory assistance listings for the Franchisee’s Monk’s Restaurant only in the name of “Monk’s Bar and Grill®.” No other names may be used in conjunction with the Restaurant and the Marks, and no additional listings may be used with the telephone number(s) assigned to the Restaurant, unless approved in writing in advance by Monkburger.
3. All telephone directory listings, Yellow Pages display advertising, layout, and copy will be approved in advance in writing by Monkburger, and the Franchisee agrees that it will not place any such copy unless the written approval of Monkburger is attached. Placement of display advertising by Monkburger or its advertising agency for the Franchisee through a national Yellow Pages service will constitute automatic approval.
4. The Franchisee agrees that the telephone numbers and telephone directory listings for the Monk’s Restaurant will be considered to be the sole property of Monkburger. The Franchisee acknowledges that Monkburger has the absolute right and interest in all of the telephone numbers and telephone directory listings associated with the Marks, and the Franchisee hereby authorizes Monkburger to direct the telephone company and all listing agencies to transfer all of the Franchisee’s telephone numbers and directory listings to Monkburger or Monkburger’s assignee if the Franchise Agreement expires or is terminated for any reason whatsoever.
5. Upon the expiration or termination of the Franchise Agreement for any reason, the Franchisee agrees that it will immediately cease all use of such telephone numbers and telephone directory listings and that all such telephone numbers and telephone directory listings will remain the sole property of Monkburger, subject to Monkburger’s obligation to pay all fees

due therefor that become due and payable after the date of the cessation of the Franchisee's right to use the Marks and the telephone numbers and telephone directory listings associated with the Marks.

6. The Franchisee hereby releases and forever discharges Monkburger and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from Monkburger's exercise of its rights hereunder or from the telephone company's cooperation with Monkburger in effecting the terms of this Agreement.

7. Monkburger will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and all classified and other directory listings under the "Monk's Bar and Grill®" name and to authorize the telephone company and all listing agencies to transfer to Monkburger or its assignee all telephone numbers and directory listings of the Franchisee's Monk's Restaurant.

8. The telephone company and all listing agencies will have the right to accept this Agreement as evidence of the exclusive rights of Monkburger to such telephone numbers and directory listings, and this Agreement will constitute the authority from the Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Monkburger. The Franchisee will not make any Claims or commence any action against the telephone company and the listing agencies for complying with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

"Monkburger"

"Franchisee"

Monkburger Franchise Group LLC

By _____

By _____

Its _____

Its _____

EXHIBIT D
LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE

The undersigned landlord (the "Landlord") hereby consents to the assignment by the undersigned Franchisee of Monkburger Franchise Group LLC (the "Franchisee") of its right, title and interest in and to the premises lease dated as of _____, 20____, by and between the Landlord and the Franchisee (the "Lease"), to Monkburger Franchise Group LLC ("Monkburger"), pursuant to a Franchise Agreement between Monkburger and the Franchisee, dated as of _____, 20____, (the "Franchise Agreement"), and as an inducement to Monkburger to enter into the Franchise Agreement with the Franchisee, agrees with Monkburger as follows:

1. In the event of default by the Franchisee under the Franchise Agreement, Monkburger or its designee may assume, enforce and perform the obligations of the Lease with the same force and effect as if assumed, enforced and performed by the Franchisee. The Landlord will accept Monkburger's (or its designee's) performance in lieu of performance by the Franchisee in satisfaction of the Franchisee's future obligations under the Lease.

2. The Landlord will not terminate the Lease on account of any default of the Franchisee without giving written notice to Monkburger and first providing to Monkburger a reasonable opportunity, but not less than 30 days, to: (a) cause the Franchisee to cure the default; or (b) declare the Franchisee in default under the Franchise Agreement and exercise its rights under the Franchise Agreement. In the event Monkburger elects to exercise its rights under the Franchise Agreement, the Landlord agrees not to terminate the Lease so long as Monkburger or its designee agrees, within 30 days from the date Monkburger gives written notice to the Landlord of its election to exercise its rights under this Assignment, to perform the future obligations of the Franchisee under the Lease. However, nothing herein will require Monkburger to cure any default of the Franchisee under the Lease, but only gives it the option to assume the Franchisee's future rights and obligations under the Lease.

3. The Landlord hereby represents and warrants to Monkburger that: (a) the Lease is a valid and enforceable agreement; (b) there has been no prior assignment of the Lease of which the Landlord has notice or is aware; (c) neither the Landlord nor the Franchisee is in default under the Lease; and (d) all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof.

Dated: _____, 20____

"Landlord"

By _____
Its _____

EXHIBIT E
CONTINUING FEES

<u>REVENUES</u>	<u>CONTINUING FEES</u>
Less than \$1,000,000	2.50%
\$1,000,001 - \$1,500,000	2.75%
\$1,500,001 - \$2,000,000	3.50%
Above \$2,000,000	2.00%

**ADDENDUM TO
MONKBURGER FRANCHISE GROUP LLC
FRANCHISE AGREEMENT**

FOR

ADDRESS OF FRANCHISED LOCATION:

Street

City, State, Zip Code

AND

PROTECTED AREA:

The area within a ____ mile radius of the Franchised Location
for the Franchisee's Monk's Restaurant

Dated: _____, 20__

Monkburger Franchise Group LLC

Name of Franchisee

By _____

By _____

Its _____

Its _____

**DESCRIPTION OF AREA WHERE THE FRANCHISEE WILL HAVE THE RIGHT TO LOCATE
THE RESTAURANT UNTIL THE ADDRESS OF THE FRANCHISED LOCATION HAS BEEN
DETERMINED:**

(include if possible the City, County and State)

Dated: _____, 20__

Monkburger Franchise Group LLC

Name of Franchisee

By _____

By _____

Its _____

Its _____

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D

AREA DEVELOPMENT AGREEMENT

MONKBURGER FRANCHISE GROUP LLC
P.O. Box 660
Wisconsin Dells, WI 53965
Telephone: (608) 254-8386
Fax: (608) 254-4859

AREA DEVELOPMENT AGREEMENT

Area Developer

Legal Name

Street

City, State, Zip Code

Telephone Number/Facsimile Number

Email Address

_____, 20____
**Date of Area Development
Agreement**

MONKBURGER FRANCHISE GROUP LLC

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MONKBURGER FRANCHISE GROUP LLC

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this “Agreement”) is made, entered into and effective this ____ day of _____, 20____, by and between Monkburger Franchise Group LLC, a Wisconsin limited liability company (“Monkburger”), and _____, a(n) ____ (the “Area Developer”).

INTRODUCTION

Monkburger has developed a distinctive business system for operating and franchising restaurants featuring classic and gourmet hamburgers, distinctive appetizers, specialty sandwiches and salads, and alcoholic and non-alcoholic beverages in a distinctive sports-themed atmosphere under the name Monk’s Bar and Grill® (the “Monkburger System”). Monkburger has the right and authority to license the use of the name “Monk’s Bar and Grill®” and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Monkburger in writing now owned, licensed or developed by Monkburger (the “Marks”) for use in connection with the Monkburger System to selected persons, businesses or Entities that will comply with Monkburger’s uniformity requirements and quality standards.

Monkburger will continue to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages and Products (as defined herein) and related services marketed under the Monkburger System, and to represent to the public the Monkburger System’s high standards of quality, appearance, cleanliness and service.

The Area Developer desires to enter into Franchise Agreements with Monkburger to develop, own and operate Monk’s Bar and Grill® restaurants (the “Monk’s Restaurant” or the “Restaurant”) in the area set forth in ARTICLE 1 in conformity with the Monkburger System and Monkburger’s uniformity requirements and quality standards established and promulgated from time to time by Monkburger.

Pursuant to the above Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Monkburger and the Area Developer agree and contract as follows:

ARTICLE 1

GRANT OF DEVELOPMENT RIGHTS; TERRITORY

1.1 Territory.

Monkburger hereby grants to the Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with Monkburger for the development and operation of Monk’s Restaurants to be located within the “Territory” defined as the geographical area described and delineated as follows: _____

The Territory may be further described in a map attached hereto and signed by both the Area Developer and Monkburger. This Agreement will not constitute the sale of a Franchise to the Area Developer, but rather will give the Area Developer the right to enter into Franchise Agreements with Monkburger to own and operate franchised Monk’s Restaurants in the Territory.

1.2 Exceptions.

The rights and privileges granted to the Area Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement. During the term of this Agreement, and subject to the provisions of Article 2.2, Monkburger will not grant to any other person or Entity a Franchise to open or operate a Monk's Restaurant utilizing the Monkburger System or the Marks within the Territory, and will not establish another franchised or company- or Affiliate-owned Monk's Restaurant within the Territory. Notwithstanding the foregoing, Monkburger and its Affiliates will have the absolute right to: (a) Develop other restaurant business concepts, including Competitive Restaurants, under other brand names even if the locations for the concept are within your Territory; (b) Develop Restaurants or Competitive Restaurants in your Territory if they are located at or within a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a regional shopping center or mall, or a stadium or arena used for sporting events; (c) market, distribute and sell, on a wholesale or retail basis, packaged food products and other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if the sales are made to customers, distributors or retailers who are located in your Territory; and (d) own, operate, manage, franchise and/or license other individuals or entities to own, manage and/or operate Competitive Restaurants in your Territory if Monkburger or an affiliate of Monkburger derived its ownership interests or other rights to such restaurants after the date of this Agreement as part of an acquisition or purchase of a majority of the ownership interests in, or substantially all of the assets of, another entity. Monkburger does not have to pay you if it exercises any of the rights specified above in your Territory.

1.3 Use of Marks.

The Area Developer will have the right to use the Marks only in the Territory and only in connection with the development of Monk's Restaurants pursuant to this Agreement. The Area Developer will only use the Marks designated by Monkburger in writing and only in the manner authorized and permitted by Monkburger. The Area Developer and its Executive Management, Management Staff, employees and agents will not have the right to use any of the Marks or other intellectual property of Monkburger on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube, Facebook, MySpace, Wikipedia, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("Social Media"), except with the prior written permission of Monkburger. The Area Developer and its Executive Management, Management Staff, employees and agents will comply with all of Monkburger's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Restaurants in the Territory.

1.4 Conditions.

The Area Developer hereby undertakes the obligation to open and operate franchised Monk's Restaurants using the Monkburger System in the Territory in strict compliance with the terms and conditions of this Agreement for the entire term of this Agreement. The rights and privileges granted to the Area Developer by Monkburger under this Agreement are applicable only in the Territory, are personal in nature, and may not be used elsewhere or in any other area by the Area Developer.

1.5 Personal License.

The Area Developer will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. The Area Developer will not have the right to Assign this

Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

ARTICLE 2

TERM; RIGHT OF FIRST REFUSAL

2.1 Term.

This Agreement will be in effect for a term ending _____ (____) years after the date set forth on Page D-1 of this Agreement, or on the date the Area Developer has completed development of the cumulative number of Monk's Restaurants required under the Development Schedule set forth in Article 4.1, whichever is earlier. This Agreement will not be enforceable until it has been signed by both the Area Developer and Monkburger. Subject to the provisions of Article 2.2, at the end of the term of this Agreement, the Area Developer's exclusive development rights with respect to the Territory will automatically terminate, and the Area Developer will not have the right to renew or extend the term of this Agreement.

2.2 Area Developer's Right of First Refusal.

For a period of one year after the term of this Agreement expires according to the provisions of Article 2.1, the Area Developer will, subject to the terms and conditions contained in this provision, have the right of first refusal to own and operate Monk's Restaurants in the Territory (as defined by this Agreement), provided that during the entire term of this Agreement, the Area Developer, and any subsidiary or affiliate of the Area Developer, has complied in all respects with the terms and conditions of this Agreement and the Franchise Agreements for all of the Monk's Restaurants owned by the Area Developer and its subsidiaries and affiliates, and has timely paid the Development Fee, Initial Fees and Continuing Fees and other Fees to Monkburger as required by this Agreement and the respective Franchise Agreements with Monkburger. Monkburger will not own, operate or develop or offer any third party the right to own, operate, develop or franchise any Monk's Restaurants in the Territory without first offering the right to the Area Developer in a written offer that contains a general summary of the terms and conditions of the proposed transaction, including the Development Fee, the number of Monk's Restaurants to be developed and opened, the Development Schedule, and the Initial Fees, the Continuing Fees and all other Fees payable pursuant to the then-current standard Franchise Agreement. If the Area Developer fails to accept the offer contained in the written notice within 30 days after receipt, then the Area Developer's right of first refusal will terminate in all respects and Monkburger will have the right to develop, own, operate or franchise Monk's Restaurants in the Territory in accordance with the terms and conditions of the written offer. If the Area Developer accepts the offer contained in the written notice, then the Area Developer will have 30 days after the date of acceptance to sign the new Area Development Agreement and/or the new Franchise Agreement (the "Required Agreements"), as the case may be, and to pay all Fees due thereunder to Monkburger. If the Area Developer fails to sign the Required Agreements within 30 days after the date of acceptance, then the Area Developer's right of first refusal will terminate in all respects, and Monkburger will have the right to own, operate, develop or franchise Monk's Restaurants in the Territory in accordance with the terms and conditions of the written offer.

ARTICLE 3

FEES PAYABLE TO MONKBURGER

3.1 Development Fee.

On the date this Agreement is executed by the Area Developer, the Area Developer will pay Monkburger a Development Fee in an amount equal to \$10,000 multiplied by the total number

of Monk's Restaurants that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4.1 of this Agreement (the "Development Fee"). The Development Fee will be nonrefundable and will be fully earned by Monkburger when the Development Fee is paid by the Area Developer. The Development Fee is payment to Monkburger for granting the Area Developer the rights, as set forth in this Agreement, to develop Monk's Restaurants in the Territory.

3.2 Initial Fees.

In addition to the Development Fee, the Area Developer will, on the day the Area Developer signs each Franchise Agreement pursuant to the terms of this Agreement, pay Monkburger a nonrefundable Initial Fee for each Restaurant that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4.1 of this Agreement. The amount of the Initial Fee for each Restaurant that the Area Developer develops in the Territory will be determined according to the following schedule:

Restaurant Number	Initial Fee
1st	\$30,000
2nd	\$20,000
3rd	\$15,000
4th and each subsequent Restaurant	\$10,000

The Area Developer will pay Monkburger the Initial Fee set forth in this provision, even if the Initial Fee that is then charged to developers or franchisees by Monkburger is different from the Initial Fee specified herein.

3.3 Execution of Franchise Agreements; Payment of Initial Fees.

The Franchise Agreements for the Restaurants in the Territory must be executed by the dates set forth in the Development Schedule in Article 4.1 of this Agreement. The Area Developer will pay Monkburger the Initial Fee set forth in Article 3.2 of this Agreement on the date the Area Developer executes the Franchise Agreement for each Restaurant required to be opened and operated in the Territory pursuant to this Agreement. The Area Developer must execute the Franchise Agreement and pay the Initial Fee for its first Restaurant on the date the Area Developer executes this Agreement. The Area Developer will not purchase or lease the property for the proposed site for the Franchised Location until the Area Developer has signed a Franchise Agreement with Monkburger and complied with the applicable provisions of the Franchise Agreement relating to the selection of the site for the Franchised Location. Contemporaneous with the execution of the 2nd and subsequent Franchise Agreements signed by the parties in compliance with the Development Schedule, the Area Developer and its affiliates will execute a general release, in a form satisfactory to Monkburger, of any and all Claims against Monkburger, its current and former Affiliates and their past and present Executive Management, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of prior or concurrent written agreements, including this Agreement and the prior Franchise Agreement(s) executed in compliance with the Development Schedule.

3.4 Continuing Fee.

During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay Monkburger a Continuing Fee, as defined in the Franchise Agreement. The Area Developer will pay Monkburger the Continuing Fee for each of its Monk's Restaurants at the rate set forth in the first Franchise Agreement signed by the Area

Developer and Monkburger pursuant to this Agreement, even if the Continuing Fee then charged to developers or franchisees by Monkburger at the time the Area Developer signs a subsequent Franchise Agreement is different. For each of its Monk's Restaurants, the Area Developer will pay the Continuing Fee on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant.

3.5 Production Fee; Other Fees.

During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay Monkburger the Production Fees, as defined in the Franchise Agreement. The Area Developer will pay Monkburger the Production Fees for the Monk's Restaurants at the rate set forth in each then-current standard Franchise Agreement executed in accordance with the Development Schedule in Article 4.1 and as required by Article 5.2. For each of its Monk's Restaurants, the Area Developer will pay the Production Fees on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant. Except as set forth in this Article, the Area Developer will pay the Fees, payments and other monetary obligations payable to Monkburger and others at the rates, in the amounts and in the manner specified in the then-current standard Franchise Agreement executed by Monkburger and the Area Developer for each Restaurant in the Territory.

**ARTICLE 4
DEVELOPMENT SCHEDULE**

4.1 Development Schedule.

The Area Developer acknowledges and agrees that the following Development Schedule is a material provision of this Agreement:

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Monk's Restaurant Must be Opened and Continuously Operating in Territory	Cumulative Number of Monk's Restaurants Required to be Open and Continuously Operating in Territory as of Date in Preceding Column
1	Date of this Agreement		1
2			2

For purposes of determining compliance with the Development Schedule set forth in this Article, only the Area Developer's Restaurants actually open and continuously operating in the Territory as of a given date will be counted toward the number of Monk's Restaurants required to be open and continuously operating. Notwithstanding any provision in the Franchise Agreement to the contrary, the Area Developer will be required to open the Monk's Restaurants developed by the Area Developer under this Agreement according to the development dates set forth above in the Development Schedule, and the Franchise Agreement for each of the Area Developer's Restaurants will be deemed to be amended accordingly.

4.2 Reasonableness of Development Schedule.

The Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Monk's Restaurants within the Territory, and approves of the Development Schedule as being reasonable and viable.

4.3 Extension of Development Schedule.

The Area Developer's failure to comply with the Development Schedule will constitute a material breach of this Agreement by the Area Developer. However, the Area Developer will have the right to one 60-day extension of each deadline set forth in the Development Schedule upon written notice to Monkburger before the expiration of the deadline stating that the Area Developer will not be able to meet the deadline due to construction delays or similar circumstances beyond the reasonable control of the Area Developer.

4.4 Failure to Comply with Development Schedule.

If the Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (i.e., does not have the required number of Monk's Restaurants open and operating in the Territory as of the dates specified in Article 4.1 and has not given Monkburger written notice of an extension in accordance with the preceding provision), then Monkburger will have the right to terminate this Agreement immediately upon written notice to the Area Developer. Termination of this Agreement as a result of the Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the Monk's Restaurants opened and operated in the Territory pursuant to this Agreement which were signed by the parties prior to termination of this Agreement; however, upon termination of this Agreement, all rights to open and operate additional Monk's Restaurants in the Territory and all other rights granted to the Area Developer under this Agreement will immediately revert to Monkburger, without affecting those obligations of the Area Developer that continue beyond the termination of this Agreement.

4.5 Termination for Failure to Comply with Development Schedule.

If this Agreement is terminated by Monkburger because of the Area Developer's failure to meet the Development Schedule, the rights and duties of Monkburger and the Area Developer will be as follows: (a) the Area Developer will have no rights to open additional Monk's Restaurants within the Territory; (b) the Area Developer will continue to pay all required Fees and to operate its Restaurants opened in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements; (c) Monkburger will have the absolute right to Develop Monk's Restaurants in the Territory or to contract with other persons for the development of additional Restaurants in the Territory; (d) the Area Developer will have no right to obtain a refund of any monies it paid to Monkburger pursuant to this Agreement or the Franchise Agreements; and (e) the Area Developer and Monkburger will not have any rights or obligations with respect to the Franchise Agreements required to be signed pursuant to the Development Schedule in Article 4.1, but which were not executed prior to the termination of this Agreement by Monkburger because of the Area Developer's failure to comply with the Development Schedule.

ARTICLE 5 OTHER OBLIGATIONS OF AREA DEVELOPER

5.1 Compliance with Applicable Laws.

The Area Developer will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Area

Developer's Restaurants in the Territory. The Area Developer will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Area Developer's Restaurants, for qualifying for, and obtaining and maintaining, all such licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

5.2 Execution of Franchise Agreements.

Subject to the provisions set forth in Articles 3.2 and 3.4 of this Agreement, for each Monk's Restaurant that will be opened, owned and operated by the Area Developer in the Territory pursuant to this Agreement, the Area Developer or an Entity in which (a) the Area Developer is the Owner of at least 50.1% of the Ownership Interests in the Entity or (b) the Area Developer's Owners are the Owners of at least 50.1% of the Ownership Interests in the Entity (the "Controlled Entity") must execute Monkburger's then-current standard Franchise Agreement and comply with the other requirements of this Agreement. The failure of the Area Developer or the Controlled Entity to provide Monkburger with an executed Franchise Agreement within the time specified in Articles 3.3 and 4.1 will constitute a material breach of this Agreement, and Monkburger will have the right to terminate this Agreement as provided for herein. If the Franchise Agreement required to be executed pursuant to this Article (and the other provisions of this Agreement) will be executed by the Controlled Entity, then: (i) the Area Developer (or the Area Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 50.1% Ownership Interest in the Controlled Entity and (ii) the Area Developer will not be relieved from complying with the terms, conditions and obligations under this Agreement including, without limitation, the obligations contained in Articles 3.2, 3.3, 3.4, 3.5, 4.1, 5.1, 5.3, 8.2, 11.2 and 12.1 of this Agreement. If the Area Developer elects to have a Controlled Entity execute the Franchise Agreement for any Monk's Restaurant being developed under this Agreement, then all terms, conditions and obligations under this Agreement relating to compliance with the Franchise Agreement for that Restaurant will be the obligation of the Controlled Entity, and not the Area Developer.

5.3 Local Advertising; Other Payments.

During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will be required to spend monies for items such as grand opening advertising and promotion, approved Local Advertising, and other related expenses. The Area Developer will pay all such required promotional and advertising expenses at the rates established in, and in accordance with the terms and conditions of, the applicable Franchise Agreements for each of the Area Developer's Restaurants in the Territory.

5.4 Modifications to Franchise Agreement.

The Area Developer acknowledges that (a) the terms, conditions and economics of the Franchise Agreement may be modified from time to time by Monkburger, (b) reasonable modifications and amendments to the Franchise Agreement will not alter the Area Developer's obligations under this Agreement, (c) any changes or modifications made to the Franchise Agreement in the future will not be applicable to any Franchise Agreement previously executed by the Area Developer, (d) any Franchise Agreement signed by the Area Developer pursuant to this Agreement will require the Area Developer to pay the Initial Fee set forth in Article 3.2 and the Continuing Fee set forth in Article 3.4, regardless of whether these Fees have increased in the future, and (e) the Area Developer will be required to pay any additional Fees contained in any Franchise Agreement signed by the Area Developer after the date of this Agreement.

5.5 Area Developer's Name.

The Area Developer will not use any of the Marks, any derivative of the marks, or the word “Monk’s” or any derivative or confusingly similar word or phrase in the name of any Entity formed by the Area Developer or any affiliate of the Area Developer. The Area Developer will at all times hold itself out to the public as an independent contractor operating its Restaurants pursuant to Franchise Agreements with Monkburger. The Area Developer will file for a certificate of assume name in the manner required by applicable state law to notify the public that the Area Developer is operating its Restaurants as an independent contractor.

5.6 Interests of Operating Company.

The Area Developer’s operating company will be dedicated solely to the development and operation of the Area Developer’s Restaurants in the Territory and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Monkburger.

5.7 Designation of Operating Partner.

When the Area Developer signs this Agreement, the Area Developer will designate an individual as the Operating Partner. If the Area Developer is an individual, then the Operating Partner will be the Area Developer. If the Area Developer is an Entity, the designated Operating Partner must have at least five years of restaurant management experience, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, portion control, food and service quality, employee productivity and supervision, customer relations, restaurant marketing, compliance with federal, state and local laws, financial accounting, cost controls and operational criteria described in the Operations Manual. The Operating Partner will, during the entire period he or she serves as the Operating Partner: (a) maintain, at all times, an Ownership Interest in the Area Developer of at least 5% of the issued and outstanding Ownership Interests in the Area Developer, (b) execute the Personal Guaranty of this Agreement in the form attached hereto and execute this Agreement as one of the Owners of the Area Developer; and (c) devote his or her full time and best efforts to the supervision, conduct and operations of the Area Developer’s Restaurants. If during the term of this Agreement, the Operating Partner is not qualified to continue to serve in the capacity of Operating Partner, then the Area Developer will promptly notify Monkburger in writing and will designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity.

5.8 Training.

The Area Developer is responsible for complying with all training requirements for each Restaurant pursuant to the applicable Franchise Agreement, except as modified by this Article 5.8. The Area Developer must designate one member of the Management Staff to become a certified trainer by attending and successfully completing the training classes designated by Monkburger. The Area Developer’s certified trainer must participate in the training of employees at the Area Developer’s second and subsequent Restaurants opened pursuant to this Agreement. The Area Developer’s certified trainer must also train other employees to be training employees who participate in the training of new employees at the Area Developer’s Restaurants. The following is the number of trainers provided by Monkburger and the Area Developer for each Restaurant opened pursuant to a Franchise Agreement executed under this Agreement:

Restaurant Opening	Trainers Provided by Monkburger	Trainers Provided by Area Developer
1st	4	0
2nd	3	1

3rd and each subsequent Restaurant	2	2
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Monkburger will not be required to provide more trainers than shown in the table above, notwithstanding anything to the contrary in any Franchise Agreement between the parties.

ARTICLE 6
ASSIGNMENT

6.1 Assignment of Agreement by Monkburger.

This Agreement may be unilaterally Assigned by Monkburger to a person or Entity without the approval of the Area Developer and will inure to the benefit of the successors and assigns of Monkburger. Monkburger will provide the Area Developer with written notice of any such Assignment, and the assignee will be required to fully perform all obligations of Monkburger under this Agreement.

6.2 Assignment of Agreement by Individual Area Developer.

If the Area Developer is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of the Area Developer, this Agreement may be Assigned by the Area Developer to any designated person or beneficiary (the “Beneficiary”) without the payment of any Assignment Fee and without complying with ARTICLE 9. However, the Assignment of this Agreement to the Area Developer’s Beneficiary will be subject to the provisions of Article 6.3(b) - (i) of this Agreement, and will not be valid or effective until Monkburger has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement. There will be no charge to the Beneficiary for the initial training program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Area Developer. In addition, this Agreement may be Assigned to an Entity without the payment of an Assignment Fee and without complying with ARTICLE 9 if the Area Developer is an individual or is owned in a general partnership, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

6.3 Conditions to Assignment of Agreement by Area Developer.

Subject to the provisions of ARTICLE 9, the Area Developer will not Assign any interest in or any part of this Agreement to any person or Entity without the prior written approval of Monkburger. Monkburger will not withhold its written consent to any Assignment of this Agreement if the Assignment does not violate any of the terms of this Agreement, if Monkburger does not exercise its rights under ARTICLE 9 of this Agreement, and if the Area Developer and/or the assignee Area Developer are in full compliance with the following terms and conditions: (a) the Area Developer has provided written notice to Monkburger of the proposed Assignment of this Agreement at least 45 days prior to the transaction; (b) all of the Area Developer’s monetary obligations due to Monkburger have been paid in full, and the Area Developer is not otherwise in default under this Agreement; (c) the Area Developer has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) Monkburger and the Area Developer have executed a joint and mutual release, in a form satisfactory to Monkburger, of any and all claims against Monkburger and/or the Area Developer and their respective Executive Management, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance;

provided, however, that Monkburger and the Area Developer may specifically exclude from the coverage of the release any prior or concurrent written agreements or Franchise Agreements between them for other Monk's Restaurants owned by the Area Developer; (e) the assignee Area Developer has demonstrated to the satisfaction of Monkburger that he, she or it meets the managerial, financial and business standards required by Monkburger for new area developers, possesses a good business reputation and credit rating, and its Executive Management possesses the aptitude and ability to operate the Monk's Restaurants in the Territory in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee Area Developer and the assignee Area Developer's Owners execute the legal agreements required by Monkburger or its legal counsel to document the Assignment of this Agreement to the assignee Area Developer; and (g) the assignee Area Developer and its Management Staff, as defined in the Franchise Agreement, have successfully completed the initial training program then prescribed by Monkburger. Monkburger may expand upon, and provide more details related to, the conditions for Assignment and Monkburger's consent as described in this Article 6.3, and may do so in the Operations Manual or otherwise in writing.

6.4 Assignment of Ownership Interest.

No Owner will have the right to Assign an Ownership Interest in the Area Developer without the prior written approval of Monkburger. Monkburger will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if Monkburger does not exercise its right of first refusal to acquire the Ownership Interest in the Area Developer pursuant to Article 9.7. An Assignment by an Owner of the Area Developer to (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of the Area Developer will, not be subject to the provisions of Articles 6.6 and 9.7 provided that: (i) the Assignment has been approved in writing by Monkburger and (ii) the Area Developer's Owner has complied with all of the provisions of this Agreement applicable to an Owner.

6.5 Acknowledgment of Restrictions.

The Area Developer and Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Monkburger System and the Marks, as well as the reputation and image of Monkburger, and are for the protection of Monkburger, the Area Developer and all other area developers and franchisees who own and operate Monk's Restaurants. Any Assignment permitted by this Article 6.5 will not be effective until Monkburger receives a completely executed copy of all Assignment documents and Monkburger consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

6.6 Assignment Fee.

If this Agreement is Assigned to another person or Entity, or if any of the Owners transfer any Ownership Interest in the Area Developer to a third party, then except as provided for in Articles 6.2 and 6.4, the Area Developer will pay Monkburger, on or before the date of the Assignment, an Assignment Fee of \$5,000. The Assignment Fee is to cover the costs incurred by Monkburger in connection with the Assignment. Monkburger also reserves the right to charge the assignee Area Developer its Per-Diem Training Fee to cover the costs to provide the initial training program to the assignee Area Developer and its Management Staff. The assignee Area Developer will also be responsible for the Salaries and Benefits, Travel Expenses and other expenses incurred by all personnel attending the initial training program on behalf of the assignee Area Developer.

6.7 Assignment to Competitor Prohibited.

The Area Developer and the Owners will not Assign this Agreement or their Ownership Interests in the Area Developer to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant. If Monkburger refuses to permit an Assignment of this Agreement under this provision, then the Area Developer's and the Owners' only remedy will be to have a mediator or arbitrator determine whether the proposed assignee owns or operates a Competitive Restaurant.

ARTICLE 7

TERMINATION RIGHTS OF MONKBURGER

7.1 Conditions of Breach.

In addition to its other rights of termination contained in this Agreement, Monkburger will have the right to terminate this Agreement if: (a) the Area Developer fails to comply with the Development Schedule set forth in Article 4.1; (b) the Area Developer voluntarily or otherwise Abandons any of the Area Developer's Restaurants; (c) the Area Developer materially violates any federal, state or municipal law, rule, code or regulation applicable to the operations of the Area Developer's Restaurants, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any of the customers or guests of the Area Developer's Restaurants; (d) the Area Developer breaches any material provision, term or condition of this Agreement; (e) the Area Developer, the Operating Partner, or any of its Executive Management or Owners are convicted of, or pleads guilty to a violation of any law that has a material adverse effect on the operations of the Area Developer's Restaurants or a crime involving moral turpitude, dishonesty or fraud; (f) the Area Developer fails to timely pay any of its uncontested obligations or liabilities (where there is no reasonable commercial dispute) due and owing to Monkburger, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government; (g) the Area Developer is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (h) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (i) any check issued by the Area Developer is dishonored because of insufficient funds (except where the check is dishonored because of bank error or an error in bookkeeping or accounting) or closed accounts; (j) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with "Monk's Bar and Grill®," any other of the Marks or the Monkburger System; (k) the Area Developer fails to designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity; (l) the Area Developer, an affiliated Entity or an Owner breaches any Franchise Agreement or any other agreement between such person or Entity and Monkburger or an Affiliate; or (m) any Franchise Agreement between the Area Developer (or a Controlled Entity) and Monkburger is terminated by either party for any reason.

7.2 Notice of Breach.

Except as provided in Articles 7.4 and 7.5 of this Agreement, Monkburger will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in detail has been delivered to the Area Developer by Monkburger; and (b) after receiving the written notice, the Area Developer fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then the Area Developer will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Area Developer is delinquent in

the payment of any Fees, rents or other monetary obligations payable to Monkburger or an Affiliate pursuant to this Agreement or any other agreement, in which case the Area Developer will have 15 days after receipt of written notice to correct the breach by making full payment to Monkburger, together with interest on the past-due obligations at the rate of 18% per annum and the applicable Administrative Fees. If the Area Developer fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by Monkburger as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by the Area Developer will be deemed to be “corrected” if both Monkburger and the Area Developer agree in writing that the alleged breach has been corrected.

7.3 Notice of Termination.

Except as provided in Articles 7.4 and 7.5 of this Agreement, if Monkburger has complied with the provisions of Article 7.2 and the Area Developer has not corrected the alleged breach set forth in the written notice of breach within the applicable time period specified in this Agreement, then Monkburger will have the absolute right to terminate this Agreement by giving the Area Developer written notice of termination and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Area Developer.

7.4 Immediate Termination Rights of Monkburger.

Notwithstanding Article 7.2, Monkburger will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if: (a) the Area Developer fails to comply with the Development Schedule set forth in Article 4.1; (b) the Area Developer voluntarily or otherwise Abandons any of the Area Developer’s Restaurants; (c) the Area Developer, the Operating Partner, or any of its Executive Management or Owners are convicted of, or plead guilty to or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on the Area Developer’s right or ability to operate the Restaurants or could have a material adverse effect on the Marks; (d) the Area Developer is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer and the Area Developer is unable, within a period of 60 days from such filing, to obtain the dismissal of the involuntary petition, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (e) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (f) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with “Monk’s Bar and Grill®,” any other of the Marks or with the Monkburger System and the Area Developer fails to correct the breach within 24 hours after receipt of written notice of the breach from Monkburger; or (g) any Franchise Agreement between the Area Developer (or a Controlled Entity) and Monkburger is terminated by either party for any reason.

7.5 Notice of Immediate Termination.

Except as provided below, if this Agreement is terminated by Monkburger pursuant to Article 7.4 above, then Monkburger will give the Area Developer written notice by personal service or prepaid registered or certified mail that this Agreement is terminated and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Area Developer. If notice of termination is given to the Area Developer by Monkburger pursuant to Article 7.4(f), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if the Area Developer fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

7.6 Other Remedies.

Nothing in this Article will preclude Monkburger from seeking other remedies or damages under any state or federal law, common law, or under this Agreement against the Area Developer including, but not limited to, attorneys' fees, and injunctive relief. If this Agreement is terminated by Monkburger pursuant to this Article, or if the Area Developer breaches or violates this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Monkburger will be entitled to seek recovery of all the damages that Monkburger has sustained and will sustain in the future as a result of the Area Developer's breach of this Agreement. Notwithstanding anything to the contrary in this Agreement, the only remedy available to Monkburger if the Area Developer fails to meet the Development Schedule will be to terminate this Agreement in accordance with Articles 4.3 and 4.4 of this Agreement. The foregoing will not limit Monkburger's rights under any Franchise Agreements between Monkburger and the Area Developer.

ARTICLE 8

OBLIGATIONS UPON TERMINATION OR EXPIRATION

8.1 Obligations upon Termination; Reversion of Rights.

Upon termination of this Agreement for any reason, all rights to open and operate additional Monk's Restaurants in the Territory and all other rights granted to the Area Developer pursuant to this Agreement will automatically revert to Monkburger, and Monkburger will have the right to develop the Territory or to contract with another area developer for the future development of the Territory. In addition, the Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement.

8.2 Franchise Agreements Not Affected.

The Area Developer will continue to operate the Monk's Restaurants owned by the Area Developer in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer and Monkburger prior to the termination of this Agreement, and the rights and obligations of the Area Developer and Monkburger with respect to the Area Developer's Restaurants in the Territory will be governed by the terms of the applicable Franchise Agreements.

8.3 Continuation of Obligations.

The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 9

OPTION OF MONKBURGER TO PURCHASE

9.1 Terms of Option.

The Area Developer will not Assign or otherwise dispose of any interest in or any part of (i) the Area Developer's interest in this Agreement, including the right of the Area Developer to develop Monk's Restaurants in the Territory, or (ii) any Ownership Interest in the Area Developer (the "Major Assets") to any purchaser without first offering the Major Assets to Monkburger in a written offer that contains the purchase price, payment terms, all material terms and conditions of the proposed transaction with the third party, including price and payment terms (the "Area Developer's Offer"). Monkburger will have 21 days after receipt of the Area Developer's Offer to give the Area Developer written notice which will either waive its option to purchase ("Waiver Notice") or will state that it intends to exercise its rights to purchase or

acquire the Major Assets according to the terms contained in the Area Developer's Offer ("Letter of Intent").

9.2 Due Diligence Review.

If Monkburger provides the Area Developer with a Letter of Intent within 21 days after receipt of the Area Developer's Offer, then Monkburger will have 60 days from the date the Letter of Intent is received by the Area Developer (the "Notice Date") to conduct a "due diligence" review. The Area Developer will promptly provide Monkburger with all Financial Information, Financial Records, and other information requested by Monkburger or its accountants to conduct its "due diligence" review. Monkburger will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from the Area Developer for any reason and at any time during the 60-day "due diligence" review period by giving the Area Developer written notice.

9.3 Good Faith Negotiations.

Unless Monkburger terminates its Letter of Intent as provided in Article 9.2, then the Area Developer and Monkburger will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in the Area Developer's Offer) and the closing date for the sale of the Major Assets to Monkburger will take place at the offices of Monkburger within 90 days after the Notice Date.

9.4 Sale to Purchaser.

The Area Developer will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Area Developer's Offer to Monkburger, if (a) Monkburger delivers a Waiver Notice to the Area Developer, (b) Monkburger fails to deliver either a Waiver Notice or the Letter of Intent to the Area Developer within 21 days after receiving the Area Developer's Offer, (c) Monkburger terminates its Letter of Intent during the due diligence period pursuant to the provisions of Article 9.2, or (d) the Area Developer and Monkburger fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by Monkburger from the Area Developer (other than those terms and conditions contained in the Area Developer's Offer) on or before the 60th day after the Notice Date.

9.5 Negotiated Changes with Purchaser.

If Monkburger does not purchase the Major Assets from the Area Developer under the terms and conditions contained in the Area Developer's Offer, then if during any negotiations with a purchaser the Area Developer agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Area Developer's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by the Area Developer during negotiations that were not acceptable to Monkburger, then the Area Developer will be required to re-offer to sell the Major Assets to Monkburger under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article.

9.6 Compliance with Agreement.

The Area Developer's obligations under this Agreement will in no way be affected or changed because of non-acceptance by Monkburger of the Area Developer's Offer, and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Monkburger not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant the Area Developer the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if Monkburger does not

exercise the option to purchase granted to it pursuant to this Article and if the Area Developer sells or otherwise disposes of its Major Assets to a party, then both the Area Developer and the purchaser will be required to comply in all respects with the terms and conditions of this Agreement. Any Assignment of the Area Developer's Restaurants that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by the Area Developer.

9.7 Assignment of Ownership Interest.

The Ownership Interests owned by the Area Developer or by the Owners of the Area Developer may not be Assigned or otherwise disposed of by the Area Developer or the Owners until the Ownership Interests have first been offered to Monkburger in writing. If the Area Developer or the Owners desire to Assign their Ownership Interests, then they will first offer the Ownership Interests in the Area Developer to Monkburger in writing under the same terms and conditions as being offered to any party. Monkburger will have 30 days within which to accept any offer to purchase the Owner's Ownership Interest in the Area Developer. The Owner will be required to comply with the provisions of Article 6.4 if Monkburger does not exercise its right to purchase the Owner's Ownership Interest.

9.8 Acknowledgment of Restrictions.

The Area Developer and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect the Monkburger System and the Marks, as well as the reputation and image of Monkburger, and are for the protection of Monkburger, the Area Developer and all other area developers and franchisees who develop, own and operate Monk's Restaurants. Any Assignment permitted by this Agreement will not be effective until Monkburger receives a completely executed copy of all Assignment documents and Monkburger consents to the Assignment in writing.

9.9 Bankruptcy Issues.

If the Area Developer or any person or Entity holding any Ownership Interests (direct or indirect) in the Area Developer becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of the Area Developer's obligations and/or rights hereunder, any material assets of the Area Developer, or any indirect or direct interest in the Area Developer will be subject to all of the provisions of this Article.

ARTICLE 10 **AREA DEVELOPER'S COVENANTS NOT TO COMPETE**

10.1 Consideration.

The Area Developer and the Owners acknowledge that the Area Developer, the Operating Partner, its Owners, Executive Management and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Monkburger pertaining to the Monkburger System and the operation of the Monk's Restaurants. In consideration for this information, the Area Developer and the Owners will comply in all respects with the provisions of this Article. Monkburger has advised the Area Developer that this provision is a material provision of this Agreement, and that Monkburger will not enter into a development agreement with any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant; however, Monkburger may, under certain circumstances, exclude from the coverage of Articles 10.2 and 10.3 existing operational restaurant(s) owned and operated by the Area Developer on the date of this Agreement, and the Area Developer may, with the express written consent of

Monkburger, continue to own and operate such restaurants during the term of this Agreement and thereafter. The Area Developer warrants and represents that it does not, except as disclosed to and approved by Monkburger pursuant to this Article 10.1, own, operate, or have any involvement with or interest in any Competitive Restaurant.

10.2 In-Term Covenant Not to Compete.

The Area Developer and the Owners will not, during the term of this Agreement, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of Monkburger.

10.3 Post-Term Covenant Not to Compete.

Except as provided to the contrary in Article 10.1, for a period of 24 months after the termination or expiration of this Agreement, the Area Developer and its Owners will not: (a) on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Restaurant which is located within the Territory, within 10 miles of the Territory, within 10 miles of any Monk's Restaurant, or within any exclusive area or territory granted by Monkburger pursuant to an Area Development Agreement or other territorial agreement; or (b) convert any Restaurant developed by the Area Developer pursuant to this Agreement to a Competitive Restaurant. The Area Developer and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect Monkburger and its other area developers and franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit Monkburger the opportunity to resell and/or develop new Monk's Restaurants within or near the Territory.

10.4 Ownership of Public Companies.

Notwithstanding the provisions of Articles 10.2 and 10.3, the Area Developer and the Owners will have the right to own up to 3% of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Restaurant business, provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

10.5 Injunctive Relief.

The Area Developer and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of Monkburger and its area developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of Monkburger and its area developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of the Monkburger System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting Monkburger's intellectual property rights. The Area Developer and the Owners also agree that damages alone cannot adequately compensate Monkburger if there is a breach of this Article by the Area Developer or the Owners, and that injunctive relief against the Area Developer is essential for the protection of Monkburger and its area developers and franchisees. The Area Developer and the Owners agree therefore, that if

Monkburger alleges that the Area Developer or the Owners have breached this Article, then Monkburger will have the right to petition a court of competent jurisdiction for injunctive relief against the Area Developer and the Owners, in addition to all other remedies that may be available to Monkburger. Monkburger will not be required to post a bond or other security for any injunctive proceeding. If Monkburger is granted ex parte injunctive relief against the Area Developer or the Owners, then the Area Developer or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

10.6 Effect on Other Agreements.

The covenants not to compete set forth in this Article will apply and be enforced independently of any covenant not to compete set forth in any other agreements between Monkburger and the Area Developer (or a Controlled Entity) and/or the Owners.

ARTICLE 11 INDEPENDENT CONTRACTORS

11.1 Independent Contractors.

Monkburger and the Area Developer are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between Monkburger and the Area Developer. The Area Developer will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Monkburger or represent that their relationship is other than that of franchisor and franchisee pursuant to Franchise Agreements. Neither Monkburger nor the Area Developer will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

11.2 Operation of Restaurants.

The Area Developer will be totally and solely responsible for the daily management and operation of its Monk's Restaurants, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Area Developer, including the right to hire and fire its employees. The Area Developer will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled.

11.3 Employment Decisions.

Monkburger will not have any right, obligation or responsibility to control, supervise or manage the Area Developer's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of the Area Developer's Restaurants. The Area Developer will be solely responsible for all employment decisions and functions of the Restaurants in the Territory including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether the Area Developer receives information from Monkburger on these subjects. The Area Developer acknowledges and agrees that all personnel decisions will be made by the Area Developer, without any influence or advice from Monkburger, and such decisions and actions will not be, nor be deemed to be, a decision or action of Monkburger. Neither the Area Developer nor any employee of the Area Developer will be considered an employee of Monkburger under any circumstances. To the extent that any legal authority determines that Monkburger has a duty to act or not act with

respect to any of the Area Developer's employees, Monkburger hereby assigns to the Area Developer any such duty, and the Area Developer hereby accepts such assignment.

ARTICLE 12 **INDEMNIFICATION**

12.1 Indemnification.

The Area Developer will indemnify and hold harmless Monkburger and its current and former Affiliates and their past and present employees, shareholders, members, Owners, attorneys, accountants and agents (individually and collectively, the "Indemnified Parties") against, and will reimburse the Indemnified Parties for, all Damages that the Indemnified Parties incur in the defense of or as a result of any Claim brought against the Indemnified Parties arising from, as a result of, in connection with or out of this Agreement, the relationship between Monkburger and Area Developer, the operation of the Area Developer's Restaurants, and/or the Area Developer's or the Area Developer's employees' actions or inaction. The Area Developer will indemnify the Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, or as a result of any and all Claims including, but not limited to: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Area Developer or its Executive Management, employees, agents or representatives; (b) any failure on the part of the Area Developer to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority; (c) any failure of the Area Developer to pay any of its obligations to any person or Entity; (d) any failure of the Area Developer to comply with any requirement or condition of this Agreement or any other agreement with Monkburger and/or the Indemnified Parties; (e) any misfeasance or malfeasance by the Area Developer or its Executive Management, employees, agents or representatives; (f) any tort committed by the Area Developer or its Executive Management, employees, agents or representatives; or (g) any other Claims brought against any of the Indemnified Parties. The Area Developer will not be obligated to indemnify the Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any negligence or wrongdoing by the Indemnified Parties. Any of the Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of the Area Developer's Monk's Restaurants.

12.2 Payment of Costs and Expenses.

The Area Developer will pay all attorneys' fees, costs and expenses (including interest on such fees, costs and expenses) incurred by the Indemnified Parties to defend any action brought by a third party against any of the Indemnified Parties as set forth in Article 12.1. These indemnification provisions under this Article and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 13 **MANDATORY NON-BINDING MEDIATION**

13.1 Disputes Subject to Mediation.

Except as provided in Article 13.6, all disputes between Monkburger and the Area Developer will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

13.2 Purpose.

Monkburger and the Area Developer acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other developers and franchisees, and the Monkburger System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

13.3 Mediation Protocol.

If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place at a venue determined by Monkburger and located within 25 miles of Monkburger's then-current headquarters location. The sessions will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

13.4 Conditions.

Monkburger and the Area Developer will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the mediator, then either party will have the right to pursue all other remedies available to them under this Agreement.

13.5 Miscellaneous.

The matters set forth in Article 13.6 will not be subject to mediation or the provisions of this Article. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. Monkburger and the Area Developer will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

13.6 Disputes Not Subject to Mediation.

The following disputes between Monkburger and the Area Developer will not be subject to mediation: (a) use of the Marks by either Monkburger or the Area Developer; (b) the obligations of the Area Developer and Monkburger upon termination or expiration of this Agreement; (c) any alleged breach of the provisions of this Agreement relating to Confidential Information and in-term and post-term covenants not to compete contained in ARTICLE 10; (d) any dispute regarding the Area Developer's obligations to indemnify Monkburger and/or an Affiliate for any Claims or Damages pursuant to ARTICLE 12 of this Agreement; and (e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights.

ARTICLE 14 ENFORCEMENT

14.1 Injunctive Relief.

Either the Area Developer or Monkburger will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) the use of

the Marks and/or the Monkburger System by Monkburger or the Area Developer; (b) the obligations of the Area Developer or Monkburger upon termination or expiration of this Agreement; and (c) any breaches by the Area Developer or Monkburger of the provisions of this Agreement relating to Confidential Information and the provisions of ARTICLE 10 relating to the interpretation, construction or enforcement of the covenants not to compete.

14.2 Payments to Monkburger.

The Area Developer will not, on grounds of the alleged nonperformance by Monkburger of any of its obligations under this Agreement, any other contract between Monkburger and the Area Developer, or for any other reason, withhold payment of any Fees or payments due Monkburger pursuant to this Agreement, any Franchise Agreement or any other contract with Monkburger. The Area Developer will not have the right to “offset” or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to the Area Developer by Monkburger against any Fees or payments due to Monkburger by the Area Developer. Monkburger will have the right to deduct from amounts payable to the Area Developer by Monkburger or an Affiliate any Fees or other payments owed to Monkburger, an Affiliate or a third party. Monkburger will also have the right to apply the Fees and other payments made to Monkburger by the Area Developer in such order as Monkburger may designate from time to time. As to the Area Developer and its Affiliates, Monkburger will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by the Area Developer, except that Production Fees may only be credited to the Production Fund; (b) set off, from any amounts that may be owed by Monkburger, any amount owed to Monkburger, the Production Fund or any other fund or account; and (c) retain any amounts received for the Area Developer’s account (and/or that of any Affiliate of the Area Developer), whether rebates from suppliers or otherwise, as a payment against any Fee owed to Monkburger. Monkburger will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Monkburger and/or any Affiliate.

14.3 Effect of Wrongful Termination.

If either Monkburger or the Area Developer takes any action to terminate this Agreement except as provided for under the terms of this Agreement, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

14.4 Attorneys’ Fees and Costs.

The Area Developer will fully reimburse and indemnify Monkburger for all attorneys’ fees, costs and expenses (including interest on such fees, costs and expenses) incurred by Monkburger in: (a) enforcing any of the terms and conditions of this Agreement, including a breach of this Agreement, against the Area Developer not involving any proceeding or court action; (b) any proceeding or court action brought against the Area Developer to enforce the terms and conditions of this Agreement, including a breach of this Agreement; and (c) defending any claim Area Developer brings against Monkburger, including without limitation, a claim related to the offering of a franchise or the franchise relationship.

14.5 Venue and Jurisdiction.

All court proceedings, lawsuits and court hearings initiated by the Area Developer or Monkburger must and will be venued exclusively in the county or municipality in which Monkburger’s headquarters are then located. The Area Developer, the Operating Partner and

its Executive Management and Owners do hereby agree and submit to personal jurisdiction in such court for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Area Developer's Restaurants, and do hereby agree and stipulate that any such suits, proceedings and hearings will be exclusively venued and held in such court. The Area Developer, its Executive Management and Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction are invalid. The parties acknowledge and agree that this provision will survive the termination or expiration of this Agreement.

14.6 Limitation of Actions.

Except as provided otherwise in this Agreement or by applicable law, and except for any Claims brought under the indemnification provisions of this Agreement, any and all Claims arising out of or relating to this Agreement, the relationship of the Area Developer and Monkburger, or the Area Developer's operation of the Restaurants brought by either party against the other, whether in mediation or any court proceeding, will be commenced within 12 months after the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

14.7 Waiver of Jury Trial.

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

14.8 Waiver of Damages.

AREA DEVELOPER HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOST FUTURE PROFITS OR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST MONKBURGER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM AREA DEVELOPER SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14.9 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

14.10 Waiver.

Monkburger and the Area Developer may, by written instrument signed by Monkburger and the Area Developer, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Monkburger of any payment by the Area Developer and the failure, refusal or neglect of Monkburger to exercise any right under this Agreement or to insist upon full compliance by the Area Developer of its obligations hereunder will not constitute a waiver by Monkburger of any provision of this Agreement. Monkburger will have the right to waive

obligations or restrictions for other area developers under their development agreements without waiving those obligations or restrictions for the Area Developer and, except to the extent provided by law, Monkburger will have the right to negotiate terms and conditions, grant concessions and waive obligations for other area developers without granting those same rights to the Area Developer and without incurring any liability to the Area Developer whatsoever.

14.11 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Area Developer and the President or a Vice President of Monkburger.

14.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either Monkburger or the Area Developer that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Monkburger and the Area Developer relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any Area Development Agreement between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by Monkburger in the Franchise Disclosure Document provided to the Area Developer prior to the execution of this Agreement by the Area Developer.

14.13 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "Area Developer" as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Area Developer," "assignee" and "transferee" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Area Developer or any such assignee or transferee if the Area Developer or such assignee or transferee is an Entity.

14.14 Miscellaneous.

The rights of Monkburger hereunder are cumulative and no exercise or enforcement by Monkburger of any right or remedy hereunder will preclude the exercise or enforcement by Monkburger of any other right or remedy hereunder or which Monkburger is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If the Area Developer consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

**ARTICLE 15
NOTICES**

All notices to Monkburger will be in writing and will be made by personal service upon an officer or director of Monkburger or sent by prepaid registered or certified mail addressed to the

President of Monkburger Franchise Group LLC, PO Box 660, Wisconsin Dells, Wisconsin 53965, or such other address as Monkburger may subsequently designate in writing, with a copy to Lathrop GPM LLP, Attention: Ryan R. Palmer, Esq., 500 IDS Center, 80 South 8th Street, Minneapolis, Minnesota 55402. All notices to the Area Developer will be made by personal service (or, if applicable, upon an officer of the Area Developer) or sent by prepaid registered or certified mail addressed to the Area Developer at the address set forth on the cover of this Agreement, or such other address as the Area Developer may subsequently designate in writing. For the purposes of this Agreement, personal service will include service by a recognized overnight delivery service (such as Federal Express, Airborne Express or UPS) which requires a written confirmation of delivery to the addressee. Any notice delivered in the manner specified herein will be deemed delivered and received, regardless of whether the recipient refuses or fails to sign for the notice, if addressed to the recipient at the address set forth above or the last designated or last known address of the recipient, and will be deemed effective upon written confirmation of delivery to the recipient or three business days after being mailed, whichever is applicable.

ARTICLE 16

ACKNOWLEDGMENTS; DISCLAIMER

16.1 Disclaimer.

Monkburger does not warrant or guarantee that the Area Developer will derive income or profit from its Restaurants, or that Monkburger will refund all or part of the Development Fee or Initial Fees paid by the Area Developer or repurchase any of the Foods, Beverages and Products, technology, or FF&E supplied or sold by Monkburger or by an Approved or Designated Supplier if the Area Developer is in any way unsatisfied with its Restaurants. Monkburger expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues, economics, business or financial success, or value of the Area Developer's Restaurants except as specifically contained in the Franchise Disclosure Document received by the Area Developer.

16.2 Acknowledgments by Area Developer.

The Area Developer acknowledges that it has conducted an independent investigation of the Monkburger System and the Restaurants and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurants involve business and economic risks. The Area Developer acknowledges that the financial, business and economic success of the Area Developer's Restaurants will be primarily dependent upon the personal efforts of the Area Developer, its management and employees, and on economic conditions in the area where the Area Developer's Restaurants are located and economic conditions in general. The Area Developer acknowledges and agrees that the officers, directors, employees, and agents of Monkburger act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than Monkburger has or will have any duties or obligations to the Area Developer under this Agreement. The Area Developer acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurants, or other economic matters pertaining to the Area Developer's Restaurants from Monkburger or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by the Area Developer from Monkburger ("Representations"). The Area Developer further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified the President of Monkburger in writing of the person or persons making such

Representations, and provided to Monkburger a specific written statement detailing the Representations made.

16.3 Business Judgment.

Area Developer understands and agrees that whenever Monkburger reserves or is deemed to have reserved rights in a particular area, or where Monkburger agrees or is deemed to be required to exercise its rights reasonably or in good faith, Monkburger will satisfy its obligations whenever it exercises reasonable business judgment in making Monkburger’s decision or exercising a right (regardless of whether such term is expressly stated). A decision or action by Monkburger will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Monkburger’s decision or action is intended, in whole or significant part, to promote or benefit the Monkburger System generally even if the decision or action also promotes a financial or other individual interest of Monkburger. Neither Area Developer nor any third party (including, without limitation, a trier of fact) may substitute its judgment for Monkburger’s reasonable business judgment.

16.4 Other Area Developers.

The Area Developer acknowledges that other area developers have or will be granted development agreements at different times, for different areas, under different economic conditions and in different situations, and further acknowledges that the economics, terms and conditions of such other development agreements may vary substantially in form and in substance from those contained in this Agreement.

16.5 Receipt of Agreement and Franchise Disclosure Document.

The Area Developer acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by the Area Developer. The Area Developer further acknowledges that it received a copy of Monkburger’s Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. The Area Developer confirms receiving the Franchise Disclosure Document on the date the Area Developer signed the Acknowledgment Page attached to the Franchise Disclosure Document. The Area Developer and Monkburger each acknowledge receiving a signed and dated copy of the Acknowledgment Page.

ARTICLE 17
AREA DEVELOPER’S LEGAL COUNSEL

The Area Developer acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Area Developer. The Area Developer has been advised by Monkburger to retain an attorney or advisor prior to the execution of this Agreement to review the Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Monk’s Restaurants, to determine compliance with franchising and other applicable laws, to advise the Area Developer on economic risks, liabilities, obligations and rights under this Agreement and to advise the Area Developer on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the restaurant business, and other legal and business matters. The name and telephone number of the Area Developer’s attorney or other advisor is: _____ Telephone Number: (____); Email Address: _____.

ARTICLE 18
GOVERNING LAW; STATE MODIFICATIONS

18.1 Governing Law; Severability.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), all claims arising out of this Agreement and/or the relationship between Monkburger and the Area Developer will be governed by the substantive laws of the state where the Area Developer's Territory is located, unless applicable state law specifically provides to the contrary. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Area Developer and Monkburger. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship including, but not limited to, those described in Section 18.2 and 18.4 below, will not apply unless the jurisdictional provisions are independently met. Area Developer waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

18.2 Applicable State Laws.

If applicable, the following states have statutes which may supersede the provisions of this Agreement in the Area Developer's relationship with Monkburger in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e, et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in the Area Developer's relationship with Monkburger in the areas of termination and renewal of the Franchise.

18.3 State Law Modifications.

If the Territory is located in any one of the states indicated below in this Article, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving Monkburger the right to terminate in the event of the Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

(b) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "Illinois Act") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by Monkburger; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by the Area Developer to enforce

any liability created by the Illinois Act; (5) any representations made by Monkburger in the Franchise Disclosure Document provided to the Area Developer will remain valid and enforceable by the Area Developer after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Area Developer to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Area Developer in this Agreement will not be construed to act as a release, estoppel or waiver of the Area Developer's rights under the Illinois Act.

(c) Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Wisconsin will be deleted from this Agreement, and the Area Developer will have the right to commence litigation, lawsuits and other court proceedings alleging claims arising under the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") in the State of Maryland; (2) the acknowledgments made by the Area Developer in this Agreement will not be construed to act as a release, estoppel or waiver of the Area Developer's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer will not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which claims must be brought will not act to reduce the three-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law and any claims arising under the Maryland Law must be brought within three years after the grant of the Franchise; and (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by the Monkburger in the Franchise Disclosure Document.

(d) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, Monkburger must give the Area Developer at least 180 days prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if Monkburger gives the Area Developer written notice that the Area Developer has breached this Agreement, such written notice will be given to the Area Developer at least 90 days prior to the date this Agreement is terminated by Monkburger, and the Area Developer will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Monkburger will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Monkburger against the Area Developer or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Area Developer will have up to three years after the cause of action accrues to bring an action against Monkburger pursuant to Minn. Stat. §80C.17.

(e) New York. If this Agreement is governed by the laws of the State of New York, then: (1) all rights enjoyed by the Area Developer and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied; and (2) modifications to the Operations Manual by Monkburger will not unreasonably increase the Area Developer's obligations or place an excessive economic burden on the Area Developer's operations.

(f) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the

consent by the Area Developer to jurisdiction and venue in the State of Wisconsin contained in this Agreement will be inapplicable to the Area Developer; and (4) any provisions of this Agreement which limit the statute of limitations for claims under the North Dakota Franchise Investment Law (the “North Dakota Law”) or the parties’ rights or remedies under the North Dakota Law, such as the right to recover punitive damages or to a jury trial, will not be enforceable.

(g) Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(h) South Dakota. If this Agreement is governed by the laws of the State of South Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) any provision of this Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires the Area Developer to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota; (3) any acknowledgment provision, disclaimer, integration clause or provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates Chapter 37-5B or a rule or order under Chapter 37-5B; (4) mediation or arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location; and (5) provisions of this Agreement which require that actions be commenced within one year and that limit the parties’ rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

(i) Washington. If this Agreement is governed by the laws of the State of Washington, then: (1) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the “Washington Act”), will prevail; (2) if applicable, the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrator; (3) a release or waiver of rights executed by the Area Developer will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (4) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable; and (5) the Assignment Fee is collectable by Monkburger to the extent that it reflects Monkburger’s reasonable estimated or actual costs in effecting the Assignment.

(j) Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

ARTICLE 19 **DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

19.1 Franchise Agreement.

“Franchise Agreement” will mean Monkburger’s then-current standard Franchise Agreement.

19.2 Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement.

IN WITNESS WHEREOF, Monkburger, the Area Developer and the Area Developer's Owners have respectively signed this Agreement effective as of the date set forth above.

In the Presence of:

Signature

Print Name

Monkburger Franchise Group LLC

By _____
Signature

Print Name

Its _____
Title

In the Presence of:

Signature

Print Name

"Area Developer"

Legal Name

By _____
Signature

Print Name

Its _____
Title

In the Presence of:

Signature

Print Name

And

By _____
Signature

Print Name

Its _____
Title

The undersigned Owners of the Area Developer hereby agree to be bound by the terms and conditions of this Agreement applicable to each one of the Owners, which in no event will limit any of the obligations undertaken by the Owners in any other capacity or under any other agreement.

<u>In the Presence of:</u>	<u>Names of Owners:</u>	<u>Percentage of Ownership:</u>
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
	Total	<u>100%</u>

Operating Partner:

Signature

Print Name

Address

City, State and Zip Code

Telephone

Cell Phone

Email Address

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Personal Guaranty") is made and entered into this _____ day of _____, 20__ (the "Effective Date"), by and between Monkburger Franchise Group LLC, a Wisconsin limited liability company ("Monkburger"), and each one of the undersigned personal guarantors (the "Personal Guarantors").

WHEREAS, Monkburger and _____, (a/an) _____ (the "Area Developer") have entered into an Area Development Agreement, dated the same date as set forth above, for the development and operation of franchised Monk's Restaurants in the Territory (the "Area Development Agreement").

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of the Area Developer under the Area Development Agreement and to be individually, jointly and severally bound by the terms and conditions of the Area Development Agreement.

NOW, THEREFORE, in consideration of the execution of the Area Development Agreement by Monkburger, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Area Development Agreement, including the covenants not to compete, to be paid, kept and performed by the Area Developer.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Area Development Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Area Development Agreement which is incorporated herein by reference.

Default of Area Developer. If the Area Developer defaults on any monetary obligation of the Area Development Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Monkburger the Fees due and payable to Monkburger under the terms and conditions of the Area Development Agreement or for any purchases of goods or services made by the Area Developer from Monkburger or any Affiliate of Monkburger.

Noncompliance by Area Developer. If the Area Developer fails to comply with any other terms and conditions of the Area Development Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Area Development Agreement for and on behalf of the Area Developer.

Obligations to Franchisor. If the Area Developer is at any time in default on any obligation to pay monies to Monkburger or any Affiliate of Monkburger, whether for the Initial Fee, Continuing Fees, Production Fees, goods or services purchased by the Area Developer from Monkburger or any Affiliate of Monkburger, or for any other indebtedness of the Area Developer to

Monkburger or any Affiliate of Monkburger, then each of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Area Developer to Monkburger or any Affiliate of Monkburger upon default by the Area Developer.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Monkburger.

Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Area Development Agreement, and each one of the Personal Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Area Development Agreement.

Personal Guarantors

_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone
_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E

SAMPLE RELEASE

Monkburger Franchise Group LLC

SAMPLE RELEASE

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement or Area Development Agreement to a third party, you will sign a joint and mutual release containing language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this _____ day of _____, 20____, by and between Monkburger Franchise Group LLC (the “Franchisor”) and _____ (the “Franchisee”).

The Franchisee entered into a Franchise/Area Development Agreement, dated _____, 20____ with the Franchisor (the “Agreement”) authorizing the Franchisee to open and operate a franchised Monk’s Bar and Grill® Restaurant(s) at/in _____.

The Franchisee desires to transfer, sell and assign the Agreement to a third party (the “Assignee”).

The Franchisor has agreed to consent to the transfer, sale and assignment of the Agreement by the Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by the Franchisor and the Franchisee:

1. Release of Franchisor by Franchisee. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisee and its affiliates hereby release and forever discharge the Franchisor and its current and former affiliates from any and all claims which the Franchisee and its affiliates have had or now have or may in the future have against the Franchisor and its current and former affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission’s Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, “mini” FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

2. Release of Franchisee by Franchisor. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisor and its affiliates hereby release and forever discharge the Franchisee and its affiliates from any and all claims which the Franchisor and its affiliates have had or now have against the Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between the Franchisee and its affiliates and any of them, and the

Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

Franchisee”

“Franchisor”

Monkburger Franchise Group LLC

By _____

By _____

Its _____

Its _____

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement or Area Development Agreement to a third party, or to comply with applicable law (see Addendum to the Franchise Disclosure Document).

Monkburger Franchise Group LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
STATE AGENCY EXHIBIT

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid Avenue, 2 nd Floor Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1 st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G

FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE

As you know, Monkburger Franchise Group LLC (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised Monk’s Bar and Grill® restaurant (the “Franchise”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (the “Disclosure Document”) provided to you?		
2. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
3. Do you understand all of the information contained in the Disclosure Document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the Disclosure Document?		

QUESTION	YES	NO
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
15. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including COVID-19? In addition, do you understand that the COVID-19 outbreak and any preventative or protective actions that federal, state, and local governments may take in response to this pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for Monkburger businesses? Finally, do you understand that the extent to which the coronavirus impacts the Monkburger system will depend on future developments which are highly uncertain and which we cannot predict?		

If you answered “Yes” to any of questions ten (10) through fourteen (14), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

[Signatures Appear on Following Page]

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE APPLICANT

FRANCHISE APPLICANT

Dated: _____, 20____

Dated: _____, 20____

Monkburger Franchise Group LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES & RECEIPTS

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
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 Monkburger Franchise Group LLC offers you a franchise, it must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, Monkburger Franchise Group LLC or an affiliate in connection with the proposed franchise sale.

Iowa and New York require that Monkburger Franchise Group LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Monkburger Franchise Group LLC give you this Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If Monkburger Franchise Group LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in the State Agency Exhibit.

Issuance Date: November 12, 2024.

The franchise seller(s) for this offering is/are: Mr. Thomas E. Heller and Mr. Greg Frankov, PO Box 660, Wisconsin Dells, Wisconsin 53965; (608) 254-8386 and/or _____.

Monkburger Franchise Group LLC authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated November 12, 2024, that included the following exhibits:

Addenda to Franchise Disclosure Document

- Exhibit A: Computers and Software Requirements
- Exhibit B: Financial Statements
- Exhibit C: Franchise Agreement
- Exhibit D: Area Development Agreement
- Exhibit E: Sample Release
- Exhibit F: State Agency Exhibit
- Exhibit G: Franchisee Questionnaire

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:
Monkburger Franchise Group LLC
PO Box 660
Wisconsin Dells, WI 53965

RECEIPT

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- Exhibit E: Sample Release
- Exhibit F: State Agency Exhibit
- Exhibit G: Franchisee Questionnaire

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:
Franchisee

RECEIPT
MONKBURGER FRANCHISE GROUP LLC

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- Exhibit F: State Agency Exhibit
- Exhibit G: Franchisee Questionnaire

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:
Ryan R. Palmer, Esq.
Lathrop GPM LLP
3100 IDS Center, 80 South Eighth Street
Minneapolis, MN 55402