

FRANCHISE DISCLOSURE DOCUMENT



TACO RICO FRANCHISING, LLC

8688 NW 13 Terrace

Doral, Florida 33126

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As a franchisee, you will operate a Taco Rico or Taco Works restaurant, which is in the business of fast casual dining. These restaurants are open for lunch and dinner and provide a variety of Mexican food choices made daily and on-spot from the freshest ingredients in a quick service restaurant environment.

The total investment necessary to begin operation of a Taco Rico restaurant franchise (“Unit Franchise” or “Restaurant Franchise”) is from \$154,800 to \$340,800. This includes a \$49,900 initial franchise fee that must be paid to us. We also offer a multiple unit franchise (“Multi-Unit Franchise”), which allows you to reserve an area, by committing to opening a negotiated number of Taco Rico restaurants according to a schedule.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at TACO RICO Franchising, LLC, 8688 NW 13 Terrace, Doral, Florida 33126, and by telephone at 305-894-0770, or by email at lelandneal@tacoricotmc.com.

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

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

We use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Issuance Date: March 28, 2025

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:

<u>QUESTION</u>	<u>WHERE TO FIND INFORMATION</u>
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 D.
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 C 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 Taco Works 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 Taco Works franchisee?	Item 20 or Exhibit D 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. The franchise agreement requires you to resolve disputes with us by mediation, arbitration and litigation only in Florida. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes it may also cost you more to arbitrate and litigate with us in Florida 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.

MICHIGAN NOTICE

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Taco Rico Franchise Corporation (“we,” “us,” or “our”). “You” means the person to whom we grant a franchise. If you are a corporation, partnership, limited liability company, or other entity, your owners and their spouses must sign our “Guaranty and Assumption of Obligations,” which means that all of our Franchise Agreement’s provisions (Exhibit B) also will apply to your owners. (See Item 15)

We incorporated in Florida in 2014. Our principal business address is 8688 NW 13 Terrace, Doral, Florida 33126. We operate under our corporate name and the trademarks described in Item 13 (the “Marks”). Our corporate/affiliate owned stores as well as our current franchise locations operate under the name Taco Rico. Beginning as of issuance date of this FDD, we began offering franchises under the Taco Works brand instead of Taco Rico. However, in the state of Florida, we may offer franchises under either of the two brands. We do not do business or intend to do business under any other names. We currently have no predecessors or affiliates required to be included in this Item (except as provided below). If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

We grant franchises for restaurants operating under the “Taco Works” name and other Marks. (For reference purposes in this disclosure document, we call the restaurants in our system “Taco Rico or Taco Works Restaurants”). “Taco Works” Restaurants offer a menu containing various Mexican Food choices. Our traditional restaurants are open for lunch and dinner. We strongly recommend, but do not require, that you engage in delivery or catering services.

Menu Items are prepared according to specified recipes and procedures and use high quality ingredients, including our specially formulated and specially produced proprietary lines and other food products (collectively, “Trade Secret Food Products”). If you acquire a franchise, you must operate your Restaurant according to our business formats, methods, procedures, designs, layouts, standards, and specifications.

Your franchise will offer products and will compete with other locally owned and operated chain restaurants servicing similar foods or quick service casual dining restaurants. The market for your type of products and services generally is developed and very competitive. Despite this competition, we believe that the Quick Serve Mexican food restaurants have seen an amazing growth in the last few years and have been highly integrated and accepted into the American cuisine. We are not of the opinion that the sales of our restaurants increase in any particular season or weather. Taco Rico Restaurants compete with other specialty restaurants and, to a lesser extent, with other specialty retail outlets offering competitive products.

We began offering franchises for Taco Rico Restaurants in 2014 under the trade name TACO RICO TEX-MEX CAFE. However, we beginning as of the issuance date of this FDD, we began to offer franchises under the Taco Works brand. In the state of Florida, we may offer franchises under the brands Taco Rico Tex-Mex Cafe or Taco Works. We do not operate any Taco Rico Tex-Mex Cafes or Taco Works Unit or Multi-Unit Franchises ourselves, although we may do so in the future. Some of the principle officers and their directors of the Franchisor do own and operate affiliate TACO RICO TEX- MEX CAFE™ Restaurant Franchises in Florida under the names Taco Rico Restaurants of Florida, Inc; Taco Rico Restaurants of Bird road, Inc.; Taco Rico Restaurants of Doral, Inc.; Taco Rico Restaurants V, Inc.; Texas Taco Factory Express, Inc, as of the date of this Disclosure Document. These affiliate stores do not pay royalties and/or ad fees (See Item 6). We do not currently engage in any business activity other than the sale of TACO RICO TEX- MEX CAFE™ Restaurant franchises.

They have never offered franchises in either this type of business, or any other. They have never been engaged in any other business.

We also offer, to qualified franchise prospects, a Multi-Unit Franchise. If you sign the Multi-Unit Agreement (Exhibit C), you must develop an agreed upon number of Taco Rico Restaurants within a geographically defined Development Territory according to a Development Schedule (“Development Schedule”). This is negotiated before you sign the Multi-Unit Agreement. There is no preset minimum or maximum number of franchises that you must establish in

connection with a Multi-Unit Agreement. The number of franchises to be

established is negotiable on a case-by-case basis. The Multi-Unit Agreement continues until the day after you are committed to begin operations at the last franchise to be developed under the Multi-Unit Agreement. Your Development Territory will consist of a geographically defined area that will be negotiated before you sign the Multi-Unit Agreement. The Development Territory may not be altered unless we both agree. The continuation of the Development Territory during the term of the Multi-Unit Agreement does not depend on a certain sales or revenue volume or market penetration. It does depend on the fulfillment of your obligation to establish and operate Taco Rico Restaurants according to the Development Schedule set forth on Exhibit B to your Multi- Unit Agreement. We and our affiliates may not operate, or permit any other person to operate, a TACO RICO TEX- MEX CAFE™ Restaurant in the Development Territory until the day after you are committed to begin operations at the last franchise to be developed under the Development Agreement, or you are in default of the opening schedule that you and we have negotiated. You will establish and operate each franchise to be developed under the Multi-Unit Agreement under a separate Franchise Agreement. Under each Franchise Agreement, you will establish and operate your Taco Rico Restaurant under the System. You may not grant other persons or entities the right to establish and operate the Taco Rico Restaurants that must be established and operated under the Multi-Unit Agreement.

There are specific laws or regulations that apply specifically to the industry in which Taco Rico Restaurants operate. However, you must comply with laws and regulations that apply generally to all restaurant businesses. You should investigate these laws and regulations that may or may not be determined by state guidelines where the business is located.

You must comply with all laws that regulate commerce in general and the food service industry in particular. These laws include: (i) federal, state, and local laws regulating health and sanitation; (ii) federal immigration laws, tax laws, unemployment and workers' compensation laws, employment and discrimination laws, disability laws, environmental laws, and product labeling laws; and (iii) federal, state, and local building and zoning codes. The details of federal, state, and local laws and regulations vary from place to place, and you must make sure that you are familiar with these laws and that you comply with them.

Item 2

BUSINESS EXPERIENCE

The officers, directors and other executives of the Franchisor, who have management responsibility in connection with the operations of the Franchisor's business relating to the Franchises offered by it and their respective experience and background for the past 5 years, are:

President and Chief Executive Officer: Leland Neal

Leland Neal currently serves as President and CEO of Taco Rico Franchise Corporation since its inception in 2014 in Doral, Florida. Prior to joining Taco Rico Franchise Corporation, Mr. Neal has operated Taco Rico Restaurants and its affiliates from September of 1991 to present.

Chief Operating Officer: James Ross

Mr. Ross currently serves as Chief Operating Officer for Taco Rico Franchise Corporation since its inception in 2014. Prior to joining Taco Rico Franchise Corporation, Mr. Ross has operated Taco Rico Restaurants and its affiliates from September of 1991 to present.

Director of Marketing: Marcelo Ortiz

Mr. Ortiz currently serves as Director of Marketing for Taco Rico Franchise Corporation since its inception in 2014. Prior to joining Taco Rico Tex-Mex Franchising Corporation, Mr. Ortiz operated the Texas Taco Factory, Inc. since June of 1994

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement to operate a Unit Franchise. Our standard initial franchise fee currently is \$49,900 (the "Initial Franchise Fee"). The franchise fee is not refundable.

Area Development Program

If you sign an Area Development Agreement ("ADA") and become an area developer, you will pay us the Initial Franchise Fee of \$49,900 for your first franchise and a development fee ("Development Fee") based on the number of Businesses to be developed. The number of Businesses required by the Development Schedule will be determined by a number of factors, such as the size of the Development Area, the population of the Development Area, and your financial capacity and expertise in developing businesses. The Development Fee for each Business that you develop will be \$24,950. You will be required to sign our then-current Franchise Agreement for each Business. The Development Fee is paid in a lump sum at the time the ADA is signed, is uniform to all developers currently acquiring development rights, is not refundable and will not be credited against any other fees paid to us or our affiliates. The ("Area Development Fee") for 3-5 outlets is the sum of the Initial Franchise Fee for the first unit and 50% of the Initial Franchise Fee for each of the 3-5 outlets to be opened. The other 50% is paid when the franchise agreement for each new outlet is executed. The Area Development Fee for 3-5 outlets is \$99,800 - \$149,700.

We do not require you to purchase additional franchises, nor are we required to offer them to you. Whether you will purchase additional franchises, and whether we will sell them to you, is purely voluntary on your part and ours.

The Initial Franchise Fee is uniform for all franchises we offer through this Disclosure Document. However, we reserve the right to modify the Initial Franchise Fee in the future to reflect the changing costs of doing business and changes in the value of a Taco Rico franchise.

The Initial Franchise Fee is used to pay the following expenses and costs: (i) assistance and supervision provided by us for the opening and initial period of operations of the Franchise; (ii) legal fees, accounting fees, and compliance with federal, state, and other laws; (iii) enforcement and protection of all our trademarks, trade names and commercial symbols; and (iv) selling, general and administration expenses. There are no other initial fees or payments for services or goods received from us or any of our affiliates before your business opens.

The initial fees discussed above are uniformly imposed, are fully earned when the franchise agreement is signed, and are non-refundable.

Item 6

OTHER FEES

There are other recurring or isolated fees or payments other than the Initial Franchise Fee that you must pay to us, or that you must pay to third parties. The following table outlines these fees or payments and the formulae used to compute them, whether or not these fees are refundable, and, if they are refundable, under what conditions they are refundable. This table does not represent your total financial obligation; the fees listed below are only those that are imposed by and/or payable to us. No fee or other payment set forth below is imposed or collected on behalf of a third party.

Name of Fee	Amount	Due Date	Remarks
1. Royalty (see note 1 and 4)	5% of Gross Sales	On or before close of business on Thursday of each week following the previous Accounting Period.	Gross sales includes all revenue from all business conducted at the store, with a few exceptions.
2. Marketing Fund Contribution (note 2)	None for now but with a one-year notice to franchisee, it can be as high as 1% of your monthly gross when activated.	On or before close of business on first day of each Month.	We pool these funds with payments from all Franchisees for system-wide advertising
3. Local Ad Fee (Advertising retained by you) (note 2 and 3)	1.5% of your monthly gross sales.	You must spend this amount annually on advertising for your unit.	We do not collect this fee. You pay directly subject to our approval.
5. Additional Training (note 4, 5 and 12)	Currently, \$350 Per person per day plus any costs and other out-of pocket expenses.	Upon your request, or our requirement.	Any training more than what's provided as the initial training is subject to the Per Diem Fee.
6. Interest and Costs (note 6)	All collection costs, reasonable attorney's fees, and interest on any unpaid fee amount.	Immediately.	Payable on all overdue amounts. See Article X.A.4 in the Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
7. Transfer Fee (note 4)	Greater of 10% of purchase price or \$5,000	From you at time of transfer. At signing of new Franchise Agreement or Development Agreement	Fee covers the cost of preparing documents for the termination of your agreement and closing your accounts with us.
8. Renewal Fee (note 4)	The then current Franchise Fee.	At signing of new Franchise Agreement or Development Agreement	This is your consideration for our renewal of your Franchise Agreement
9. Audit (note 7)	Cost of Audit, which ranges from \$1200 to \$5000 depending on the time period of the audit, all related expenses and interest on any unpaid royalties, if audit reveals underpayment of 2% or more on gross sales.	Immediately.	See Article XIV.B of the Franchise Agreement
P.O.S	\$70	Monthly	Paid directly to Vendor
11. Relocation Assistance	All costs incurred providing relocation assistance	At the time of relocation	If you need our assistance to relocate, you must reimburse our costs to assist you.
12. Temporary Management Fee	\$350.00 per day plus our expenses.	At the time of assistance	See Note 10.
13. Cost of Enforcement	All costs including reasonable	Upon demand.	See Note 11.
14. On-Site Assistance Fee	\$350.00 per diem	When invoiced.	See Note 12.
15. Website Statistics and Maintenance Fee	\$79.00 per month	On or before close of business on first day of each month.	If, after we notify you, you do not undertake efforts to correct deficiencies in Restaurant appearance, then we can undertake the repairs and you must reimburse us.
16. Insurance	You must reimburse our costs	15 days after billing	You pay this to us or our approved supplier.

Name of Fee	Amount	Due Date	Remarks
17. Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised business or as

Explanatory Notes:

1. Gross Sales do not include sales tax, sales for which cash has been refunded, exchanges of goods or services for gift certificates, sales of waste products, and proceeds from the sale of fixtures. All fees are imposed by and payable to us. All fees are non-refundable. This fee will be collected by electronic debit.
2. We do not currently operate any advertising cooperative; however, we have the authority to cause advertising cooperatives to be formed, merged or dissolved in the future with a minimum of one-year notice to franchisee. All fees when imposed are non-refundable. None of these advertising fees will be used to advertise for franchise sale.
3. We do not currently impose any local ad fees, however, we have the authority to develop local co-ops and cause local ad fees to be collected in the future. All fees when imposed are non-refundable.
4. This fee is non-refundable.
5. If you, or your manager, need additional training, or if you get a new manager, for \$350 per day (current market price), we will provide one qualified trainer at your Taco Rico Restaurant. This fee may be increased in the future, and you will be responsible for paying travel expenses of the trainer.
6. Interest is to be computed from the due date or the date of the underpayment.
7. We reserve the right to ask for an audit. You will pay for the audit (which ranges from \$1,200 to \$5,000 depending on the time period of the audit), all related expenses, and interest on any unpaid royalties if the audit reveals underpayment of 2% or more on gross sales.
10. This fee only comes into play when the principal operating individual of the franchisee is deceased or disabled. See article XXII.C.2 of the Franchise Agreement.
11. In the event any legal proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party. See article XXV.H of the Franchise Agreement.
12. You may request, upon reasonable notice, additional assistance from us beyond that customarily furnished, either before the commencement of operations of your Taco Rico Restaurant or at any time during the term of the Franchise Agreement, in which event we may, but are not required to, provide assistance. You must pay us a per diem fee for our representative plus any travel costs and other out-of-pocket expenses incurred by our representative in connection with providing assistance. Any amounts paid by you to us pursuant to this provision are not refundable for any reason.

We are planning on having an annual convention, at our headquarters in Miami or an affiliate location. At this time, we are unable to accurately estimate the cost of this to you. We plan on 2-3 days. We will not charge an attendance fee. You will, however, have to pay transportation and lodging.

Before your Restaurant opens, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Continuing Service and Royalty payments, Fund contributions, and other amounts due under the Franchise Agreement and for your purchases from us and our affiliates (the “Electronic Depository Transfer Account” or “EDTA”) (see Attachment to Franchise Agreement, Exhibit B). We will debit the EDTA for these amounts on their due dates. Funds must be available in the EDTA for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions.

If you do not report the Restaurant’s Gross Sales, we may debit your EDTA for 120% of the last Continuing Service and Royalty payment and Fund contribution that we debited. If the amounts we debit are less than the amounts you actually owe us, we will debit your EDTA for the balance on the day we specify. If the amounts we debit are greater than the amounts you actually owe us, we will credit the excess against the amounts that we otherwise would debit from your EDTA during the following week.

Item 7

**ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
A. FRANCHISE AGREEMENT**

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (1)	\$49,900	Lump sum	Upon signing of your Franchise Agreement	To Us
Travel and Living Expenses While Training (2)	\$300-\$5,500	As arranged	As incurred	To Us or a third party
Utility Fees, Real Estate Lease and Utility Deposits (3)	\$10,500 - \$17,300	As arranged	As incurred	Third parties
Equipment (4)	\$18,000 - \$78,000	As arranged	As incurred	Third Parties and Us
Signage (4)	\$6,000 - \$9,000	As arranged	As incurred	To us or a third party
Other Equipment including TVs, Cameras and Computer System (4)	\$2,000-\$4,000	As arranged	As incurred	Suppliers
POS System (4)	\$7,000			Third Parties
Decor and Furniture (4)	\$4,000- \$6,000	As arranged	As incurred	Suppliers
Construction of Leasehold Improvements (5)	\$30,000 - \$113,000	As arranged	As incurred	Contractors
Inventory and Supplies (6)	\$5,000- \$7,000	As arranged	As incurred	Suppliers and Us
Grand Opening Advertising (7)	\$1000 – \$4,000	As arranged	As incurred	Third parties
Licenses and Permits (9)	\$1,500 - \$2,500	As arranged	As incurred	Third parties

Architectural and Engineering (11)	\$2,000 - \$5,000	As arranged	As incurred	Architectural and engineering firms
Attorneys and Accountants (12)	\$0- \$2,000	As arranged	As incurred	Attorneys and accountants
Insurance (For first 3 months) (13)	\$2,600 - \$6,600	As arranged	Before opening	Insurance carriers
Additional Funds (3 months) (15)	\$15,000 - \$25,000	As arranged	As incurred	Employees, suppliers, utilities, lessor, etc.
Total (16)	\$154,800 - \$340,800			

Explanatory Notes

1. We describe the initial franchise fee in Item 5.
2. We will train you (or your managing owner) and two of your manager-level employees at our location. Additional person attending training concurrently may attend initial training if you pay our then current training charge for each additional person. You must also pay for all travel and living expenses that you and your employees incur while they train.
3. Including first month's rent, last month's rent and security deposit, as well as Real Estate Fee and Electric bill. We anticipate that you will rent the Business's premises. It is possible, however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Business already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the potential cost of purchasing real estate.
4. The equipment, furniture, fixtures, and signage necessary for the operation of a Taco Rico Restaurant includes all office equipment and furniture, POS system, sinks, refrigerators, ovens, display cases, service counters, tableware and miscellaneous other items, many of which may be leased, and all interior and exterior signs that may or may not bear the proprietary Marks licensed to you by us. The cost of signs may vary depending on the type, size and location of the signs, and may also be affected by municipal restrictions. Does not include freight or installs, based on where the location is geographically, the number will vary.
5. The cost of leasehold improvements depend upon the condition and size of the leasehold, whether it was previously a restaurant, the local cost of contract work and the location of the Franchise. The estimated figures include remodeling walls, ceilings, floors, and other construction including electrical, plumbing and carpentry work. This amount will vary based on the condition of the existing leasehold. Many locations are built in existing structures, while many others are new build-outs. You will incur expenditures in this category if you take over space which was occupied by a prior tenant. It is difficult, if not impossible, to estimate what it might cost to improve existing property. Tenant improvement allowances, if any, paid to you may defray a portion of build-out costs.
6. Opening inventory of products and supplies will vary based on expected volume of business and size of storage areas in the leasehold. Includes your initial small ware.
7. This is the minimum you must spend in "Grand Opening" advertising and promotions before and during the 30-day period following the commencement of operations.
8. Estimated costs of obtaining required licenses and permits to operate your business. This includes a beer and wine license. May vary depending on location of Franchise.
9. The architect will provide architectural services relating to the Restaurant building

10. Business entity selection and related legal fees include complying with fictitious, assumed, or trade name statutes of the state in which the business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.
11. You must obtain and maintain certain types and amounts of insurance. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for three (3) months.
12. This item estimates your expenses during the initial period of operation of your Business (other than the items identified separately in the table). These expenses include payroll costs, but not any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period of operation of your Business.
13. We relied on our affiliates' recent buildings restaurants in the format of the franchise business to compile these estimates. You should review these figures carefully with your business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend upon many factors, including the availability of financing generally, your creditworthiness, and collateral, lending policies of financial institutions from which you request a loan.

B. AREA DEVELOPMENT AGREEMENT

Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Area Development Fee (Note 1)	\$99,800	\$149,700	Lump Sum	Upon entering into Area Development Agreement	Us
Initial Investment for Your Initial Franchised Business (Note 2)	\$104,900	\$290,900	See Chart 7(A) above.		
TOTAL	\$204,700	\$440,600			

Note 1- The low-end comprises of the initial franchise fee of \$49,900 plus the \$49,900 for the additional two outlets (\$24,950 x 2). The high-end comprises of the initial franchise fee of \$49,900 plus the \$99,800 for the additional four outlets (\$24,950 x 4).

Note 2-The low-end comprises of the low-end estimate from the Item 7.A table, less the \$49,900 initial franchise fee, as it is included in the Area Development Fee (\$154,800 - \$49,900 = \$104,900). The high-end comprises of the high-end estimate from the Item 7.A table, less the \$49,900 initial franchise fee, as it is included in the Area Development Fee (\$340,800 - \$49,900 = \$290,900).

The estimates in this Chart 7(B) assume that you will be entering into an Area Development Agreement for the

right to open and operate three to five Franchised Businesses within a Development Area and the cost of opening the first Franchised Business.

The Area Development Fee ranges from \$99,800 to \$149,700 for three to five territories, as explained in Item 5 above. The Area Development Fee includes the Initial Franchise Fee on the first territory purchased under the Development Agreement and one-half the Initial Franchise Fee on additional territories. You pay the remaining one-half of the Initial Franchise Fee on additional territories at the time you enter into Franchise Agreements for such territories.

This figure represents the total estimated initial investment required to open your initial Franchised Business under the Franchise Agreement you must enter into with us at the same time as the execution of your Development Agreement.

Other than the Development Fee, this figure does not include the costs associated with opening a second and subsequent locations which will incur additional costs.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Restaurant according to our System Standards. System Standards may regulate, among other things: the types, models, and brands of fixtures, furniture, equipment, furnishings, and signs (collectively, “Operating Assets”); products and supplies you must use in operating the Restaurant; unauthorized and prohibited food products, beverages, and services; inventory requirements; and designated and approved suppliers of Operating Assets, Trade Secret Food Products and other items.

Designated and Approved Suppliers, and Specifications. At this time, only the Taco Rico recipes are proprietary. They must be prepared by you in strict accordance with the recipes in the Operations Manual, using only the specified brands or specifications of ingredients. We do reserve the right to become or to designate exclusive suppliers. We may derive some profit from these sales. This cost may be less than 5% of your monthly expenses. Neither we nor any of our affiliates are currently approved suppliers of products or services. In the case of Trade Secret Food Products, suppliers will be limited to us, our affiliates or other specified exclusive sources, and you must buy Trade Secret Food Products during the franchise term only from us, our affiliates or the other specified exclusive sources at the prices we and they decide to charge. We restrict your sources of Trade Secret Food Products in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items.

In the case of Operating Assets and items other than Trade Secret Food Products, suppliers could, at our option, be limited to us, our affiliates or other specified exclusive sources, in which case you would have to buy the Operating Assets and other items only from us, our affiliates or the other specified exclusive sources at the prices we or they decided to charge. We have the absolute right to limit the suppliers with whom you may deal.

We will identify all designated and approved suppliers in the Operations Manual, or other written communications. You currently must buy all of your food items from designated suppliers. You must also purchase your POS system (See Item 11) from designated suppliers. The cost of the POS system is approximately \$7,000.00. There are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate for the Restaurant that you currently must buy or lease from us, our affiliates or designated suppliers. Any purchases from us and our affiliates, whether required or voluntary, generally will be at prices exceeding our costs. None of our officers, shareholders, or employees own any interest in any designated supplier.

To maintain the quality of the goods and services that Taco Rico Restaurants sell and our system’s reputation, we may condition your right to buy or lease goods or services (besides those described above that you may obtain only from us, our affiliates or other specified exclusive sources) on their meeting our minimum standards and specifications

or being purchased from suppliers that we approve. We will formulate and modify standards and specifications based on our and our franchisees' experience in operating Taco Rico Restaurants. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our Operations Manual or other written communications will identify our standards and specifications. We will notify you and, where appropriate, the suppliers. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, who is in effect an approved supplier.

If we institute any type of restrictive sourcing program, and if you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation (see Item 6) and will decide within a reasonable time (generally no more than 30 days). We periodically will establish procedures for your requests and may limit the number of approved items, services or suppliers, as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our system. We and our affiliates have the right to receive payments from suppliers on account of their actual or prospective dealings with you and other franchisees and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing within 30 days. We have no obligation to approve any request for a new supplier, product, or service.

During fiscal year 2024, we did not derive any income or revenue from selling items to Franchisees, although we did receive rebates in the amount of \$0 from suppliers on account of purchasers of required and approved items by Franchisees. We reserve the right to receive such payments in the future. During fiscal year 2024, none of our affiliates derived any income from sales of products to our Franchisees.

Any products or packaging, which has our name or any of our trademarks on it, must meet certain specifications, and we must approve it. We recommend certain suppliers of various products and packaging, and we may receive revenues from approved manufacturers that include customary discounts and/or volume rebates for goods sold. We provide no material benefits to you based on your use of designated or approved sources.

To make our system uniform, we will not allow you to maintain any sort of internet advertising on your own. We will maintain an internet webpage, which will include a section for your Taco Rico Restaurant, its menu, and its delivery territory.

Insurance. Franchisee will procure from an insurance company, before the commencement of business and maintain in full force and effect during the Term of the Franchise Agreement, at Franchisee's sole expense, and insurance policy or policies protecting Franchisee and Franchisor, and their respective shareholders, directors, officers, and employees, against any loss, liability or expense whatsoever from fire, personal injury, theft, death, property damage or otherwise, arising or occurring upon or in conjunction with the Location or by reason of Franchisee's operation or occupancy of the Location. Franchisor will be an additional named insured in such policy or policies. Such policy or policies will be written by an insurance company acceptable to Franchisor and will include general liability cover with a single limit of \$1,000,000 and an aggregate limit of \$2,000,000, or such higher amounts as may be required under the terms of any underlying prime lease, for bodily injury, and property damage combined, vehicle insurance with limits of \$1,000,000 for all vehicles used in the operation of the Franchise for bodily injury and property damage combined, 100% replacement value insurance of Franchisee's property at the location, product liability insurance with a single limit of \$1,000,000, plate glass insurance, business interruption insurance and such statutory insurance as may be required in the state in which the Location is situated.

Advertising Materials. Before you use them, you must send us for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 5 days after we receive the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Restaurant Development. You must develop the Restaurant. If you have signed a Multi-Unit Agreement, you must develop the Restaurants according to the schedule that is contained in that document. We will give you mandatory and suggested specifications and layouts for a Taco Rico Restaurant, including requirements for dimensions, design, image, interior layout, décor, Operating Assets, and color scheme. These specifications and layouts might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for person with disabilities. You must prepare a site survey and all required construction plans and specifications for the Restaurant's site and make sure that they comply with the ADA and similar rules, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We must review and approve all final specifications and plans before you begin constructing the Restaurant and all revised or "as built" specifications and plans during construction. Our review is only to ensure your compliance with our design requirements. We may inspect the Restaurant during its development.

Restaurant Site. The Restaurant must be at a site that we approve. We have the right to approve the Restaurant's lease or sublease and to require that it include certain provisions (listed in Section XX.B of the Franchise Agreement), including our right to the Restaurant's site if the franchise is terminated or not renewed or if you lose possession because of your default under the lease.

Collectively, the purchases and leases described above are about 90% of your overall purchases and leases in establishing the Restaurant and 28% of your overall purchases and leases in operating the Restaurant.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase agreements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Computer System We require that you use a computer system in the operation of your Taco Rico Restaurant or Taco Works Restaurant so that we can communicate with you via e-mail and computer generated fax. We may require you to update or upgrade the computer system specified below, however, this would be not more often than the five year interval for remodeling your franchise business, outlined in Franchise Agreement section XXII.E. Franchisee must purchase the Point of Sale (POS) system from

our vendor for use in operating Franchisee’s Taco Rico Restaurant. Franchisee will need to have a Broadband (Cable or DSL) connection dedicated to Franchisee’s POS system. The cost of the components are the responsibility of the Franchisee:

POS Hardware and Software System

Terminal and Printer:

Duo Clover System With Cash Drawer and Printer

Integrated Three Track Magnetic Credit/Loyalty/Gift Card Reader

Item 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.

Offering Sections	Franchise Agreement Sections	Multi-Unit Agreement Sections	Circular Obligation Sections
(a) Site selection and acquisition/lease	Article XX.B of Franchise Agreement	5,6,7	Items 7 and 11
(b) Pre-opening purchases/leases	Article VIII of Franchise Agreement XII.U	None	Item 8 and 11
(c) Site development and other pre-opening requirements	Articles XX.C,XII.V of Franchise Agreement	1,3,4,9	Items 6,7, and 11
(d) Initial and ongoing training	Articles XXA,XII.V of Franchise Agreement	10	Item 11
(e) Opening	Articles IX.A.1,IX.A.2 of Franchise Agreement	None	Item 11
(f) Fees	Articles IX and X of Franchise	3	Items 5,6,7
(g) Compliance with standards and policies(Operations Manual)	Articles XII.A through XII.S of Franchise Agreement	None	Item 8 and 11

Offering Sections	Franchise Agreement Sections	Multi-Unit Agreement Sections	Circular Obligation Sections
(h) Trademarks and proprietary information	Articles XV and XVI of Franchise Agreement	12	Items 13 and 14
(i) Restrictions on products/services offered	Article XII.A of Franchise Agreement	None	Item 11 and 16
(j) Warranty and Customer Service Requirements	Article XII.A. 1-9 of Franchise Agreement		Item 8
(k) Territorial Development And Sales Quotas	none in Franchise Agreement	None	Item 12
(l) On-going product/services purchases	Articles XII.I, XII.H of Franchise Agreement	None	Item 8
(m) Maintenance, appearance and remodeling requirements	Article XII.E of Franchise Agreement	None	Item 6 and 11
(n) Insurance	Article XIII of Franchise Agreement	None	Item 7 and 8
(o) Advertising	Articles X.B of Franchise Agreement		Items 6,7 and 11
(p) Indemnification	Articles XVIII of Franchise Agreement		Items 13 and 14
(q) Owners Participation management/staffing	Articles XII.F of Franchise Agreement	None	Items 11 and 15
(r) Records/reports	Articles XIV of Franchise Agreement	None	Item 11
(s) Inspections/audits	Article XII.R, XIV.B of Franchise Agreement	None	Items 6
(t) Transfer	Article XXII of Franchise Agreement	None	Item 17
(u) Renewal	Article VII.B of Franchise Agreement	None	Item 17
(v) Post-termination obligations	Article XXIV of Franchise Agreement	None	Item 17
(w) Non-competition covenants	Article XIX of Franchise Agreement	None	Item 14 and 17
(x) Dispute resolution	Article XXV.C of Franchise Agreement	18,20	Item 17
(y) Other (Describe)		None	

Item 10

FINANCING

Taco Rico Franchise Corporation does not offer direct or indirect financing, other than the delayed payment of half of the Initial Franchise Fee if you sign a Multi-Unit Agreement. There will be no interest charged, or other finance charges on these deferred fees. In the event you default on the opening schedule, you will lose your rights under the Multi-Unit Agreement. The only document that will show this deferred payment is the Multi-Unit Agreement itself, which does not have any waiver of defenses. We do not intend to sell or assign the deferred fee obligation to any third party. Taco Rico Franchise Corporation does not guarantee your note,

lease or other obligations. We may assist you in locating a financial institution that specializes in restaurant financing. All rates and terms will vary depending on the program that is being offered. If the financing assistance is available, the ability to obtain financing will be dependent on your financial strength, and if you are a partnership or a corporation. The lender may need additional information and personal guarantees from the individual partners or shareholders. We make no guarantees as to the availability of funds or terms that may be offered.

Item 11

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

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

Before you open the Franchised Restaurant, we will (Franchise Agreement):

1. Give you our site selection criteria for the Restaurant. The site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 45 business days after receiving your description of, and evidence confirming your favorable prospects for obtaining, the proposed site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. (Franchise Agreement – Section XII.B.)
2. Approve your Restaurant's lease. You must sign a lease for the premises of your Restaurant within 180 days after the effective date of the Franchise Agreement (Franchise Agreement – Section XI.B.)

If you do not complete construction or remodeling of an acceptable site for the premises of your Restaurant within 180 days after you sign the Franchise Agreement, we will have the right to terminate the Franchise Agreement. (Franchise Agreement – Section XII.U.5.).

3. Give you mandatory and suggested specifications and layouts for a Taco Rico Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement – Section IX.A.3.).
4. As discussed in Item 8, identify the Operating Assets, Trade Secret Food Products, other food products, and supplies that you must use to develop and operate the Restaurant, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to or include us, our affiliates or other specified exclusive sources).
5. Loan you one copy of the Operations Manual by giving you access to our Google Drive so you can download it, the current table of contents of which is in Exhibit D. As of the date of this disclosure document, the Operations Manual contains 125 pages. (Franchise Agreement – Section XX.E.1.).
6. Train you (or your managing owner) and up to two manager-level employees. (Franchise Agreement – Section XX.A.) We will describe this training later in this Item.

During your operation of the Franchised Restaurant, we will:

1. Advise you regarding the Restaurant's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Taco Rico Restaurants use; purchasing required and authorized Operating Assets, Trade Secret Food Products, and other items and arranging for their distribution to you; advertising and marketing materials and programs; employee

training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our Operations Manual, bulletins and other written materials; by electronic media; by telephone consultation; and/or at our office or the Restaurant. (Franchise Agreement – Section XVI.A.).

2. Give you, at your request (and our option), additional or special guidance, assistance, and training. (Franchise Agreement – Section XII.V.) (See Item 6).
3. Continue to loan you one copy of the Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules (“System Standards”) that we periodically require. We may modify the Operations Manual periodically to reflect changes in System Standards. (Franchise Agreement – Sections XX.E and XXV.J).
4. Issue and modify System Standards for Taco Rico Restaurants. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the Restaurant or incur higher operating costs. (See Item 16) (Franchise Agreement – Section XXI.).
5. Inspect the Restaurant and observe its operation to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement – Section XII.R.).
6. Let you use our confidential information. (Franchise Agreement – Section XIX.B.).
7. Let you use our Marks. (Franchise Agreement – Section XV.B.).
8. Periodically offer refresher training courses. (Franchise Agreement – Section XX.A.) (See Item 6).
9. We have developed and will maintain and update a website to provide information about the franchise and the Taco Rico Restaurant menu. To make our system uniform, we will not allow you to maintain any sort of Internet advertising on your own. We will maintain an internet webpage, which will include a section for your Taco Rico Restaurant, its menu and its delivery territory. We maintain a portion of that website where your customers are able to order their meals online.

Advertising and Development Fund.

We have established a formal Advertising and Development Fund (the “Fund”) for advertising, marketing, and public relations programs and materials we deem appropriate. You must contribute to the Fund the amounts that we periodically require. (See Item 6) Taco Rico Restaurants that we own will not contribute to the Fund on the same basis as franchisees. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Taco Rico Restaurants and with whom we have agreed that we will so deposit these allowances.

We will direct all programs that the Fund finances, either in-house or by direction of an Agency, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best. The Fund periodically will give you samples of advertising,

marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Fund separately from our other funds and not use the Fund for our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Fund contributions.

The Fund is not our asset. The Fund also is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions only for their permitted purposes (described above). We have no fiduciary obligation to you for administering the Fund. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises. We will prepare an annual, un-audited statement of Fund collections and expenses and give it to you on written request. We may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here.

During fiscal year 2024, the Fund contributions were spent as follows: 0% on media placement, 0% on production expenses, and 0% on administrative and miscellaneous expenses. There were no fund contributions in 2024.

The Fund is intended to maximize recognition of the Marks and patronage of Taco Rico Restaurants. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Taco Rico Restaurants, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by Taco Rico Restaurants operating in that geographic area or that any Taco Rico Restaurants benefits directly or in proportion to its Fund contributions from the development of advertising and marketing materials or the placement of advertising. We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce a franchisee's Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to franchisees and to us in proportion to our, respective Fund contributions during the preceding 12 month period. (Franchise Agreement – Section X.B.).

Your Local Advertising.

In addition to your Fund contributions and your grand opening advertising obligation, you must spend at least 1.5% of the Restaurant's Gross Sales to advertise and promote your Restaurant. Within 30 days after the end of each month, you must send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding month. Your local advertising and promotion must follow our guidelines. All advertising and promotional materials developed for your Restaurant must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the Restaurant or displays any of the Marks.

All advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 5 days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

You must list and advertise the Restaurant in at least one recommended classified telephone directory distributed within the Restaurant's market area (in designated business classifications) and use an approved form of classified telephone directory advertisement. If other Taco Rico Restaurants are located within the directory's distribution area, you must participate in a collective telephone directory advertisement with those Restaurants and pay your share. (Franchise Agreement – Section X.B.) (See Items 6, 8, and 9).

Computer System

We require that you use a computer system in the operation of your Taco Rico Restaurant so that we can communicate with you via e-mail and computer generated fax. We may require you to update or upgrade the computer system specified below, however, this would be not more often than the five year interval for remodeling your franchise business, outlined in Franchise Agreement section XXII.E. Franchisee must purchase the Point of Sale (POS) system from us or one of our approved suppliers for use in operating Franchisee's TACO RICO TEX- MEX CAFE™ Restaurant. Franchisee will need to have a Broadband (Cable or DSL) connection dedicated to Franchisee's POS system. The cost of the components are the responsibility of the Franchisee:

POS Hardware and Software System Duo Clover System With Cash Drawer and Printer

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the computer system. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing the Software License Agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. We or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the franchise term.

Opening

We estimate that it will be 180 to 270 days after you sign the Franchise Agreement before you open the Restaurant, but this assumes that you already have a site for the Restaurant or find one shortly after signing the Franchise Agreement. You must sign a lease for an acceptable site within 180 days after the Franchise Agreement's effective date, and we may terminate the Franchise Agreement if you fail to sign a lease within the 180-day period. The specific timetable for opening depends on the site's condition; the Restaurant's construction schedule; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations. You may not open the Restaurant until: (1) we notify you in writing that the Restaurant meets our standards and specifications; (2) you complete pre-opening training to our satisfaction; (3) you pay the initial franchise fee and other amounts then due us; and (4) you give us certificates for all required insurance policies. Subject to these conditions, you must open the Restaurant within 270 days after the Franchise Agreement's effective date. In the case that franchisee 1. waiting for certain permits, Franchisor will extend this timeframe. (Franchise Agreement – Section XII.U.).

Training

If this is your first Taco Rico Restaurant, then before the Restaurant opens, we will train you (or your managing owner) and up to two of your manager-level employees on operating a Taco Rico Restaurant. We will provide about 3 weeks of training (although the specific number of days depends on our opinion of your experience and needs) at our training facility in Doral, Florida or another location we designate and/or at an operating Taco Rico Restaurant. If you (or your managing owner) and one of your manager-level employees cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. (Franchise Agreement – Section XX.A.)

Training will occur after you sign the Franchise Agreement and while you are developing the Restaurant. Your attendees must complete Training before you may open your Restaurant. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. As of the date of this disclosure document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
INTRODUCTION	3 hours	1 hours	Miami, Fl
MENU OVERVIEW	7 hours	100 hours	Miami, Fl
POS Operations and daily reconciliation procedures	2 hours	1 hours	Miami, Fl
Pricing	1 hours	1 hours	Miami, Fl
Grand Opening	3 hours	0 hours	Miami, Fl
Regulatory compliance	1 hours	1 hours	Miami, Fl
Bookkeeping	1 hour	0 hour	Miami, Fl
Overall restaurant operations	1 hours	3 hours	Miami, Fl
Customer Service	2 hour	2 hour	Miami, Fl

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Dealing with unhappy customers	2 hours	1 hours	Miami, Fl
Office Procedures	1 hour	0 hour	Miami, Fl
Clean-up and Sanitation	1 hours	2 hours	Miami, Fl
Human resources	3 hours	1 hours	Miami, Fl
Marketing	1 hours	2 hours	Miami, Fl
Security and disaster planning	1 hours	1 hours	Miami, Fl
Totals	30 hours	116 hours	Miami, Fl

Leland Neal, James Ross, and Marcelo Ortiz oversees all training. All three instructors' experience includes 90 years of combined experience in the restaurant industry. Other staff, identified in the Operations Manual, may assist. The Operations Manual will be used as the principal instruction material.

At this time, all training for Taco Rico Franchisees will be done in Doral, Florida. The training classes are held as necessary, and are scheduled for each and every Restaurant, prior to its opening. The nature of the location or facility where the training is held is an affiliate owned Restaurant, in the vicinity of the Franchisor's office. There is also some training in your initial franchised Restaurant. You will not be charged for this training for up to three (3) people, rather, you will only be required to pay the traveling, wages, and living expenses of the training program enrollees.

When the Restaurant is ready to open, we will, at our cost, send at least one of our representatives to the Restaurant for the initial 1 week. You also must successfully complete this phase of training. You (or your managing owner), and/or other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. We will not require attendance for more than a total of five (5) days during a calendar year. Besides attending these courses, you must attend an annual meeting of all franchisees at a location we designate. We will not require attendance at the annual meeting for more than three (3) days during any calendar year. (See Item 6) You are responsible for all related travel and living expenses and wages.

Obligations before opening (Multi-Unit Agreement):

1. We will grant you a limited geographical area in which you will open a negotiated number of Taco Rico Restaurants. (Multi-Unit Agreement, section 1, Exhibit A).
2. We will mutually agree upon a development schedule. (Multi-Unit Agreement, Section 4, exhibit B)
3. We will consider and either approve or disapprove site(s) that you propose to locate Taco Rico Restaurants. (Multi-Unit Agreement, Section 6)
4. We will provide generic blue prints, including specifications for fixtures, furnishings, signs and equipment. (Multi-Unit Agreement, Section 9)

5. Issue a separate Franchise Agreement for each location that is opened under the Development Schedule. (Multi-Unit Agreement, Section 11)

Other Supervision, Assistance or Service that may be provided by Franchisor before the opening of your Taco Rico Restaurant (Multi-Unit Agreement):

We, although not obligated to do so by the Multi-Unit Agreement or other documents, will generally advise you regarding the suitability of the Location, will generally have our representative visit and inspect the location after execution of the Franchise Agreement, and will advise you regarding lease negotiation and in the proper layout and design of the location, including without limitation, counters, storage areas and office areas, before the opening of your Taco Rico Restaurant. (Multi-Unit Agreement, section 5)

Obligations to be met by Franchisor during the operation of your Taco Rico Restaurant (Multi-Unit Agreement):

The Multi-Unit Agreement is of limited duration. It will expire on a negotiated date, or upon the execution of the last Taco Rico Restaurants specified in the development schedule. For that reason, there is no performance required by TRFC during the operation of any particular restaurant, under this agreement.

Other Supervision, Assistance or Services that may be provided by Franchisor during the operation of your Taco Rico Restaurant (Multi-Unit Agreement):

The Multi-Unit Agreement is of limited duration. It will expire on a negotiated date, or upon the execution of the last Taco Rico Restaurants specified in the development schedule. For that reason, there is no performance required by TRFC during the operation of any particular restaurant, under this agreement.

Opening

We estimate the time period between the execution of the Franchise Agreement and the commencement of operations to be approximately 9 months, depending upon availability of financing and suitable real estate in your desired area of operation.

Item 12

TERRITORY

You will receive an exclusive territory. A Unit Franchise is granted to you to be operated at one location only. If you operate a Multi-Unit Franchise, you are required to sign a series of single unit Franchise Agreements, each to operate at one location only. We do not and will not operate for us or our affiliates, nor give a franchise to somebody else to operate, a Taco Rico Restaurant within the Territory more specifically described in Exhibit B of the Franchise Agreement for the Term of the Franchise Agreement. See Article VI.2 of the Franchise Agreement. Your territory is the lesser of a 4-mile radius or a population of \$50,000. This may vary, however, depending on the density around your location. This exclusivity, in either the Unit or Multi-Unit Franchise Agreement does not preclude us, either as a company unit or through another franchisee, from placing other concepts that may be owned by us now or in the future in your territory or from entering into agreement for the sale of our products in non- traditional locations. The altering of this exclusive territory will only happen if we both agree and is not dependent on a certain sales volume or any other condition.

Except as limited below, and provided that you are in full compliance with the Franchise Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Taco Works

Restaurant at a location within your territory during the term of the Franchise Agreement. Except as expressly limited by the previous sentence, we and our affiliates retain all rights with respect to Taco Rico Restaurants, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, but not limited to:

- (1) the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside your territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;
- (2) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at Taco Rico Restaurants, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including grocery restaurants and the internet or similar electronic media) both inside and outside your territory and on any terms and conditions we deem appropriate;
- (3) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your territory under the Marks and on any terms and conditions we deem appropriate;
- (4) the right to operate, and to grant others the right to operate Taco Rico Restaurants located anywhere outside your territory under any terms and conditions we deem appropriate and regardless of proximity to the Restaurant;
- (5) the right to operate and grant others the right to operate Taco Rico Restaurants at “non-traditional sites” within and outside your territory on any terms and conditions we deem appropriate. “Non-traditional sites” are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, airports, stadiums, major industrial or office complexes, hotels, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, and sports or entertainment venues;
- (6) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Taco Rico Restaurants, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your territory); and
- (7) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise regardless of the form of transaction), by a business providing products and services similar to those provided at Taco Rico Restaurants, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your territory.

We are not required to pay you if we exercise any of the rights specified above inside your territory.

On renewal or transfer of a franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard

territory, we may require you or the transferee to accept a renewal territory or a transfer territory smaller than the then-current territory.

You have no options, rights of first refusal, or similar rights to acquire additional franchises, other than as may be contained in a Multi-unit Agreement.

Although we and our affiliates have the right to do so (as described above), we and our affiliates have not operated or franchised, and have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks.

Continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

We do not restrict you from soliciting or accepting orders from outside your territory, but you do not have the right to use other channels of distribution to make sales outside your territory.

Item 13

TRADEMARKS

You may use certain Marks in operating your Restaurant. The principal United States Marks are:

MARK	REGISTRATION / SERIAL NUMBER	Registration Date	Principal or Supplemental Register of the USPTO
Taco Works	6057874	May 19, 2020	Principal
Taco Rico Tex-Mex Cafe	5234625	July 5, 2017	Principal

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and

your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or PTO or other proceeding. We will reimburse you for your costs of taking any action that we asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Restaurant's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages and expenses that you incur in any trademark infringement or unfair competition proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyrights in the Operations Manual (which contains our trade secrets), advertising and marketing materials, menus, and similar items used in operating Taco Rico Restaurants. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Restaurant (and must stop using them if we so direct you). There currently are no effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; recipes for Trade Secret Food Products; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Taco Rico Restaurants; marketing and advertising programs for Taco Rico Restaurants; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Operating Assets, Trade Secret Food Products, and other products and supplies; knowledge of the operating results and financial performance of Taco Rico Restaurants other than your Restaurant; and graphic designs and related intellectual property.

All ideas, concepts, techniques or materials concerning a Taco Rico Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third party beneficiary of that agreement with independent enforcement rights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or, if you are an entity, your managing owner) must act as the general manager of the Restaurant with responsibility for direct, on-premises supervision of the Restaurant. You (or your managing owner) must devote full time and efforts to the management and supervision of the Restaurant. You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Restaurant. System Standards may regulate the Restaurant's staffing levels, identifying the Restaurant's personnel, and employee qualifications, training, dress, and appearance. If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) to be your "Managing Owner," responsible for overseeing and supervising the Restaurant's operation.

You must keep us informed at all times of the identity of any supervisory employees acting as assistant managers of the Restaurant. Your assistant managers need not have an equity interest in the Restaurant or you, but must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is included on the last page of the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Menu Items and perform all services that we periodically require for Taco Rico Restaurants. You may not offer or sell any products or perform any services that we have not authorized. (See Item 8) Our System Standards may regulate required and/or authorized Menu Items and Trade Secret Food Products; unauthorized and prohibited food products, beverages, and services; purchase, storage, preparation, handling, and packaging procedures and techniques for Menu Items and Trade Secret Food Products; and inventory requirements for Trade Secret Food Products and other products and supplies so that your Restaurant operates at full capacity. We periodically may change required and/or authorized Menu Items and Trade Secret Food Products. There are no limits on our right to do so. (See Item 8)

We do not impose any restrictions or conditions that limit your access to customers.

Item 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 in Exhibit B in this disclosure document.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	ARTICLE IN MULTI-UNIT AGREEMENT	SUMMARY OF FRANCHISE AGREEMENT PROVISION
(a) Term	VII.A	2	10-year term for Franchise Agreement. Negotiated term for the Multi-Unit Agreement, or signing the last scheduled single unit Franchise Agreement.
(b) Renewal or extension of the Term	VII.B	17	Single unit Agreement: 1 option for an additional 10 years, subject to approval. Upon renewal you must sign the then current Franchise Agreement. Multi-Unit Agreement: renewal is subject to negotiation, and is not assured.
(c) Requirements to renew or extend	VII.B	N/A	Single unit Agreement: Written notice from 180 days to 1 year before expiration; not in default, and pay a renewal fee equal to 10% of then – current initial Franchise Fee not to exceed \$5,000. Multi-Unit Agreement: written notice 60 days before expiration, not in default. Renewal is subject to negotiation, and is not assured.
(d) Termination by you	XXIII.E	N/A	The Franchise Agreement grants you no express rights to terminate before expiration unless Franchisor breaches the Franchise Agreement and the breach is not cured within 30 days. The Multi-Unit Agreement has no provision. The franchisee may terminate the agreement upon any grounds available by law.
(e) Termination by us without cause	None	None	None for either type of Agreement.
(f) Termination by us	XXIII.B, XXIII.C, & XXIII.D	13	We may terminate the single unit Franchise Agreement 5 days after the date of any notification sent by registered or certified mail or receipted courier. We may terminate a Multi-Unit Franchise Agreement upon receipt of written notice.
(g) “Cause” Defined – Defaults that can be cured	XXIII.B & XXIII.D	N/A	In the single unit Agreement, any defaults other than those listed below in “h” may be cured within the following time periods: violations of law - 24 hours; monetary defaults – 5 days; non-compliance of Franchise Agreement obligations – see XXIII.B & XXIII.D. There is no cure provision in the Multi-Unit Agreement.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	ARTICLE IN MULTI-UNIT AGREEMENT	SUMMARY OF FRANCHISE AGREEMENT PROVISION
(h) "Cause" Defined – Defaults that cannot be cured	XXIII.C	13.A&B	We can terminate the Franchise Agreement or the Multi-Unit Agreement if you commit any violation relating to: transfers of interest; confidential information; covenants not to compete; our right to inspect premises; failure to pay fees; bankruptcy, (may not be enforceable under federal bankruptcy law) arrangement or assignment for the benefit of creditors, petition for reorganization, appointment of a receiver or trustee; cessation of operation without prior consent, or loss of right to possession of premises, excluding loss due to acts of God; misrepresentation of or omitted material information; trademarks, trade names and trade secrets; felony conviction or plea of <i>nolo contendere</i> .
(i) Your obligations on termination/ non-renewal	XXIV	13	In the single unit Franchise Agreement, pay outstanding amounts and return confidential information. In the Multi-Unit Agreement, stop developing new Taco Rico Restaurants.
(j) Assignment of Agreement by us	XXII.B	1, 16	No restriction on our rights to assign either type of Agreement.
(k) "Transfer" by you	XXII	16	Includes transfer of contract or assets or any ownership change. The Multi-Unit Agreement is not transferable, without our prior written approval.
(l) Approval of your transfer	XXII.A	16	We have the right to approve all transfers, consent not to be unreasonably withheld.
(m) Conditions for our approval of transfer	XXII.A.1-15	N/A	Transferee qualifies; all amounts due are paid in full; transferee completes training; transfer fee paid by you; the then current Franchise Agreement signed by transferee.
(n) Our Right of First Refusal to acquire franchise	XXII.D	None	We can match any offer you receive to purchase a single unit Franchise Agreement. There is no provision in the Multi-Unit Agreement.
(o) Our option to purchase your business	None	None	None
(p) Your death or disability	XXII.C.1 & XXII.C.2	13	In the single unit Agreement, your restaurant must be assigned to an approved buyer within 6 months. The Multi-Unit Agreement terminates.

PROVISION	ARTICLE IN FRANCHISE AGREEMENT	ARTICLE IN MULTI-UNIT AGREEMENT	SUMMARY OF FRANCHISE AGREEMENT PROVISION
(q) Non-compete covenants during the Term of the franchise	XIX.B.1, XIX.B.2, & XIX.C	1	No involvement with competing business anywhere.
(r) Non-compete covenants after the franchise is terminated or expires	XIX.B.2	None	No involvement with competing business for 36 months.
(s) Modification of the Agreement	XXV.J	23	No modifications generally, but Operations Manual subject to change.
(t) Integration/ Merger Clause	XXV.J	23	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises made outside of this disclosure or franchise agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	XXV.C	None	None
(v) Choice of forum	XXVC & XXV.G	18	All suits must be filed only in the federal or state courts where our principal office is then located.
(w) Choice of Law	XX.V.G	18	Except for Federal Arbitration Act and other federal law, Florida law applies subject to state law.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit F.

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that

included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example by providing information about possible performance at a particular location or under particular circumstances.

FPR #1: 2024 Historic Affiliate Company-Store Financial Performance

In 2024, we had five affiliate company store outlets. The Pinecrest, FL. Store was converted into a franchisee location in August 2024. The results shown are full year results for the store being operated part of the year by us or our affiliates and part of the year by a franchisee.

Coral Gables, FL. (Opened August 1992)

Miami Beach, FL. (Opened June 2005)

Pinecrest, FL. (Opened July 2007 - Transferred from Affiliate Company-Store to Franchised-Store in August 2024)

Bird Road, FL. (Opened February 2014)

Doral, FL. (Opened November 2011)

Below, we set forth the Gross Revenues and Net Profits of these five affiliated company store outlets for January 1, 2024 – December 31, 2024. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

Coral Gables, FL. 2024	
Gross Revenue	\$1,753,662
Total Expenses	(\$1,420,094)
Net Profit	\$333,568
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$87,683.10)
Total Franchisee Expenses	(\$87,683.10)
Adjusted Net Profit as if a Franchised Outlet	\$245,884.90

Miami Beach, FL. 2024	
Gross Revenue	\$1,424,931
Total Expenses	(\$1,161,088)
Net Profit	\$263,843
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$71,246.55)
Total Franchisee Expenses	(\$71,246.55)
Adjusted Net Profit as if a Franchised Outlet	\$192,596.45

Bird Road, FL. 2024	
Gross Revenue	\$1,647,227
Total Expenses	(\$1,313,659)
Net Profit	\$333,568
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$82,361.35)
Total Franchisee Expenses	(\$82,361.35)
Adjusted Net Profit as if a Franchised Outlet	\$251,206.65

Doral, FL. 2024	
Gross Revenue	\$1,754,139
Total Expenses	(\$1,347,687)
Net Profit	\$406,542
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$87,706.95)
Total Franchisee Expenses	(\$87,706.95)
Adjusted Net Profit as if a Franchised Outlet	\$318,835.05

In addition to the above, our Pinecrest Store operated as an Affiliate Company-Store from January 1, 2024 to July 31, 2024 before it was transferred to a franchisee. The below results represent the financials for **January 1, 2024 to July 31, 2024 (7 months)**.

Pinecrest, FL. 2024	7-MONTHS (JAN 1, 2024 – JULY 31, 2024)
Gross Revenue	\$631,117
Total Expenses	(\$555,456)
Net Profit	\$75,661
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$31,555.85)
Total Franchisee Expenses	(\$31,555.85)
Adjusted Net Profit as if a Franchised Outlet	\$44,105.15 for 7 Months

Outlet	Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Miami Beach, FL	\$1,424,931	4	100.0%
Bird Road, FL	\$1,647,227	3	75.0%
Coral Gables, FL	\$1,753,662	2	50.0%
Doral, FL	\$1,754,139	1	25.0%

FPR #2: 2024 Historic Franchised-Store Financial Performance

In 2024, we had three franchised store outlets but only two operated the entire calendar year. The company owned location in Pinecrest, FL was transferred to a franchisee in August 2024.

West Kendall (Opened July, 2016)

Cutler Bay (Opened August 2022)

Pinecrest (Opened August 2024 -Transferred from Affiliate Company-Store to Franchised-Store in August 2024)

Below, we set forth the Gross Revenues and Net Profits of these franchised store outlets for January 1, 2024 – December 31, 2024. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

West Kendall, FL. 2024	
Gross Revenue	\$1,698,954
Total Expenses	(\$1,299,760)

Net Profit	\$399,194
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Cutler Bay, FL. 2024	
Gross Revenue	\$1,075,139
Total Expenses	(\$858,920)
Net Profit	\$216,219

In addition to the above, our Pinecrest Store operated as an Affiliate Company-Store from January 1, 2024 to July 31, 2024 before it was transferred to a franchisee. The below results represent the financials for **August 1, 2024 to December 31, 2024 (7 months)**.

Pinecrest, FL. 2024	5-MONTHS (AUG 1, 2024 – DEC 31, 2024)
Gross Revenue	\$548,512
Total Expenses	(\$494,469)
Net Profit	\$54,043 For 5 months

Outlet	Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Cutler Bay, FL.	\$1,075,139	2	100.00%
West Kendall, FL.	\$1,698,954	1	50.00%

FPR #1: 2023 Historic Affiliate Company-Store Financial Performance

In 2023, we had five affiliate company store outlets.

- Coral Gables, FL. (Opened August 1992)
- Miami Beach, FL. (Opened June 2005)
- Pinecrest, FL. (Opened July 2007)
- Bird Road, FL. (Opened February 2014)
- Doral, FL. (Opened November 2011)

Below, we set forth the Gross Revenues and Net Profits of these five affiliated company store outlets for January 1, 2023 – December 31, 2023. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

Coral Gables, FL. 2023	
Gross Revenue	\$1,820,216
Total Expenses	(\$1,355,395)
Net Profit	\$464,821
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	<i>(\$91,010.80)</i>
Total Franchisee Expenses	(\$91,010.80)
Adjusted Net Profit as if a Franchised Outlet	\$373,810.20

Miami Beach, FL. 2023	
Gross Revenue	\$1,340,361
Total Expenses	(\$1,137,064)
Net Profit	\$203,297
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$67,018.05)
Total Franchisee Expenses	(\$67,018.05)
Adjusted Net Profit as if a Franchised Outlet	\$136,278.95

Pinecrest, FL. 2023	
Gross Revenue	\$1,246,098
Total Expenses	(\$1,141,882)
Net Profit	\$104,216
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$62,304.90)
Total Franchisee Expenses	(\$62,304.90)
Adjusted Net Profit as if a Franchised Outlet	\$41,911.10

Bird Road, FL. 2023	
Gross Revenue	\$1,635,251
Total Expenses	(\$1,283,276)
Net Profit	\$351,975
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$81,762.55)
Total Franchisee Expenses	(\$81,762.55)
Adjusted Net Profit as if a Franchised Outlet	\$270,212.45

Doral, FL. 2023	
Gross Revenue	\$1,647,685
Total Expenses	(\$1,391,581)
Net Profit	\$256,104
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>	
<i>Royalties (5%)</i>	(\$82,384.25)
Total Franchisee Expenses	(\$82,384.25)
Adjusted Net Profit as if a Franchised Outlet	\$173,719.75

Outlet	Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Pinecrest, FL	\$1,246,098	5	100.0%
Miami Beach, FL	\$1,340,361	4	80.0%
Bird Road, FL	\$1,635,251	3	60.0%
Doral, FL	\$1,647,685	2	40.0%

Coral Gables, FL	\$1,820,216	1	20.0%
------------------	-------------	---	-------

FPR #2: 2023 Historic Franchised-Store Financial Performance

In 2023, we had three franchised store outlets but only two operated the entire calendar year.

West Kendall (Opened July, 2016)

Cutler Bay (Opened August 2022)

Below, we set forth the Gross Revenues and Net Profits of these franchised store outlets for January 1, 2023 – December 31, 2023. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

West Kendall, FL. 2023	
Gross Revenue	\$1,593,951
Total Expenses	(\$1,298,122)
Net Profit	\$295,829

Cutler Bay, FL. 2023	
Gross Revenue	\$1,004,804
Total Expenses	(\$815,027)
Net Profit	\$189,777

Outlet	Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Cutler Bay, FL.	\$1,004,804	2	100.00%
West Kendall, FL.	\$1,593,951	1	50.00%

FPR #3: 2022 Historic Affiliate Company-Store Financial Performance

Below, we set forth the Gross Revenues of our Affiliate Company-store outlets for January 1, 2022 – December 31, 2022. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

As of December 31, 2022, we had 5 Company-store outlets of which 5 operated the entire 2022 calendar year:

Locations	2022 Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
Pinecrest, FL	\$1,215,551	5	100.0%
Miami Beach, FL	\$1,244,330	5	80.0%
Bird Road, FL	\$1,507,480	3	60.0%
South Doral, FL	\$1,521,792	2	40.0%

Coral Gables, FL	\$1,792,274	1	20.0%
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FPR #4: 2022 Historic Franchised-Store Financial Performance

Below, we set forth the Gross Revenues of our franchised store outlets for January 1, 2022 – December 31, 2022. All below locations operate under the brand Taco Rico Tex-Mex Café or Taco Rico and they do not operate under Taco Works.

As of December 31, 2022, we had 3 franchised store outlets of which 2 operated the entire 2022 calendar year:

Locations	2022 Gross Sales	# of outlets that attained or surpassed the stated result	% of outlets that attained or surpassed the stated result
North Doral, FL	\$800,000	2	100%
West Kendall, FL	\$1,621,000	1	50%

Notes:

Material financial and operational differences between the affiliated company outlet and a franchised outlet: There are no operational differences between the company outlet whose results are reported in the table above and an outlet that a franchisee would operate except the age of the outlet. The first company outlet has operated since 1992.

In addition, there are financial differences. A franchised outlet would incur Royalties (5% of Gross Revenues). The financial shown above for the franchised outlets include the 5% royalty and the net profits shown are after the 5% royalty deduction.

Gross Revenue means total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.

Total Expenses means all expenses incurred in operating the business.

Net Profit represents Gross Revenue minus Total Expenses. Net Profits for the franchised outlets are after the 5% royalty deduction

Adjusted Net Profit as if a Franchised Outlet means the Net Profit less expenses that would have been incurred if this were a franchised outlet, namely Royalties (5%).

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Leland Neal at 8688 NW 13 Terrace, Doral, Florida

33126 (305) 894-0770, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	2	3	+1
	2023	3	2	-1
	2024	2	3	+1
Affiliate Owned	2022	5	5	0
	2023	5	5	0
	2024	5	4	-1
Total Outlets	2022	7	8	+1
	2023	8	7	-1
	2024	7	7	0

1/ As of December 31, 2024, we did not operate any company-owned outlets, but our affiliates operated four (4) outlets of the type being franchised.

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Florida	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	1	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Total	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	1	0	0	0	0	3

Note: Taco Rico also operates a franchise location in Miami, Florida since 2021 through a partnership with Combo Kitchen, LLC.

TABLE NO. 4
STATUS OF AFFILIATE-OWNED OUTLETS FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Florida	2022	5	5	0
	2023	5	5	0
	2024	5	4	-1
Total Outlets	2022	5	5	0
	2023	5	5	0
	2024	5	4	-1

1/ As of December 31, 2024, we did not operate any company-owned outlets, but our affiliates operated four (4) outlets of the type being franchised.

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	2	0
Massachusetts	0	1	0
Texas	0	2	0
Total	0	5	0

Exhibit E-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their Stores as of December 31, 2024. Exhibit E-2 lists the franchisees who have signed Franchise Agreements for Stores which were not yet operational as of December 31, 2024. Exhibit E-3 lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. 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, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

We have no Taco Rico Advisory Council staffed by any Franchisees'. Likewise, no independent Franchisee organization has asked to be included in this disclosure document.

Item 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit G are our audited financial statements ending December 31, 2024, December 31, 2023 and December 31, 2022.

Item 22

CONTRACTS

Copies of the following Exhibits in connection with the offering of a Taco Rico Franchise are attached:

State Agencies/Agents for Service of Process	A
Franchise Agreement,	B
Multi-Unit Development Agreement	C
Operations Manual Table of Contents	D
Franchisees as of December 31, 2024.....	E-1
Stores not Yet Open as of December 31, 2024.....	E-2
Former Franchisees.....	E-3
State Addenda to the Disclosure Document and Franchise Agreement.....	F
Financial Statements	G
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Item 23

RECEIPTS

Exhibit I contains detachable documents acknowledging your receipt of this disclosure document.

Exhibit A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about Taco Rico Franchise Corporation.

STATE:

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

<u>Directory of State Franchise Regulators</u>	<u>Agents Authorized to Receive Process</u>
<p><u>CALIFORNIA</u> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 1-866-275-2677</p>	<p><u>CALIFORNIA</u> Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, California 95834</p>
<p><u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722</p>	<p><u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813</p>
<p><u>ILLINOIS</u> Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p><u>ILLINOIS</u> Franchise Division Office of the Attorney General 500 South Second Street Springfield, Illinois 62706</p>
<p><u>INDIANA</u> Franchise Division</p>	<p><u>INDIANA</u> Franchise Division</p>

Office of Secretary of State 302 W. Washington St., Rm. E111 Indianapolis, IN 46204 (317) 232-6681	Office of Secretary of State 302 West Washington St., Room E111 Indianapolis, Indiana 46204
<u>MARYLAND</u> Office of the Attorney General Division of Securities 200 St Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<u>MARYLAND</u> Maryland Securities Commissioner 200 Saint Paul Place Baltimore, MD 21202-2020
<u>MICHIGAN</u> Consumer Protection Division Franchise Section PO Box 30213 Lansing MI 48909 517-373-7117	
<u>MINNESOTA</u> Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	
<u>NORTH DAKOTA</u> Franchise Division North Dakota Securities Department 600 East Boulevard - 5th Floor Bismarck, ND 58505 (701) 328-2910	<u>NORTH DAKOTA</u> Franchise Division North Dakota Securities Department 600 East Boulevard - 5th Floor Bismarck, ND 58505
<u>NEW YORK</u> Franchise & Securities Division State Department of Law 120 Broadway 23rd Floor New York NY 10271 (212) 416-8211	<u>NEW YORK</u> New York Secretary of State 41 State Street Albany, NY 12231
<u>RHODE ISLAND</u> Department of Business Regulation Division of Securities John O. Pastore Office Complex 1511 Pontiac Avenue, Bldg. 69-1	<u>RHODE ISLAND</u> State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division

<p>Cranston, RI 02910 (401) 222-3048</p>	<p>John O. Pastore Office Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02910</p>
<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Securities 445 East Capitol Ave. Pierre, SD 57501 (605) 773-4823</p>	<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Securities 445 East Capitol Ave. Pierre, SD 57501</p>
<p><u>VIRGINIA</u> Clerk of State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main St. 9th Floor Richmond, VA 23219 (804) 371-9051</p>	<p><u>VIRGINIA</u> Clerk of State Corporation Commission 1300 E. Main St. 9th Floor Richmond, VA 23219</p>
<p><u>WASHINGTON</u> The Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760</p>	<p><u>WASHINGTON</u> The Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98507-9033</p>
<p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 345 West Washington Ave., 4th Floor Madison, WI 53703 (608) 266-3364</p>	<p><u>WISCONSIN</u> Department of Financial Institutions 345 West Washington Ave., 4th Floor Madison, WI 53703</p>
<p><u>FLORIDA</u> State Department of Agriculture and Consumer Services P.O. Box 6700 Tallahassee, FL 32314-6700 850-410-3754</p>	
<p><u>OREGON</u> Corporate Securities Section Dept. of Insurance & Finance Labor & Industries Bldg. Salem, or 97310</p>	

(503) 378-4387		
<p><u>TEXAS</u> Secretary of State P.O. Box 12887 Austin, TX 78711-2887 (512) 463-5701</p>		
<p><u>CANADA</u> Director of Franchises Alberta Securities Commission Agency 21st Floor 10025 Jasper Avenue Edmonton, Alberta T5J 3Z5</p>		

EXHIBIT B

FRANCHISE AGREEMENT

BETWEEN

TACO RICO FRANCHISING CORPORATION

AND

_____, FRANCHISEE

Address _____

City _____ State _____ Zip _____

Phone _____

Fax _____

FRANCHISED LOCATION

Address _____

City _____ State _____ Zip _____

Phone _____

Fax _____

DATE OF FRANCHISE AGREEMENT

_____, 20____

Information verified as true and correct

Agreement Date
Taco Works Franchise Agreement

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TACO RICO FRANCHISING CORPORATION FRANCHISE AGREEMENT

PARTIES

THIS AGREEMENT is made by and between Taco Rico Franchising Corporation, a Florida Corporation, hereinafter known as "TRFC" or "Franchisor" and the persons signing as Franchisee or Guarantors' and referenced to herein individually or collectively as "Franchisee," to evidence the agreement and understanding between the parties as follows:

RECITALS

WHEREAS, Franchisor has developed, operates and has the right to license a system or business program, including expertise for conducting and operating restaurants under the mark **Taco Rico** and

WHEREAS, Franchisor has registered certain trade names, trademarks, logos, service marks and other property in connection with the operation of Restaurants and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system (the "System") for the establishment and operation of a franchised **Taco Rico** Restaurant offering a variety of Mexican food choices made daily and on-spot from the freshest ingredients in a quick service restaurant environment utilizing equipment layouts, interior and exterior designs and accessories, identification programs, products, management programs, standards, distribution and delivery methods, specifications and proprietary Marks and information, all of which are referred to in this Agreement as the "Taco Works System", all for the promotion and identification of the mark **Taco Rico** and stylized logo for the sale of products and services at **Taco Rico** Restaurant locations (hereinafter referred to as the "**Taco Rico** System", "Restaurant", Franchise Location or "Business"); and

WHEREAS, Franchisor has devised a uniform system for the establishment and operation of Businesses, including a distinctive exterior and interior Restaurant design, trade dress décor and color scheme; uniform standards, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising and promotional programs; and other related benefits for use of Franchisee under the Names and Marks, all of which may be changed, improved, and further developed by TRFC from time to time; and

WHEREAS, TRFC, a Florida corporation, identifies its System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the mark **Taco Rico**TM, and such other trade names, service marks, trademarks and trade dress as are now designated (and may hereafter be designated by TRFC in writing) for use in connection with its System (the "Names and Marks").

WHEREAS, TRFC continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under its System, and to represent the System's high standards of consistent quality, appearance, and service.

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, Franchisee desires to obtain a franchise from Franchisor for the right to use the "Names and Marks" and the expertise for operating a **Taco Rico** Restaurant and

to obtain the benefits and knowledge of Franchisor's System including, but without limitation, business design, food and beverage items, operating methods, product preparation, advertising, sales techniques and materials, signs, personnel management, control systems, bookkeeping and accounting methods, and in general a style, method and procedure of business operation utilizing the Names and Marks as a Franchisee of Franchisor; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and Franchisee understands and acknowledges the importance of TRFC's high standards of quality, cleanliness, appearance, and service and the necessity of operating the Business in conformity with TRFC's standards and specifications.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each partner or shareholder if Franchisee is a partnership or corporation) hereby represents that he or she has conducted an independent investigation of the Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business contemplated by this Agreement.

II. FRANCHISEE'S ACKNOWLEDGEMENT CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

1. Franchisee acknowledges having received, read, and understood this Agreement, including the Uniform Franchise Offering Circular and attachments thereto. Franchisee further acknowledges that Franchisor has accorded Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, attachments referred to herein, and agreements relating hereto, if any, at least 5 business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Information For Prospective Franchisees Required By The Federal Trade Commission," at least 10 business days prior to the date on which this Agreement was executed.

2. Franchisee acknowledges that it has read and understands this Agreement, the Attachments hereto, and any agreements relating thereto, and that Franchisee has been advised by a representative of TRFC to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

3. Franchisee acknowledges that any statements, oral or written, by TRFC or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by TRFC. The only representations, warranties and obligations of TRFC are those specifically set forth in the Uniform Franchise Offering Circular and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

4. Franchisee acknowledges that TRFC will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee, and has made no representation that it will buy back from Franchisee any products, supplies or equipment purchased by Franchisee in connection with the Business.

III. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

1. The Franchisor does not make or present and has not prepared “Earning Claims” and has not made them any as an exhibit to the Uniform Franchise Disclosure Document. Earnings claims located in the Uniform Franchise Disclosure Document are the only statement of sales, profits or earnings that the Franchisee should rely upon.

2. Franchisee, and each party executing, this document hereto, acknowledges that TRFC, itself or through any officer, director, employee or agent, has not made, and Franchisee has not received or relied upon, any oral or written, visual, express or implied information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business, except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

IV. INDEPENDENT CONTRACTOR

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from the Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business.

B. Franchisor Is Not In A Fiduciary Relationship With Franchisee

1. It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

2. It is understood and agreed that nothing in this Agreement authorizes Franchisee, and Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of TRFC, or to incur any debt or other obligation in TRFC’s name; and that TRFC shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall TRFC be liable by reason of any act or omission of Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against Franchisee or TRFC.

V. FRANCHISE GRANT

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to the Franchise Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein for the right to operate a Business at the Location set forth in Article VI (the "Accepted Location"), with the right to use solely in connection therewith the Franchisor's Names and Marks, its advertising and merchandising methods, and Franchisor's System, as they may be changed, improved and further developed from time to time only at the Accepted Location as set forth in Article VI and provided the Franchisee shall adhere to the terms and conditions hereof.

VI. EXCLUSIVE AREA OR TERRITORY

1. The Franchise Location(s) shall be: within the State of _____ in the county(s) of _____

The exact accepted location is: _____

(If the "accepted location" is not selected prior to the signing of this agreement, by the parties, then it shall be entered at a later date, under the terms of this agreement.)

2. Franchisee shall not relocate the Business without the express prior written consent of TRFC. During the term of this Agreement, TRFC shall not establish, nor license another party or entity to establish, a **Taco Rico** Restaurant within the area outlined in the Appendix attached hereto, or 1 mile, if no Appendix is attached.

VII. TERMANDRENEWAL OF AGREEMENT

A. Term

The Franchise herein granted shall be for a term of 10 years from the date of execution and acceptance (the "Effective Date") of this Franchise Agreement (the "Agreement") by TRFC and subject to earlier termination as herein provided.

B. Renewal

Franchisee may, at its option, renew this Franchise for 1 additional period of 10 years, if Franchisor is still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not less than 6 months prior to the end of the then current term:

2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

3. Franchisee shall complete to Franchisor's satisfaction such maintenance and renovation of the Business as Franchisor may reasonably require in writing;

4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliate(s), and shall have timely met these obligations throughout the previous term;

5. Franchisee shall execute, before the renewal term, the Franchisor's then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement. Franchisor shall charge Franchisee a renewal fee equal to 10% of then-current Initial Franchise Fee not to exceed \$5,000; and

6. Franchisee shall comply with Franchisor's then current qualification and training requirements; and

7. Franchisee must execute a general release attached hereto as Exhibit F, releasing Franchisor, of any and all claims against Franchisor, its affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws.

VIII. FRANCHISEE'S INITIAL INVESTMENT

1. The Franchisee's initial investment will vary depending upon the size of the Business, its geographical location, leasehold improvements required, the number of Businesses selected by the Franchisee, and other factors.

2. Franchisee hereby certifies that he or she has reviewed the above-estimated start-up costs as detailed in the Uniform Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. Franchisee recognized that these start-up costs are in addition to the franchise fee.

IX. FRANCHISEE'S INITIAL FRANCHISE FEE

Time Limit for Starting Business

1. Franchisee shall complete the construction of the Restaurant in accordance with the provisions and requirements of Article XII hereof (the "Construction") and shall open the Restaurant for business within 6 months of the date of execution of this Franchise Agreement (the "Opening Date"); provided, however, that Franchisee shall have the right to substitute a different site, if such different site is acceptable to Franchisor, within 60 days of execution of this Agreement. Franchisor may grant Franchisee one 30-day extension past the 6 months allotted within which to open the **Taco Rico** Restaurant.

2. Provided that the Franchisee has made full and complete application for all building permits and all other permits required to open a **Taco Rico** Restaurant, within 60 days of the execution date of this agreement, Franchisor may agree to grant up to three 30 day extensions to obtain all necessary permits if the delay was due to causes beyond the reasonable control of Franchisee, which agreement of TRFC will not be unreasonably withheld. Franchisee must submit documentation of the status of the application(s) 10 days prior to the date of each 30-day extension requested. Upon the grant of such extension(s) by TRFC, the Opening Date will be commensurately extended.

3. During the term of this Agreement, the Accepted Location shall be used exclusively for the purpose of operating a franchised **Taco Rico** Restaurant. In the event the building shall be damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, Franchisee shall commence the required repair or reconstruction of the building within 90 days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement) and shall complete all required repair or reconstruction as soon as possible thereafter, in continuity, but in no event later than 180 days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored building will be that which existed just prior to the casualty; however, every effort should be made to have the restored building include the then-current image, design and specifications of new entry **Taco Rico** Restaurants. If the building is substantially destroyed by fire or other casualty, Franchisee may, with Franchisor's agreement and upon payment of an amount equal to 25% of all insurance proceeds as a consequence of such casualty to the Franchisor as a royalty, terminate this Agreement in lieu of Franchisee's reconstructing the building.

4. It is understood and agreed that, except as expressly provided herein, this franchise is non-exclusive and includes no right of Franchisee to sub-franchise.

B. Cooperation Required

Franchisee shall cooperate reasonably with Franchisor to ensure that the various actions occur which are necessary to obtain acceptance by Franchisor of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by Franchisor regarding Franchisee's business and finances.

C. Initial Franchise Fee

By executing this Agreement, Franchisee agrees to become a Franchisee and pay an initial franchise fee in the amount of \$49,900.00 for a **Taco Rico** Restaurant Franchise the "Initial Franchise Fee," which is due upon execution of this Agreement and receipt of which is hereby acknowledged by TRFC. The Initial Franchise Fee shall be paid in a lump sum in U.S. funds and shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by TRFC in granting this franchise and for TRFC's lost or deferred opportunity to franchise others.

X. **OTHER FEES**

A. Base Royalty Fees

1. In addition to the Initial Franchise Fee described in Item IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee pays to TRFC a Base Royalty Fee of 5% on total Gross Sales of the Franchised Restaurant.

2. As used in this Agreement, "Gross Sales" shall include all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from the Business, including but not limited to outside catering, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business including insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for

transmittal to the appropriate taxing authority, (the retail value of any complimentary services or trade-outs or credit card discounts from Gross Sales up to a maximum of 2% of Gross Sales in the aggregate), and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in gross sales. The sale and delivery of products and services away from the restaurant is included in computing Gross Sales.

3. The Royalty Fee is uniform as to all persons currently acquiring a Franchise, nonrefundable, and is not collected on behalf of nor paid to any third party. The Royalty Fee shall be payable by the Franchisee and actually received by the Franchisor no later than Thursday of the following week of the week payable.

4. Any payment or report not actually received by TRFC on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to TRFC under this Agreement, Franchisee shall pay TRFC, in addition to the overdue amount, interest on such amount from the date it was due until paid at the lesser of the rate of 18% per annum and the maximum rate allowed by the laws of the State in which Franchisee's business is located or any successor or substitute law (hereinafter the "Default Rate"), until paid in full.

B. Advertising Fees

1. Franchisee will expend, prior to and during the 30 day period following the commencement of operations of its Franchise, the minimum sum of \$5,000 for the location, (the "Initial Ad Fee") for an initial opening advertising and promotion program to be conducted in accordance with Franchisor's specifications and standards in consideration of market conditions within the Territory. The Initial Ad Fee will be paid directly to the service provider and not the Franchisor.

2. In addition to the Initial Ad Fee, Franchisee will expend, at a minimum, an amount equal to 1.5 % of its Gross Sales on a monthly basis for local advertising and promotion for the term of this Agreement (the "Local Ad Fee"). The Local Ad Fee will be paid directly to the service provider and not the Franchisor. Franchisee will submit to Franchisor or its designated agency, for prior written approval, all sales and promotional materials and advertising copy which Franchisee intends to use and will submit proof of its advertising expenditures to Franchisor in the manner specified by Franchisor. All advertising submitted for approval will immediately become the property of Franchisor without additional consideration to Franchisee whatsoever.

3. In addition to the Initial Ad Fee and continuing Royalty Fee payable by Franchisee, Franchisee will pay to Franchisor, at the same time, for the same Accounting Period, and in the same manner as the Royalty Fee, an amount equal to 1.0% of the Gross Sales (the "Ad Fee"), plus a \$79 per a month website maintenance fee. We currently have not activated the Ad Fee. The Ad Fee may get activated at any time by franchisor with a one-year notice for franchisee. Franchisor reserves the option to increase this fee, as reasonably needed. The Ad Fee will be deposited into a separate bank account (the "Ad Fund"), which will be under the exclusive control of Franchisor. The Ad Fund will be administered and controlled exclusively by Franchisor, and Franchisor will have the absolute and unilateral right to determine how, when and where the Ad Fee will be spent. This includes the absolute right to use the Ad Fee for (a) the creation, development and production of advertising and promotional materials, (b) any marketing or related research and development, and (c) advertising and marketing expenses including, but not limited to, the absolute right to purchase and pay for product and food research and development, advertising materials, production costs, brochures, radio, film and television commercials, videotapes, newspaper, magazine and other print advertising, direct mail pieces, photographer costs, photographs, pictures, designs, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, market research and marketing surveys, menu design and graphics, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of home pages on the internet, internet access provider costs,

internet/world wide web programming and advertising, subscriptions to industry newsletters or magazines, marketing or industry studies, books and research materials, administrative costs and salaries for marketing support personnel. Franchisor will have the right to spend the Ad Fee in any manner it deems appropriate. Franchisor will have no obligation to spend any of the Ad Fee in Franchisee's Designated Market Area ("DMA"), and Franchisee acknowledges that Franchisor will have no obligation whatsoever to spend any portion of the Ad Fee paid by Franchisee in Franchisee's DMA or specifically for the benefit of Franchisee's restaurant.

4. If Franchisee fails to remit any Ad Fee due as provided for in Article X.B.3, then Franchisee will pay interest on any amounts owing the Ad Fund at the highest interest rate allowed by law, in addition to the unpaid amounts from the date payment was due. Franchisee will also pay or reimburse Franchisor for any and all costs incurred by Franchisor in the collection of any unpaid and past due Ad Fees including, but not limited to, attorney fees, accounting fees and related expenses.

5. The Ad Fee payable under this Article will be calculated and paid to Franchisor by Franchisee each week during the entire term of this Agreement, and Franchisee's failure to pay the weekly Ad Fee will be deemed to be a material breach of this Agreement. Franchisee's obligation to pay Franchisor the weekly Ad Fee pursuant to the terms of this Agreement will be absolute and unconditional, and will remain in full force and effect until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law. Franchisee will not have the "Right of Offset" and, as a consequence, will timely pay all Ad Fees due to Franchisor under this Agreement regardless of any claims or allegations Franchisee may allege against Franchisor. Such Ad Fee is not refundable for any reason.

6. In connection with this and any and all other Taco Rico businesses owned or operated by Franchisee, Franchisee will participate to the greatest possible extent in any local, regional or national cooperative advertising group, consisting of other Franchisees of the Taco Rico System and/or Franchisor, when and if any such groups are created. Franchisor will have the right to require Franchisee to engage in local or regional cooperative or joint advertising with Franchisor and/or other Franchisees in connection with any and all Taco Rico businesses owned or operated by Franchisee. The particular cooperative advertising group in which Franchisee will be required to participate will be designated by Franchisor in its sole discretion (which designations may be based upon, but not limited to, the particular DMA or the Area of Dominant Influence ("ADI")), as those terms are used in the advertising industry, in which the particular restaurants operated by Franchisee are located). Franchisee's payments to any cooperative group will be determined by Franchisee and those other Franchisees and/or Franchisor, as the case may be, who are participants in such cooperative advertising group, as set forth in the by-laws of that cooperative group. Franchisee, however, may not be required to spend more than 2% of Gross Sales per annum pursuant to any cooperative advertising group. Any payments to a cooperative advertising group will be in addition to those amounts required to be spent under Article X.B.2 and X.B.3 above. Franchisee will enter into such formal agreements with such other Franchisees and/or Franchisor, as the case may be, as will be necessary or appropriate to accomplish the foregoing. If Franchisee becomes delinquent in its dues or other payments to the cooperative organization, such delinquency will be deemed a failure to participate in the cooperative advertising group and a breach of this provision and, consequently, a default under the terms of this Agreement.

7. In the event a dispute occurs within a local, regional or national cooperative advertising group, Franchisor will give 30 calendar days' notice in writing to the spokesman or chairman of the group, which notice will demand resolution of the dispute. If the dispute has not been settled or resolved within the 30 calendar-day period, Franchisor will give notice of and conduct an informal hearing where the interested parties may express their views and attempt to resolve their differences. If the

differences are not resolved at the hearing, then Franchisor will have the right and authority to approve and/or direct both the content and/or the mode of all local, regional or national advertising which Franchisee conducts hereunder until Franchisor in its sole discretion determines that the cooperative can conduct the affairs of the co-op on its own.

8. Franchisor will not be under any obligation to make expenditures that are equivalent or proportional to the amount contributed by each Franchisee, or to ensure that any particular Franchisee benefits directly or pro-rata from such expenditures.

9. Franchisee further agrees to submit any advertising that Franchisee may formulate or cause to be formulated hereunder to Franchisor for written approval before its use.

C. Electronic Funds Transfer

TRFC requires that Franchisee participate in an electronic funds transfer program authorizing TRFC or any of its Affiliates to utilize a weekly (or other) pre-authorized bank draft system to facilitate the payment of all Royalty Fees and other fees due and payable to TRFC or its Affiliates pursuant to the terms of this Agreement or any other agreement between TRFC or its Affiliates and Franchisee. Franchisee will execute and return to TRFC an executed Authorization Agreement for Direct Withdrawals (ACH Debits) form, in the form attached hereto as Exhibit I. In addition, TRFC may specify a periodic amount for regular transfer to its accounts based on past reports of Gross Sales and reasonable expectations of Royalty Fees and other amounts to become due from Franchisee. TRFC may, in their discretion, require that Franchisee participate in an electronic reporting and payment system covering Gross Sales and other items.

XI. FINANCING ARRANGEMENTS

1. Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee. The Franchise Fee is due and payable upon execution of this Agreement.

2. There are no waivers of defense by the Franchisee in either the Franchise Agreement or other documents evidencing obligations to the Franchisor.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's System and adherence to the Operations Manual (the "Manual"), and to Franchisor's standardized design and specifications for decor of the Business and uniformity of equipment, layouts, signs, menus, and other incidents of the Business, are essential to the image and goodwill thereof. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of customer comment cards, questionnaires, and similar items. In order to further protect the System and the goodwill associated therewith, Franchisee shall:

1. Operate the Business and use the Operations Manual solely in the manner prescribed by Franchisor;

2. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and fictitious name registrations as Franchisor may, from time to time, direct;

3. Follow the methods of preparation, service, and presentation so as to conform to the specifications and standards of Franchisor in effect from time to time;

4. Use only such supplies, equipment, and products so as to conform to Franchisor's specifications in effect from time to time;

5. Sell from the Business all products specified by Franchisor and not sell or offer for sale any other products of any kind or character without first obtaining the express approval of Franchisor, which shall be at the full discretion of the Franchisor who shall have the sole right of decision in regards to all products to be sold in the Franchise Restaurant. Franchisor shall have the right to not approve any product for any reason whatsoever or for no reason whatsoever.

6. Discontinue selling or offering for sale or using any products Franchisor may, in its absolute discretion, delete from its standards and specifications for any reason whatsoever or for no reason whatsoever.

7. Maintain in sufficient supply, and use at all times, only such products, materials, supplies, ingredients, methods of preparation and service, weight and dimensions of products served, standards of cleanliness, health and sanitation and methods of service as conform to TRFC standards and specifications; and to refrain from deviating therefrom by using non-conforming items or methods without TRFC's prior written consent.

8. Purchase such equipment, supplies, or products as may be required by TRFC, for the appropriate handling and selling of any food or beverage products that become approved for offering in the System.

9. Require clean uniforms conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while in attendance at the Restaurant, and to cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Manual.

10. Permit TRFC or its agents, at any reasonable time, to remove from the Restaurant samples of items without payment for them, in amounts reasonably necessary for testing by TRFC or an independent laboratory to determine whether said samples meet TRFC's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, TRFC requires Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by TRFC, or if the sample fails to conform to TRFC's specifications.

11. Not to install or permit to be installed on or about the Restaurant premises, without TRFC's prior written consent, any fixtures, furnishings, signs, equipment, or other improvements not previously approved as meeting TRFC's standards and specifications.

12. Employ a sufficient number of employees and maintain sufficient inventories as necessary to operate the Restaurant at its maximum capacity as prescribed or approved by TRFC and to comply with all applicable Laws with respect to such employees.

13. Not engage in any trade practice or other activity or sell any product or literature which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or TRFC, the Restaurant, or the products sold thereat; or which constitutes deceptive or unfair competition, or otherwise is in violation of any applicable laws. The above limitations are closely related to the Restaurant image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by Franchisor for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Business other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor.

C. Comply With Laws

Franchisee shall comply with all federal, state and local laws and regulations, and shall obtain and at all times maintain any and all permits, certificates, or licenses necessary for full and proper operation of the Business franchised under this Agreement. Franchisor's standards may exceed any and all of the requirements of said laws.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its partners, officers, directors, agents, or employees shall, except as required in the performance of the duties contemplated by this Agreement, disclose or use at any time, whether during the terms of this Agreement or thereafter, any information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's products, services, or licenses, including information relating to discoveries, ideas, manufacturing, purchasing, accounting, engineering, marketing, merchandising or selling.

E. Maintain and Renovate Business

1. Franchisee shall at all times maintain the Business in a clean, orderly condition and in first class repair and condition in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the System's image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions which may be reasonably specified by Franchisor.

2. At TRFC's request, which shall not be more often than once every 5 years, Franchisee shall refurbish the Restaurant at its expense, to conform to the building design, trade dress, color schemes, and presentation of trademarks and service marks consistent with TRFC's designated image, including, without limitation, remodeling, redecoration, and modifications to existing improvements.

F. Maintain Competent Staff

Franchisor will create and make available to Franchisee training programs and other selected training materials as Franchisor deems appropriate. Franchisee shall maintain a fully trained competent staff capable of rendering courteous quality service in a manner in keeping with the standards set by Franchisor.

G. Operate Business in Strict Conformity to Requirements

Franchisee shall operate the Business in strict conformity with such standards, techniques, and procedures as Franchisor may from time to time prescribe in the Manual, or otherwise in writing, and shall not deviate therefrom without Franchisor's prior written consent. Franchisee further agrees to offer its customers all products and services which Franchisor may, from time to time, prescribe, to offer its customers only those products and services which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Business's operations, and to discontinue offering any products or services which Franchisor may, in its sole discretion, disapprove in writing at any time.

H. Use Approved Supplies and Products

1. Franchisee shall sell, serve, or otherwise dispense, only Taco Rico Restaurant items and related products which may, from time to time, be specified in writing, designated, and approved for sale by Franchisor. The proprietary food products listed in the operations manual are a special recipe developed by Franchisor. The retail goods, which includes Uniforms, T-shirts, shorts, polo shirts, sweat shirts, sweat pants, hats, etc., are a special product using the Names and Marks, for Taco Rico®. The "Proprietary Food Products" and "Retail Goods" developed by Franchisor are the only food products and retail goods approved for use by Franchisee. The "Proprietary Food Products" and "Retail Goods" must be purchased by the Franchisee directly from TRFC or its affiliates, unless TRFC makes other arrangements which shall be given to Franchisee in writing such as an approved supplier that may purchase the products from the Franchisor and resell them to the Franchisee.

2. To insure the consistent high quality and uniformity of products served by an Taco Rico™ Restaurant, Franchisee shall purchase all equipment, inventory, and other supplies, products, and materials used in the operation of an Taco Rico Restaurant as Franchisor may specify from time to time, solely from suppliers who demonstrate to Franchisor's continuing satisfaction an ability to meet Franchisor's standards and specifications. In approving any supplier, Franchisor may consider factors such as the supplier's financial strength, quality control, and capacity to supply Franchisee's needs promptly and reliably. All suppliers must be approved in writing by Franchisor and not thereafter disapproved. If Franchisee desires to purchase the items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives be permitted to inspect the facilities of the proposed supplier and that the proposed item be delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisor or supplier, and Franchisor shall not be liable for damage to or for the return of any sample. Franchisor reserves the right to re-inspect the facilities and to retest the product of any approved supplier and to revoke any approval if the supplier fails to continue to meet Franchisor's high standards.

3. Franchisor reserves the right to require Franchisee to purchase designated proprietary items and products, and products bearing the Names and Marks, as specified in the Manual

from time to time, from Franchisor or its related or affiliated entities or from sources designated or approved by Franchisor, to the extent permitted by law.

I. Use Approved Equipment

In operating the Business, Franchisee shall install equipment, signs, furnishings, supplies and fixtures in accordance with the standards and specifications recommended by Franchisor or that will continue to be recommended by Franchisor.

J. Full-Time Manager Required

Franchisee agrees to maintain a competent, conscientious, trained staff, including at least 1 full-time Manager who has been trained and approved by TRFC, and to take such steps as are necessary to ensure that its employees preserve good customer relations.

K. Use Approved Signs

Franchisee shall purchase, subject to local building codes and regulations, such signs that provide maximum displays of the Names and Marks of Franchisor. Upon renewal of this Agreement, Franchisee shall be totally responsible for obtaining and equipping the Business with the signage that is approved for use by Franchisor at the time of the renewal of this Agreement. The color, size, design and location of said signs shall be as specified and/or approved by TRFC. Franchisee shall not place additional signs, posters or other décor items in, on or about the Accepted Location without the prior written consent of TRFC.

L. Use Approved Uniforms

Franchisee may require its employees to wear uniforms while working at the Business and such uniforms shall be of such design and color as Franchisor may prescribe from time to time, as set forth in the Manual.

M. Maintain Regular Business Hours

Franchisee shall keep the Business open and in normal operation during normal business hours for its geographical region, for 7 days per week, 52 weeks per year, with minimum hours of 11:00 a.m. to 9:00 p.m., except Christmas Day, Thanksgiving Day, New Year's Day, unless otherwise authorized in writing by Franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may be changed as TRFC may from time to time specify in the Manual. If Franchisee operates the Business in a mall or similar facility, then Franchisee shall keep the Business open when the mall or similar facility is open to the general public, unless a waiver of hours is granted by the mall.

N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail of the design and operation of the Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the products and services sold by the Business under the System, and to protect Franchisor's reputation and goodwill.

O. No Vending Machines Without Franchisor Approval

Jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, and cigarette, gum, candy, or other vending machines may be installed in or at the Business with the express written consent of Franchisor and only then in such manner as prescribed by Franchisor for all of its Franchisees.

P. Telephone Number of Business

Franchisee understands and agrees that the telephone number(s) for the Business constitute a part of the System and is subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) for the Business in the manner prescribed by Franchisor.

Q. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to Franchisor all discoveries, inventions or ideas, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any partner, officer, director, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such discoveries, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee with respect thereto. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System.

R. Permit Franchisor to Enter Business

Franchisee shall permit Franchisor and its agents or representatives to enter the Business at any reasonable time for the purpose of conducting inspections, shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to correct immediately any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

S. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited or general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business.

2. Franchisee's Certificate or Articles of Incorporation and Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish TRFC promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, and other

governing documents, and any other documents TRFC may reasonably request, and any amendments thereto, from time to time.

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock of Franchisee and shall furnish such list to Franchisor upon request.

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) except in accordance with the provisions of Article XV. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT WITH TACO RICO FRANCHISE CORPORATION DATED / / /. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION.

5. All shareholders of Franchisee (and their spouses) shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Article XII.S. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation").

6. If Franchisee is or becomes a partnership, Franchisee shall furnish TRFC promptly upon request a copy of its partnership agreement and any other documents TRFC may reasonably request, and any amendments thereto, from time to time.

7. Franchisee shall maintain a current list of all general and limited partners and all owners of record and all beneficial owners of any class of voting stock of Franchisee and shall furnish the list to TRFC promptly upon request, from time to time.

8. Each individual who or entity which holds a 10% or greater ownership or beneficial ownership interest in Franchisee, directly or indirectly, (including each individual holding a 50% or greater interest in any partnership or corporation which has a 10% or greater interest in Franchisee) shall (with their spouse) enter into a continuing guaranty agreement under seal, in the form attached hereto as Exhibit B, as such form may be amended or modified by TRFC, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Franchise Agreement).

T. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site for the Restaurant to be established under the Franchise Agreement and for constructing and equipping the Restaurant at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to the Accepted Location for the Restaurant unless such Accepted Location is accepted in accordance with the procedure herein set forth and which provides, without limitation, for (a) 30 days prior written notice of any default thereunder specifying such default and the right (but with no obligation) of Franchisor to cure any such default within said period, and (b) approval of the Franchisor as an assignee of Franchisee's interest thereunder. FRANCHISEE ACKNOWLEDGES THAT TRFC'S ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF

ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY TRFC THAT A Taco Rico RESTAURANT OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

U. Store Completion and Opening Certificate

Before commencing the Construction of the Restaurant, Franchisee, at its expense, shall comply, to TRFC's satisfaction, with all of the following requirements:

1. Franchisee shall submit a site plan to TRFC, including a footprint of the proposed building, and architectural, kitchen and signage drawings for approval by TRFC. Franchisee, at its option, may use any architect or engineer currently used by TRFC to prepare detailed plans and specifications for the Construction of the Restaurant;

2. Franchisee shall be responsible for the construction and/or remodeling of the Franchised Store and the installation of all Equipment. All construction, materials and Equipment shall fully comply with plans and specifications previously approved by TRFC, as well as all applicable local ordinances, building codes and permit requirements. Franchisee shall use a qualified general contractor or construction supervisor to oversee the Construction of the Restaurant and completion of all improvements, and Franchisee shall submit to TRFC a statement identifying the general contractor or construction supervisor; and

3. Franchisee shall obtain all licenses, permits and certifications required for lawful construction and operation of the Restaurant including, without limitation, building, zoning, access, parking, driveway access, sign permits and licenses, and shall certify in writing to TRFC that all such permits, licenses and certifications have been obtained. Franchisee shall obtain all health, life safety, and other permits and licenses required for operation of the Restaurant and shall certify that all such permits and licenses have been obtained prior to the Opening Date.

4. Franchisee shall cause such Construction to be performed only in accordance with the site plan, and plans and specifications, approved by TRFC, and no changes will be made to the approved plans and specifications, or the design thereof, or any of the materials used therein, or to interior and exterior colors thereof, without the express written consent of TRFC.

5. Franchisee agrees to complete construction or remodeling of the Franchised Store and open for business within a reasonable time after Franchisee has obtained possession of the Site, not to exceed 180 days following the Effective Date. If Franchisee has not successfully completed all required training and opened the Franchised Store within 180 days following the Effective Date, then TRFC may, in their sole discretion, terminate this Agreement and the License granted herein effective upon Franchisee's receipt of written notice, in which event TRFC shall be released from all obligations hereunder.

6. Franchisee agrees not to open or attempt to open the Franchised Store or to use the Marks until TRFC issues a Store Opening Certificate in the form attached hereto as Exhibit IV. Franchisee understands and acknowledges that the Store Opening Certificate shall not be issued by TRFC until Franchisee has demonstrated, to TRFC's satisfaction, the following:

A. Knowledge and skill in the TRFC System;

B. Successful completion of all training required by TRFC;

C. Completion of such store improvements, store layouts and trade dress in accordance with TRFC's standards.

7. Franchisee and any Franchisee Owner acknowledge that there shall be no liability on the part of TRFC to Franchisee, any Franchisee Owner or any of Franchisee's respective successors as the result of TRFC's approval of the plans and specifications or the issuance of the Store Opening Certificate.

V. Training

1. Prior to Franchisee's opening of the Business to the public, Franchisee and/or up to 3 management personnel of Franchisee (or, if Franchisee is a corporation or partnership, a principal of Franchisee) shall complete to TRFC's satisfaction the management training program offered by TRFC in Doral, FL. At TRFC's option, key personnel subsequently employed by Franchisee shall also complete to TRFC's satisfaction, the management training program. TRFC may, at its discretion, make available additional training programs, seminars, as well as refresher courses to Franchisee and/or Franchisee's designated individual(s) from time to time. TRFC may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to TRFC. If Franchisee or Franchisee's designated individual's management training is discontinued by TRFC, Franchisee shall have 30 days to present an alternative acceptable candidate for management training to Franchisor. If Franchisee's new candidate does not adequately complete the management training, then TRFC has the option of terminating this Agreement. TRFC shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee or its employees in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

2. Franchisor offers training resources, as described below, to assist franchisees at their Restaurant location for hourly employees. All shall be deemed employees of the Franchisee during the period(s) of service to the Franchisee, as herein provided. Franchisee shall give Franchisor not less than 30 days' notice of when training should begin. In order for training to begin, Franchisee shall have received a Certificate of Occupancy and Health Department approval for the building, and all refrigeration, kitchen and cooking equipment shall be functioning.

3. With respect to all training subsequent to Initial Training, whether provided by Franchisor or Franchisor's designee, Franchisee is solely responsible for all costs including, but not limited to, training materials, salaries, Worker's Compensation Insurance, accommodations and travel expenses, if any, for Franchisee's personnel attending such subsequent training. Franchisee will also bear the cost of any training conducted by it for the benefit of its employees. Any amounts paid to Franchisor or to Franchisor's designee by Franchisee are not refundable for any reason.

W. Catering Sales

In addition to the operation of Franchisee's restaurant, and the sales made to the general public from therein, Franchisee may offer a Catering Service to the general public, with production of the prepared products to be done on the franchised premises. In order to accomplish this, Franchisee agrees as follows:

1. Vehicles. Franchisee agrees to provide a sufficient number of suitable vehicles and personnel to provide satisfactory Catering service, as determined from time to time by TRFC, at all times during approved hours of operation, to all customers located within the Exclusive Territory. Franchisee agrees to purchase or lease a suitable number of dedicated Catering vehicles if, in TRFC's sole discretion, the same is required to meet Franchisee's Catering service obligations.

2. Quality of Catering Service. Franchisee further agrees that in order to maintain the quality of service required of a Taco Rico Restaurant, Franchisee will not offer Catering service to any customer whose order cannot be delivered safely and lawfully at the time and place when such order is to be delivered, taking into consideration the then-existing weather and road conditions. In the event of inclement weather, or the capacity of Franchisee's Taco Rico Restaurant to process the projected Catering order, if the estimated Catering delivery time exceeds the scheduled delivery time by more than 10 minutes, Franchisee shall inform the customer of such before accepting the order for Catering.

3. Boundaries of Catering Service. Franchisee shall offer Catering service throughout the Exclusive Territory. TRFC will not reduce Franchisee's Catering area to anything less than the Exclusive Territory. TRFC may, from time to time, grant to Franchisee a non-exclusive, revocable license to provide Catering services to specific areas outside of the Exclusive Territory. The expanded area beyond the Exclusive Territory may only be established in writing by the President or an authorized vice-president of TRFC. Franchisee acknowledges that the license to provide Catering service to any expanded area is temporary in nature and may be revoked at any time by TRFC; that Franchisee's advertising and other marketing or service efforts in the expanded area accrue only to the benefit of TRFC; and that Franchisee's efforts within the expanded area do not entitle Franchisee to any continuing rights in the expanded area, whatsoever.

X. Miscellaneous

Franchisee shall give TRFC advance written notice of Franchisee's intent to institute legal action against TRFC, specifying the basis for such proposed action, and shall grant TRFC 60 days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

XIII. **SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE**

A. Overall Coverage Required

Franchisee will procure from an insurance company, before the commencement of business and maintain in full force and effect during the Term of this Agreement, at Franchisee's sole expense, an insurance policy or policies protecting Franchisee and Franchisor, and their respective shareholders, directors, officers and employees, against any loss, liability or expense whatsoever from fire, personal injury, theft, death, property damage or otherwise, arising or occurring upon or in connection with the Location or by reason of Franchisee's operation or occupancy of the Location. Franchisor will be an additional named insured in such policy or policies. Such policy or policies will be written by an insurance company acceptable to Franchisor and will include general liability coverage with a single limit of \$1,000,000 and an aggregate limit of \$2,000,000, or such higher amounts as may be required under the terms of any underlying prime lease, for bodily injury, and property damage combined, vehicle insurance with limits of \$1,000,000 for all vehicles used in the operation of the Franchise for bodily injury and property damage combined, 100% replacement value insurance on Franchisee's property at the Location, product liability insurance with a single limit of \$1,000,000, plate glass insurance, business interruption insurance and such statutory insurance as may be required in the state in which the Location is situated. All

delivery drivers must have a current driver's license and proof of liability insurance satisfactory to Franchisee. The insurance afforded by the policy or policies respecting liability will in no way be limited in any way by reason of any insurance that may be maintained by Franchisor. No later than the business day before the date on which the Franchise is scheduled to commence operations hereunder, evidence of insurance issued by the insurance company showing compliance with the foregoing requirements will be furnished by Franchisee to Franchisor. Thereafter, 30 calendar days prior to the expiration date of such policy or policies, Franchisee will furnish Franchisor with evidence of continued insurance coverage. The evidence of insurance will include a statement that the policy or policies may not be cancelled or altered without at least 30 calendar days' prior written notice to Franchisor. Maintenance of insurance and the performance by Franchisee of the obligations under this Article XIII will not relieve Franchisee of liability under the indemnity provisions set forth herein.

B. Insurance Carrier Must be Approved by Franchisor

Such policy or policies shall be written by an insurance Corporation rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to TRFC in accordance with standards and specifications set forth in the Manuals.

C. No Limitations on Coverage

Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by TRFC, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article XVIII of this Agreement.

D. Franchisee Must Provide Evidence of Coverage to Franchisor

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least 30 days' prior written notice to Franchisor.

E. Franchisor May Procure Insurance Coverage

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manual or otherwise in writing, Franchisor shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice from Franchisor.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of 3 years, full, complete accurate records of sales, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by Franchisor in the Manual or otherwise specified in writing.

B. Franchisor's Right to Audit

TRFC or its designated agents shall have the right, at all reasonable times, to examine and copy, at TRFC's expense, the books, records, and tax returns of Franchisee and the Business. TRFC shall also have the right, at any time, to have an independent audit made of the books of the Business. If an inspection should reveal that any payments to Franchisor have been understated in any report to TRFC, then Franchisee shall immediately pay to TRFC the amount understated upon demand, in addition to interest on such amount from the date such amount was due until paid, at the Default Rate, calculated on a daily basis. If an inspection discloses an understatement in any payment to Franchisor of 2% or more, Franchisee shall, in addition, reimburse TRFC for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to TRFC. If an inspection discloses an understatement in any payment to Franchisor of 4% or more, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Article XXIII hereof. The foregoing remedies shall be in addition to any other remedies TRFC may have pursuant to this Agreement and as provided at law and in equity.

C. Reporting of Gross Sales

Franchisee shall submit to TRFC during the term of this Agreement, after the opening of the Restaurant, (a) a royalty report, on a 1 week accounting period basis in the form prescribed by TRFC from time to time, accurately reflecting all Gross Sales during each preceding one week accounting period, and such other data or information as TRFC may require, from time to time, said report to be received by Franchisor by Thursday of the following week from the date of expiration of each such 1 week accounting period; and (b) profit and loss statements, balance sheets and trial balances prepared in accordance with generally accepted accounting principles, consistently applied, for each accounting period, to be received by Franchisor within 15 days after the date of expiration of each period covered by the report, (c) copies of all tax returns relating to sales at the Restaurant to be received by Franchisor within 10 days of the end of the state sales tax reporting period, and (d) such other data or information as TRFC may require, from time to time.

D. Submission of Financial Statements

Franchisee shall, at its expense, submit to Franchisor, within 30 days of the end of each calendar quarter during the term of this Agreement, on forms prescribed by Franchisor, a financial statement, which may be unaudited, for the preceding quarter, including both an income statement and balance sheet. Each financial statement shall be signed by Franchisee or by Franchisee's Treasurer or Chief Financial Officer, attesting that the statement is true and correct. Franchisee shall also, at its expense, submit to Franchisor within 60 days of the end of each fiscal year of Franchisee during the terms of this Agreement, a complete financial statement for said fiscal year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as Franchisor may require. Franchisee shall also submit to Franchisor the current financial statement and other forms, records, reports, information, and data as Franchisor may reasonably designate, in the form, and at the times and the places reasonably required by Franchisor, upon request, and as specified from time to time in the Manual or otherwise in writing.

E. Disclosure of Financial Statements

Franchisee hereby grants permission to TRFC to release to Franchisee's landlord, lenders or prospective landlords or lenders, any financial and operational information relating to Franchisee and/or

the Restaurant; however, TRFC has no obligation to do so.

F. Accounting Equipment

1. Franchisee shall follow and adhere to the daily accounting and reporting procedures as required by TRFC, from time to time, and shall purchase accounting and reporting equipment including, but not limited to, point of sale equipment as required by TRFC. The point of sale equipment to be used in the Restaurant shall possess several important features in order to facilitate the operation and internal accounting control of the Business. The hardware of the point of sale system shall contain the following, without limitation:

2. Franchisee is required to purchase the Aloha electronic Point of Sale (POS) system from Radiant Systems, or one of its dealers for use in operating Franchisee's Taco Rico Restaurant. Franchisee will need to have a Broadband (Cable or DSL) connection dedicated to Franchisee's P.O.S. system. The cost of the components are the responsibility of the Franchisee:

POS Hardware and Software System

TERMINAL :

Touch Dynamic Breeze All In One Touch Screen Computer
Windows POS Ready Package Installed
Pro Hospitality RPE POS Software Package Installed
Integrated Two Line Alphanumeric VFD Client Display
Integrated Three Track Magnetic Credit/Loyalty/Gift Card Reader

PRINTER:

Epson Thermal Receipt Printer W/ Autocutter
Epson Thermal Kitchen Printer W/ Autocutter
Including Multiport Networking Hub

CASH DRAWER:

MS Deluxe Media Cash Drawer

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USE OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. TRFC has the exclusive right to use the Names and Marks to establish Taco Rico Restaurants in the United States and Canada.

2. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and

3. Franchisor will use and permit Franchisee and other franchisees to use the Names and Marks with the System and standards attendant thereto, which underlie the goodwill associated with and symbolized by the Names and Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Accepted Location;

3. Franchisee shall use and display, as Franchisor may require in the operation of the Business, a notice in the form approved by Franchisor indicating that Franchisee is a "Franchised Operator" under the System and that the Names and Marks are used by Franchisee under such Franchise;

4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark Taco Rico®.

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights;

6. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;

7. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;

8. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability; and

9. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation.

10. During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the Business as TRFC may designate in writing. The form and content of such identification shall comply with standards set forth in the Manual.

C. Franchisee Will Not Challenge Franchisor's Rights in its Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating thereunder; and

7. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person or corporation.

8. The right and license of the Names and Marks granted hereunder to Franchisee is non-exclusive, and TRFC thus has and retains the rights, among others:

A. To use the Names and itself in connection with selling products and services;

B. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and

C. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the Names and Marks licensed hereunder or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System products for resale.

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Will Learn Proprietary Matters

Franchisee acknowledges that he or she will obtain knowledge of proprietary matters, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Business, without which information Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, the layout of the Business and the Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. As used herein, "Proprietary Information" shall mean confidential information concerning:

1. Persons, corporations or other entities which are, have been or become Franchisees of the System and any investors therein;
2. Persons, corporations or other entities which are, have been or become customers of the Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures of the System, including without limitation: distinctive management, bookkeeping and accounting systems and procedures, advertising, promotional and marketing methods, personnel hiring and training procedures, the manufacturers, suppliers and uses of equipment, and lists of vendors and suppliers;
5. The economic and financial characteristics of the System and Franchisees, including without limitation: pricing policies and schedules, profitability, earnings and losses, and capital and debt structures;
6. The services and products offered to customers of Businesses, including, without limitation, the scope of services performed and services refused; and
7. All documentation of the information listed in Articles XVI.A.1 through XVI.A.7 hereof, including, without limitation, the Manual. During the term of this Agreement and for a period of 5 years following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Proprietary Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisor to divulge any secret processes, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Proprietary Information

The Franchisee may disclose Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Business. Franchisee shall obtain from each such employee, representative or agent, an agreement that such person shall not during the course of his employment, representation, or agency with Franchisee, or for a period of 5 years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the Proprietary Information of Franchisor.

C. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Article XVI will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys'

fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Article XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies which Franchisor may have.

D. Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in or to any patents that are material to the Franchise. However, Franchisor intends to obtain copyright protection for the Manual and certain marketing, sales, and operations literature. Furthermore, Franchisor claims rights to certain trade secrets and confidential information as discussed above.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing within 5 days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons.

B. Franchisee Must Comply With Laws

Franchisee shall, at Franchisee's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of this Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Business, including, without limitation, any required permits, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

C. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

D. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Business, or any improvements thereon.

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchisee further understands and agrees that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising therefrom against Franchisee. Franchisee shall indemnify and hold Franchisor and Franchisor's officers, directors, shareholders and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with, Franchisee's operation of the Business, as well as the cost, including attorney's fees, of defending against same.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

B. Franchisee Will Not Compete Against Franchisor

1. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of TRFC and the System. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by TRFC, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed by TRFC or by any other franchisee or affiliate of TRFC, or otherwise directly or indirectly induce such person to leave his or her employment.

2. Franchisee covenants that, except as otherwise approved in writing by TRFC, Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for 2 years thereafter, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any Restaurant business featuring the overall Taco Rico concept, with similar decor or similar menu items to a Taco Rico Restaurant within a 5 mile radius of the Restaurant location designated hereunder, or within a 5 mile radius of any other Taco Rico Restaurant in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document of TRFC in effect as of the date of expiration or termination of this Agreement.

C. Exception to Covenant Not to Compete

Article XIX.B hereof shall not apply to ownership by Franchisee of less than a 5% beneficial interest in the outstanding equity securities of any Publicly-Held Corporation.

D. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of 2 years following the expiration or termination of this Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Divert or attempt to divert business or customers of the Business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or

3. Induce, directly or indirectly, any person who is at that time employed by Franchisor or by any other Franchisee of Franchisor, to leave his or her employment. The provisions of this Article XIX.D shall apply only in the geographical area lying within the exclusive territory of the Business.

E. Franchisor is Entitled to Injunctive Relief

Franchisee acknowledges that any failure to comply with the requirements of this Article XIX will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XIX and waives any requirement for the posting of any bond(s) relating thereto. Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under the Agreement or otherwise.

F. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Article XIX. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Article XIX.

G. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against TRFC, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by TRFC of the covenants in this Article XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by TRFC in connection with the enforcement of this Article XIX.

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

The Franchisor shall provide the Franchisee with the following assistance and services:

A. The Training Program

1. The Franchisor will provide a training program concerning the operation of the Business consisting of 14 days of training at a location to be designated by Franchisor. The exact days will be mutually selected by Franchisor and Franchisee. Franchisee and/or his or her designated representative shall attend such training program at no charge to the Franchisee. Franchisee shall be responsible for any travel, lodging, meal or other costs for the attendee(s) of the training program at the Franchisor's Home Office. Franchisee must have at least one fully trained, full-time Manager operating the Business during the entire term of the Agreement. Either the Franchisee or Franchisee's Manager must attend the training sessions. Any person subsequently employed as a full-time manager of the Business may be required by Franchisor to complete the initial training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement.

2. TRFC shall also offer training resources, at a cost to Franchisee to be determined by TRFC, to assist franchisee at their Restaurant location for hourly employees.

3. TRFC shall provide such continuing advisory assistance to Franchisee in the operation, advertising and promotion of the Business as TRFC deems advisable. TRFC shall also provide refresher training programs for Franchisee and to Franchisee's employees as TRFC deems appropriate

4. TRFC may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising as described in Article XB.2 of this Agreement and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials which Franchisee proposes to use must be reviewed and approved by TRFC, pursuant to Article X.B hereof.

5. The Franchisor may conduct additional seminars or other training programs for the benefit of the Franchisee, and Franchisee (and/or Franchisee's employees) may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by Franchisee.

6. Franchisee may make reasonable request for training in addition to that specified above, and Franchisor shall provide such training, at Franchisee's expense, including without limitation, any travel, lodging, meals and other related costs.

7. Franchisee shall complete and/or shall cause its employees to complete, to Franchisor's satisfaction, such other additional training as Franchisor may reasonably require from time to time.

8. TRFC may provide Franchisee, from time to time, as TRFC deems appropriate, such merchandising, marketing and other data and advice as may from time to time be developed by TRFC and deemed by TRFC to be helpful in the managing and operation of the Business.

9. TRFC may provide such periodic individual or group advice, consultation and assistance, rendered by personal visit or telephone, or by newsletter or bulletins made available from time to time to all TRFC franchisees, as TRFC may deem necessary or appropriate.

10. TRFC may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on behalf of TRFC regarding its plans, policies, developments

and activities. In addition, TRFC may provide such communication concerning new developments, techniques and improvements in the food preparation, equipment, food products, packaging and Restaurant management which TRFC feels are relevant to the operation of the Restaurant.

11. TRFC shall provide the requirements for a standardized system for accounting, cost control and inventory control.

12. TRFC shall seek to maintain the high standards of quality, appearance, and service of the System, and to that end shall conduct, as it deems advisable, inspections of the Restaurant franchised hereunder, and evaluations of the products sold and services rendered therein.

13. Franchisor is obligated to take any appropriate action to preserve the Names and Marks against unauthorized operations which infringe on such Names and Marks.

14. All obligations of TRFC under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Site Selection

The Franchisee has the responsibility for selecting a site. The Franchisor shall then review and accept or not accept the Franchisee's site selection and lease agreement, based on an analysis of local competing businesses, population density and other demographics, visibility and accessibility, traffic patterns, the neighborhood, suitability of the premises to be leased and other factors more fully described in the Franchisor's Manual. The suitability of a site is determined on a case-by-case basis. Franchisor's acceptance of a site does not constitute a guarantee by Franchisor that the Business will be profitable at that site.

C. Business Layout and Design

Provided that Franchisee leases an existing building, the Franchisor will assist the Franchisee with the layout and design of the Business including location of walls, counters and the location of equipment and fixtures following the lease of the premises and delivery of the floor plan to the Franchisor. The costs of leasehold improvements, signs, furniture and fixtures for finishing out a Business are the responsibility of the Franchisee.

D. Post-Training Assistance

In addition to the assistance rendered to the Franchisee prior to opening, the Franchisor will provide continuing consultation and advice regarding business, financial, operational, technical, pricing, legal, sales and advertising matters, products, management of supplies, styles and type of service, operation of the Business, and development of personnel policies. The Franchisor will provide such assistance by telephone or, if the situation warrants, through on-site assistance of appropriate Franchisor personnel.

E. Operations Manual

1. In order to protect the reputation and goodwill of TRFC and to maintain high standards of operation under Taco Rico Proprietary Marks, Franchisee shall conduct its

business in accordance with this Agreement and Training Manuals and/or Videotapes, described herein as the "Manuals" (one copy of which Franchisee shall acknowledge in writing upon receipt has been received on loan from TRFC for the term of this Agreement), other written directives which TRFC may issue to Franchisee from time to time whether or not such directives are made part of the Manuals, and any other manuals, videotapes, and materials created or approved for use in the operation of the Business by Franchisor, from time to time.

2. Franchisee shall at all times treat the Manuals, any written directives of TRFC, any Restaurant plans and specifications, and any other manuals created for or approved for use in the operation of the Business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

3. The Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by TRFC, shall at all times remain the sole property of TRFC and shall at all times be kept and maintained in a secure place on the Restaurant premises.

4. TRFC may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Business, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

5. Franchisee shall at all times insure that its copy of the Manuals is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manuals, the master copy of the Manuals maintained by TRFC at TRFC's headquarters shall be controlling.

6. Any suggestions Franchisee may have concerning the improvement of products, equipment, uniforms, Restaurant facilities, service format and advertising are encouraged and shall be considered by TRFC when adopting or modifying the standards, specifications and procedures for the System.

F. Selecting Suppliers

Franchisor shall provide Franchisee a list of approved suppliers of necessary supplies.

G. Recommended Price Schedules

Franchisor shall advise Franchisee from time to time, concerning such suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a maximum retail price list. Nothing contained herein shall be deemed a representation by Franchisor that the use of the Franchisor's suggested prices will in fact optimize profits.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business

potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

XXII. SALE OF FRANCHISE

A. Assignment by Franchisee

This Agreement restricts the Franchisee's right to assign the Agreement to a third party. Neither this Agreement, nor any of the Franchisee's rights or privileges, shall be assigned, transferred, shared, redeemed or divided by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, which consent will not be withheld or delayed unreasonably. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and payable to TRFC or affiliate;
2. The proposed assignee (or its partners, managers, directors, officers, or controlling shareholders, if it is a corporation or partnership) must meet the then-applicable standards of Franchisor;
3. The proposed assignee must not operate a franchise, license or other business offering services similar to those offered by the Business;
4. The assignee must execute and agree to be bound by the then current form of this Agreement, which form may contain provisions which materially alter the rights or obligations of Franchisee under this Agreement;
5. Franchisor shall charge a transfer fee of the greater of 10% of the purchase price or \$5,000. If Franchisor determines that training is required, assignee will attend training at Franchisor's Home Office as required under the then current Franchise Agreement. Franchisor shall have the right to require Franchisee and its owners to execute a general release of Franchisor in a form satisfactory to Franchisor's counsel as a condition to its approval of assignment or other transfer of the Franchise;
6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and TRFC, its subsidiaries or affiliates and, at the time of transfer, shall not be in default thereof;
7. The transferor shall have executed a general release under seal, in a form satisfactory to TRFC, of any and all claims against TRFC and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as TRFC may request) shall enter into a written assumption agreement, in a form satisfactory to TRFC, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and/or any new franchise agreement, as hereinafter provided;

9. The transferee shall demonstrate to TRFC's satisfaction that the transferee meets TRFC's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Business.

10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as TRFC may request) shall execute, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as TRFC may require for the Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty rate, advertising contribution, and service charge for goods; provided; however, that the transferee shall not be required to pay an initial franchise fee;

11. The transferee, at its expense, shall upgrade the Restaurant to conform to the then-current standards and specifications of the new entry System and shall complete the upgrading and other requirements within the time specified by TRFC;

12. Franchisee shall remain liable for all of the obligations to TRFC in connection with the Business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by TRFC to evidence such liability;

13. Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the transfer;

14. At the transferee's expense, the transferee and, if applicable, the transferee's designated individual manager shall complete any training programs then in effect for franchisees upon such terms and conditions as TRFC may reasonably require; and

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Restaurant site from the original franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable.

B. Assignment by Franchisor

Franchisor has an unrestricted right to transfer or assign all or part of its rights or obligations under this Agreement to any assignee or other legal successor to the interests of Franchisor.

C. Transfer Upon Death or Mental Incapacity

1. Upon the death or mental incapacity of any person with an interest in the Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by Franchisor within 6 months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer

contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

2. Pending assignment, upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal, a manager shall be employed for the operation of the Restaurant who has successfully completed Franchisor's training courses to operate the Restaurant for the account of Franchisee. If after the death or disability of the Principal, the Restaurant is not being managed by such trained manager, TRFC is authorized to appoint a manager to maintain the operation of the Restaurant until an approved assignee will be able to assume the management and operation of the Restaurant, but in no event for a period exceeding 1 year without the approval of the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Restaurant during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Restaurant, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to the Fees due hereunder, TRFC shall charge such fund the full amount of the direct expenses incurred by TRFC during such period of management for and on behalf of Franchisee, provided that TRFC shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Restaurant, or to any creditor of Franchisee or the Principal during any period in which it is managed by a TRFC-appointed or approved manager.

D. Sale of Franchised Business

If the Franchisee (or its owners) desire to sell the Business, or part or all of the ownership of the Business, then Franchisor will reasonably assist Franchisee (or its owners) in connection therewith. If Franchisee (or its owners) shall obtain a bona fide written offer to purchase the Business, or such ownership, such offer shall be submitted promptly to Franchisor. For a period of 30 days from the date of Franchisor's receipt of such offer, Franchisor shall have the right, exercisable by written notice to Franchisee (or its owners), to purchase the Business, or such ownership, for the price and on the same terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer. If Franchisor does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchisee or its owners, subject to the prior written approval of Franchisor. To enable TRFC to determine whether it will exercise its option, Franchisee and the seller shall provide such information and documentation, including financial statements, as TRFC may require. In the event that TRFC elects to purchase said interest, closing on such purchase must occur within 90 days from the date of notice to the seller of the election to purchase said Interest by TRFC. Failure of TRFC to exercise the option afforded by this Article XXII.D shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article XXII, with respect to a proposed transfer of any Interest. Any subsequent change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by TRFC as in the case of an initial offer.

XXIII. TERMINATION OF FRANCHISE

A. Potential Impact of Statutes Upon Franchise Agreement

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. By Franchisor

Franchisee acknowledges that the strict performance of all the terms of this Agreement is necessary not only for protection of Franchisor, but also the protection of Franchisee and other franchisees of Franchisor. As a result, Franchisee therefore acknowledges and agrees that strict and exact performance by Franchisee of each of the covenants and conditions contained herein is a condition precedent to the continuation of this Agreement. If Franchisee shall breach any material provision of this Agreement, then Franchisor shall notify Franchisee in writing of such breach, specifying its nature and giving Franchisee 5 days, or such longer period as applicable law may require, in which to remedy same. If Franchisee shall fail to remedy such breach, then Franchisor can terminate this Agreement and the Franchise effective 5 days, or such longer period as applicable law may require, after delivery of notice of termination to Franchisee.

C. Termination of Franchise Without Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it, without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Abandons, surrenders, or transfers control of the operation of the Business or fails to continuously and actively operate the Business, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;
2. Consistently fails or refuses to submit when due any financial statement, tax return or schedule, or to pay when due the Base Royalty Fees, or any other payments due Franchisor or its affiliate;
3. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;
4. Has made a material misrepresentation or omission on the application for the Franchise;
5. Transfers, assigns, or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;
6. Discloses or divulges the contents of the Manual or any other Proprietary Information provided to Franchisee by Franchisor;
7. Repeatedly fails to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;
8. Commits a breach of this Agreement or engages in any other activity which has a material adverse effect on Franchisor or the Names and Marks;
9. Fails or refuses to comply with any provision of this Agreement or any other agreement between Franchisor and Franchisee relating to the Business or the Franchise, and does not correct such failure or refusal within 30 days after written notice of such failure or refusal to comply is delivered to Franchisee;
10. Is convicted of a felony or has pleaded *nolo contendere* to a felony;

11. Fails to discharge any valid lien placed against the property of the business;

12. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;

13. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws.

14. Becomes insolvent or makes a general assignment for the benefit of creditors.

15. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee.

16. If a receiver or other custodian (permanent or temporary) of the Restaurant, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise.

17. If proceedings for a disposition with creditors under any state or federal law should be instituted by or against Franchisee.

18. If a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved or is wound up.

19. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee.

20. If any real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

21. If, in violation of the terms of Articles XII, XVI and/or XX. Here of, Franchisee, its principals, representatives, agents or employees disclose or divulge the contents of the Manuals or other confidential information provided to Franchisee by TRFC, or if Franchisee maintains false books or records, or submits any false reports to TRFC.

22. If any inspection of Franchisee's records discloses an understatement of payments due TRFC of 4% or more.

23. If Franchisee's alternate candidate for management training shall not adequately complete such management training program, after either Franchisee or Franchisee's designated individual previously failed to complete adequately the management training.

D. Termination of Franchise With Cure

Notwithstanding the foregoing, Franchisee shall cure violations of health, safety, or sanitation laws with 72 hours' notice, and shall pay past due advertising and royalty fees upon 5 days' notice. Any default not specifically listed herein shall be cured within 5 days of notice.

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures, descriptions of products, and techniques associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Names and Marks. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information.

B. Franchisee Shall Cease Operating Business

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, it will take such action that may be required to cancel all assumed names or equivalent registrations relating to its use of any Names or Marks and to notify the telephone Corporation and listing agencies of the termination or expiration of Franchisee's right to use any telephone number in any classified ad and any other telephone directory listings associated with the Names and Marks or with the Business and to authorize transfer of same to Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone number and directory listings associated with any Names or Marks of the Business. Franchisee further authorizes Franchisor, and hereby appoints Franchisor as its attorney in fact, to direct the telephone Corporation and all listing agencies to transfer same to Franchisor, should Franchisee fail or refuse to do so, and the telephone Corporation and all listing agencies may accept such direction in this Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

E. Franchisee Must Return Manual and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Manual, training aids and any other materials which have been loaned to it by Franchisor. Franchisee further agrees to turn over to Franchisor any other manuals, computer programs, software, customer lists, records, files, instructions, correspondence and brochures, and any and all other confidential and proprietary materials relating to the operation of the Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and only Franchisee's copy of this Agreement and any correspondence between the parties, and any other document copies which Franchisee reasonably needs for compliance with any provision of law may be retained by Franchisee.

F. Franchisor May Purchase Inventory and Equipment

Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within 30 days after termination or expiration, to purchase any or all inventory, equipment, supplies, signs, advertising materials and items bearing Franchisor's Names and Marks, at fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and determination of such appraiser shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost for the appraisal, if any, against any payment therefor.

G. Franchisee Must Pay Monies Owed to Franchisor

Franchisee shall pay to Franchisor, within 15 days after the effective date of termination or expiration of this Agreement, such Base Royalty Fees, National Fund contributions, payments for inventory, equipment or merchandise, or any other sums owed to Franchisor by Franchisee, which are then unpaid. Franchisee shall pay to TRFC all damages, costs, and expenses, including reasonable attorney's fees, incurred by TRFC in obtaining injunctive or other relief for the enforcement of any provisions of Article XIX.

XXV. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Base Royalty Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation hereunder. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to arbitration as provided in this Agreement.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

C. Arbitration

Except insofar as Franchisor elects to enforce this Agreement by judicial process, injunction, or specific performance (as hereinabove provided), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Broward County, Florida, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Franchisee the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor or Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement.

D. Rights of Parties Are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Manual.

E. Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Article XXIII of this Agreement, to collect any amounts owed to Franchisor for any unpaid Base Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

F. Construction

Any other agreements or instruments referred to herein or which relate to the purchase or lease by Franchisee from Franchisor of any fixtures, signs, equipment, merchandise, or the like, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor or Franchisee relating to the subject matter of this Agreement. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or partnership, as the case may be, the singular usage includes the plural, and the

masculine and neuter usages include the other and the feminine. References to "Franchisee" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee if Franchisee is a corporation or partnership.

G. Florida Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Florida, and venue shall lie in Dade County, Florida.

H. Attorney Fees

In the event any legal proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party.

I. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

J. There Are No Unwritten Agreements; Operations Manual is Subject to Change

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto. The manual may be amended at any time by Franchisor, however, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

K. Entire Agreement

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete Agreement between TRFC and Franchisee concerning the subject matter hereof, and supersede all prior agreements. Except for those acts permitted to be made unilaterally by TRFC hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

L. Force Majeure

Except for monetary obligations hereunder, or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed 90 days from the stated time periods as set forth in Article I of this Franchise Agreement.

XXVI. APPROVALS AND WAIVERS

1. Whenever this Agreement requires the prior approval or consent of TRFC, Franchisee shall make a timely written request to TRFC therefor, and such approval or consent shall be obtained in writing.

2. TRFC makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefor.

3. No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXVII. AUTHORITY

Franchisee or, if Franchisee is a corporation or partnership, the individuals executing this Agreement on behalf of such corporation or partnership, warrant to Franchisor, both individually and in their capacities as partners or officers, that all the partners in the partnership or all of the shareholders of the corporation, as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in the partnership or corporation, as set forth in Article XXII herein.

XXVIII. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified, registered or express mail, return receipt requested, or by overnight delivery service, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party: Notices to Franchisor:

Taco Rico Franchising Corporation Attention:
Franchise Department
8688 NW 13 Terrace
Doral, Florida 33126

With Copy To:

Samuel B. Morrison
25 Atlanta Street, Suite D
Marietta, GA 30060

Notices to Franchisee

Any notice by certified, registered or express mail, or overnight delivery service, shall be deemed to have been given at the earlier of the date and time of receipt or refusal of receipt or, if by mail, 3 business days after being deposited in the United States mail.

XXIX. STATE ADDENDA

Following this page are addenda to the Agreement for the following states:

1. California
2. Hawaii
3. Illinois
4. Indiana
5. Maryland
6. Minnesota
7. New York
8. North Dakota
9. Rhode Island
10. South Dakota
11. Virginia 12
- Washington
13. Wisconsin

If your **Taco Rico** Restaurant is located in any of the following states, these provisions apply and amend all conflicting provisions. You must sign the signature page for the following Addendum if:

- 1.) you are an individual resident of any of these states; or
- 2.) you are an entity formed in any of these states; or
- 3.) you are an entity with your principal place of business in any of these states; or
- 4.) your Territory will be in any of these states

1. CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

a. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.). 310.1141.1 (c) (5) (B) (I).

b. The Agreement requires that it be governed by Florida law. This requirement may be unenforceable under California law.

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

d. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California law applicable to the provision are met independently without reference to this Addendum.

2. HAWAII ADDENDUM TO FRANCHISE AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

b. Articles XXIII and XXIV of the Franchise Agreement as they relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

c. Articles XXIII.B and XXIII.D.13 permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq.*).

d. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

3. ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

a. If that the Agreement would otherwise violate Illinois law, these sections are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

b. The Illinois Franchise Disclosure Act, as amended, applies to this transaction and supersedes any conflicting provisions of the Agreement or State of Incorporation law.

c. According to section 41 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that would require you to waive any right granted by the Illinois Franchise Disclosure Act is deleted from Agreement.

4. INDIANA ADDENDUM TO FRANCHISE AGREEMENT

- a. Article VI is amended to add the following:

“We will not compete unfairly with you within a reasonable distance around your location.”

b. Articles VII.7 and XXIII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 §1(5).

c. Under Article XVIII, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

d. Article XXV.C is amended to provide that arbitration between you and us will be conducted at a mutually agreed-on location.

e. Article XXV.G is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

- f. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

g. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

5. MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

b. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void if that the provision violates this law. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

c. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void if that the provision violates this law. Claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland, within 3 years after the grant of the franchise.

d. In Maryland, all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be held in escrow pending satisfaction of all of the franchisor's material pre-opening obligations to the franchisee. The state of Maryland requires

that we hold your initial Franchise Fee in escrow; you will escrow your fees with the M & T Investment Group, in Maryland.

6. MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

- a. Article XV is amended to add the following:

“We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”

b. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

- c. Article XXIII.C is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds., 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the franchise agreement.

- d. Article XXV.C are each amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the offering circular or franchise 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 remedies provided for by the laws of the jurisdiction.

- e. Article XXV.C is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

f. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

7. NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

- a. Article XXII.A.9 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our goodfaith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

- b. Article XXII is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law

Sections 687.4 and 687.5 be satisfied.

c. Article XVIII is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

d. Article XXV.F is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

e. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

8. NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

b. Article XXV.C will be amended to state that arbitration involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the arbitration, or if the parties cannot agree on a location, at a location to be determined by the arbitrator.

c. Article XIX.B.2 is amended to add that covenants not to compete on termination or expiration of a franchise agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

d. Article XXV.C will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota.

e. Article XXV.G will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

f. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

9. RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

b. This Agreement requires that it be governed by Florida law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

c. Article XXV.C of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

d. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 1928-1.1 through 19-28.1-34, are met independently without reference to this Addendum.

10. WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release is subject to and will exclude all claims arising under the Washington Franchise Investment Protection Act.

b. Article XXIII regarding non-renewal and termination of the Agreement is effective only to the extent that it is not inconsistent with the Washington Franchise Investment Protection Act.

c. Article XXV.C will be amended to add that any claim or right arising under the Washington Franchise Investment Protection Act may be brought in the appropriate state or federal court in the State of Washington.

d. Article XXV.G states that the Agreement will be governed by Florida law. Such requirement will be amended to state that in the event of a conflict of law, the Washington Franchise Investment Protection Act will prevail.

e. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate on the date and year first above written.

TACO RICO FRANCHISING CORPORATION

By: _____
President and CEO

NAME OF FRANCHISEE'S CORPORATION

By: _____
Its: _____

By: _____
Print Name: _____
Its: Individually _____

By: _____
Print Name: _____
Its: Individually _____

APPENDIX

TACO RICO FRANCHISING CORPORATION

1. Your legal organization (circle one): (a) sole proprietorship, (b) partnership, (c) corporation, or (d) limited liability company.
2. If you are not a sole proprietor, list of all partners, members or shareholders or others holding any ownership interest in you:

Name and Address	% interest	Active in Operation of Business? (yes/no)
(a) _____ _____ _____	_____	_____
(b) _____ _____ _____	_____	_____
(c) _____ _____ _____	_____	_____
(d) _____ _____ _____	_____	_____
(e) _____ _____ _____	_____	_____

100%		

3. If you are a corporation, attach certified copy of Articles of Incorporation and all corporate documents authorizing the corporation to enter into this Agreement. If you are a partnership, attach your Partnership Agreement. If you are a limited liability company, attach Articles of Organization and Operating Agreement or equivalent. If you are any other form of business organization, attach copies of the documents under which you were organized and authorized to enter into this Agreement.

4. List your principal business address, which will serve as your address for notices under this Agreement.

5. List each of your officers and directors:

	<u>Name</u>	<u>Title</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____
(e)	_____	_____

The undersigned certifies that all information contained in this Appendix is accurate and complete, and agrees to notify Taco Rico Franchise Corporation promptly (and in any case within 30 days) upon any change in the information required to be disclosed in this Appendix.

Franchisee's Corporation Name

By: _____
Its: _____

Date: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT

GUARANTY

As an inducement to Taco Rico Franchising Corporation (“TRFC”) to execute that certain Franchise Agreement (including any future amendments thereto) with (“Franchisee”) dated as of, a copy of which is attached hereto, (the “Franchise Agreement”), each of the undersigned for themselves, their heirs, successors, and assigns, do jointly and severally, hereby absolutely and unconditionally warrant to TRFC and our parent, successors and assigns that all representations of Franchisee contained in both the Franchise Agreement and the application submitted in connection therewith are true and correct. The undersigned also jointly and severally agree to be personally bound by each and every covenant, term, condition, agreement and undertaking (including, without limitation, the timely payment and performance of all of Franchisee's obligations under the Franchise Agreement), contained and set forth in the Franchise Agreement, and the full and prompt payment of any amounts, costs, expenses, claims, charges or liabilities incurred by TRFC under the Franchise Agreement or this Guaranty, including attorneys' fees and costs, related to the making, performance, or enforcement of the Franchise Agreement or this Guaranty, and agree that this Guaranty shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement.

If more than one person has executed this Guaranty, the term “the undersigned” as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by us and the Franchisee, and the undersigned do guarantee and promise to perform all the obligations of the Franchisee under the Franchise Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Franchise Agreement, this Guaranty or any other instrument or agreement between TRFC and the Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and (d) TRFC or any other person may deal in any manner with the Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement, TRFC may proceed directly against any or each of the undersigned without first proceeding against or notifying the Franchisee and without proceeding against any others of the undersigned. Upon notice from TRFC that Franchisee has failed to pay monies due and owing to TRFC under the Franchise Agreement, any and each of the undersigned agree to cure any monetary default within 5 business days from such notice.

Notice to and demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other of the undersigned from liability hereunder or under the Franchise Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect. This Guaranty constitutes a guaranty of payment and performance and not of collection, and each of the undersigned specifically waives any obligation TRFC may have to proceed against the Franchisee on any money or property held by the Franchisee or by any other person or entity as collateral security, by way of set off or otherwise. The undersigned further agree that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment of any of the guaranteed obligations is rescinded or must otherwise be restored or returned by TRFC upon the insolvency, bankruptcy or reorganization of the Franchisee/Occupant or any of the undersigned, all as though such payment has not been made.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Franchise Agreement.

Any waiver, extension of time or other indulgence granted by TRFC or their agents, successors or assigns, with respect to the Franchise Agreement shall in no way modify or amend this Guaranty which shall be continuing, absolute, unconditional and irrevocable. This Guaranty may be assigned by TRFC voluntarily or by operation of Law without reducing or modifying the liability of the undersigned hereunder.

TRFC's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of TRFC's ability to do so at any point in the future.

Any litigation initiated under this Guaranty may be instituted exclusively at our discretion in the U.S. District Court for the Southern District of Florida, Miami Division or in the Superior Court of Dade County, Florida. The undersigned expressly agree that they are subject to the jurisdiction and venue of those courts for purposes of such litigation. The undersigned hereby waive and covenant never to assert any claim that they are not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Except to the extent governed by Federal Law, this Guaranty is to be exclusively construed in accordance with and/or governed by the Law of the State of Florida without recourse to Florida (or any other) choice of Law or conflicts of Law principles. If, however, any provision of this Guaranty would not be enforceable under the Laws of Florida, and if the business franchised under the Franchise Agreement is located outside of Florida and the provision would be enforceable under the Laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the Laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary or other doctrine of Law of the State of Florida or any other state, which would not otherwise apply.

If TRFC chooses to proceed against the undersigned under this Guaranty, and we prevail, the undersigned shall reimburse us our costs and expenses associated with the litigation, including our reasonable attorneys' fees, court costs and expenses.

The undersigned hereby specifically waives, presentment, notice, notice of protest, demand, notice of dishonor, and notice of default with respect to any obligation set forth in the Agreements or this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has executed and delivered this Guaranty as of the date of the Agreements.

OWNER:

Signature

Print Name

Signature

Print Name

OWNER:

Signature

Print Name

Signature

Print Name

OWNER:

Signature

Print Name

Signature

Print Name

OWNER:

Signature

Print Name

Signature

Print Name

EXHIBIT C TO THE FRANCHISE AGREEMENT
LOCATION DEVELOPMENT AGREEMENT

DATE: _____, 20__.

The Location of the Franchise shall be at _____
_____ (the "Location").

Attached hereto are the plans and specifications for a Taco Works Franchise (the "Plans"). Such Plans consist of:

FRANCHISOR'S AUTHORIZED SIGNATURE BELOW SHALL SIGNIFY ACCEPTANCE OF THE LOCATION.

FRANCHISOR MAKES NO REPRESENTATION OF ANY KIND THAT ANY PLANS PROVIDED TO FRANCHISEE OR REVIEWED BY FRANCHISOR ARE IN CONFORMANCE WITH LOCAL BUILDING CODES, ORDINANCES, PERMIT REQUIREMENTS, LEASE, SUBLEASE OR ANY DEED RESTRICTIONS OR REQUIREMENTS (the "LOCAL REQUIREMENTS").

FRANCHISOR MAKES NO REPRESENTATION OF ANY KIND THAT ITS ACCEPTANCE OF THE LOCATION IN ANY WAY CONSTITUTES ITS GUARANTEE THAT SUCH LOCATION SHALL BE SUCCESSFUL.

FRANCHISEE'S AUTHORIZED SIGNATURE BELOW SHALL SIGNIFY ACCEPTANCE OF SUCH PLANS TO WHICH FRANCHISEE SHALL ADHERE IN THE CONSTRUCTION OR RENOVATION OF THE FRANCHISE LOCATION, MODIFIED ONLY SO AS TO COMPLY WITH SUCH LOCAL REQUIREMENTS.

COMPLIANCE WITH SUCH LOCAL REQUIREMENTS SHALL AT ALL TIMES BE THE SOLE OBLIGATION AND RESPONSIBILITY OF FRANCHISEE. ALL COSTS WITH RESPECT TO MODIFYING THE PLANS AS WELL AS THE COSTS OF THE IMPROVEMENTS ARE THE SOLE RESPONSIBILITY OF FRANCHISEE.

FRANCHISOR
Taco Rico Franchising Corporation

FRANCHISEE

By: _____
Its: _____

By: _____
Its: _____

Witness: _____

Witness: _____

EXHIBIT C TO THE FRANCHISE AGREEMENT

TERRITORY

Franchisee's Territory is specifically defined as:

EXHIBIT D TO THE FRANCHISE AGREEMENT
STORE OPENING CERTIFICATE

STORE OPENING CERTIFICATE

Whereas, the Franchisee named below has demonstrated competence in the “Taco Rico®”
System

and has designed, built-out and outfitted its store in accordance with “Taco Works®” Standards.
Taco Rico Franchising Corporation hereby approves the opening of franchised “Taco Works® Cafe #_”
_____ to be located at:

Owned and Operated By:

Name of Franchisee Operating Partner

This Certificate issued this _____ day of _____, 200_____.

TACO RICO FRANCHISING CORPORATION

Authorized Representative Authorized Representative

This Certificate is not valid unless countersigned above by two authorized representatives of Taco Rico Franchising Corporation.

EXHIBIT E TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND CONFIDENTIALITY AGREEMENT

This “Agreement” made as of the ____ day of _____, 20_, (the “Effective Date”) is by and between (“Franchisee”) and (“Individual”).

WITNESSETH:

WHEREAS, Franchisee is a party to that certain **Taco Rico** Restaurant Franchise Agreement (“Franchise Agreement”) by and between Franchisee and Taco Rico Franchising Corporation (“Company”); and

WHEREAS, Franchisee desires Individual to have access to or to review certain Trade Secrets and other Confidential Information of the Company, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to Company’s Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such Trade Secrets or other Confidential Information to compete against Company, Franchisee or any other franchisee of Company now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Recitals**

The above preamble and recitals are true and correct and incorporated into this Agreement.

2. **Trade Secrets**

Individual understands Franchisee possesses and will possess the Company’s Trade Secrets, which is important to its business. For purposes of this Agreement, “Trade Secrets” is information, without regard to form including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, recipes, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee’s providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

3. **Confidential Information**

For purposes of this Agreement, “Confidential Information” means technical and non-technical information used in or related to the Taco Rico Restaurants and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by the Company. Confidential Information shall not include, however, any

information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of the Individual; (b) the Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

4. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any of the Company's Trade Secrets or other Confidential Information.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee as an officer, director, executive or manager of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Individual shall (and Franchisee is entitled to) communicate Individual's obligations under this Agreement to any future customer or employer of Individual to the extent deemed necessary by Franchisee for protection of Franchisee's rights and obligations herein.

5. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) The Company reserves the right to reduce the scope of the obligations under the covenants contained in Articles XVI.B and XVI.C of the Franchise Agreement unilaterally and without the consent of any other person or entities effective upon giving notice thereof.

c) If 1 or more provisions of this Agreement are held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms.

d) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns.

e) Individual shall reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

f) The failure of either party to insist in any 1 or more instances upon performance of any terms and conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) The Company shall be a third-party beneficiary of this Agreement.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer and Individual has executed this Agreement, as of the Effective Date.

WITNESS:

Franchisee

By: _____

Its: _____

WITNESS:

Individual

Signature: _____

Printed Name: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

For the sole consideration of the renewal or transfer of a certain Franchise Agreement dated _____, the receipt and sufficiency whereof is hereby acknowledged, the undersigned hereby releases and forever discharges Taco Rico Franchising Corporation, and/or its, heirs, executors, administrators, agents and assigns, and all other persons, firms or corporations liable or, who might be claimed to be liable, none of whom admit any liability to the undersigned but all expressly deny any liability, from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever.

The undersigned hereby declares that the terms of this release have been completely read and are fully understood and voluntarily accepted for the purpose of making a full and final compromise adjustment and settlement of any and all claims, disputed or otherwise for the express purpose of precluding forever any further or additional claims arising out of the Franchise Agreement.

The undersigned hereby accepts the draft or drafts as final payment of the consideration set forth above.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this ____ day of _____, 20__.

FRANCHISEE’S CORPORATE NAME

In the Presence of:

By: _____

Its: _____

Sworn to and subscribed before me this ____ day of _____, 20__, for the uses and purposes therein mentioned.

Notary Public

EXHIBIT G TO THE TACO RICO FRANCHISE AGREEMENT

AGREEMENT WITH LANDLORD

THIS AGREEMENT dated this _____ day of _____, 20__ by and among **TACO RICO FRANCHISING CORPORATION** (the “Franchisor”); _____ (the “Landlord”) and _____, a _____ (“Tenant/Franchisee”).

WHEREAS, the Landlord and the Tenant/Franchisee are parties to that certain Lease Agreement dated the _____ day of _____, 20 (the “Lease”) relating to the premises described in Exhibit “A” attached hereto (the “Premises”);

WHEREAS, the Tenant/Franchisee is a Franchisee of the Franchisor under that certain **TACO RICO** Franchise Agreement between the Franchisor and the Tenant/Franchisee dated _____, 20 relating to the operation of a **TACO RICO** Franchise at the Premises (the “Franchise Agreement”); and

WHEREAS, in order to assure that a **TACO RICO** Franchise continues to operate at the Premises, the Landlord hereby grants certain rights to the Franchisor under the Lease to protect the Franchisor’s interest under the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter setforth the parties agree as follows:

1. Notices of Default. The Landlord shall mail, upon transmission or within three (3) days of receipt, by first class mail, postage prepaid, to the Franchisor at the address below, copies of all written notices sent to or received from the Tenant/Franchisee, including without limitation, all notices of default.

2. Right to Cure. In the event the Tenant/Franchisee shall be in default under the Lease, the Franchisor may (but shall be under no obligation to), within thirty (30) days after receipt of written notice from the Landlord, cure such default [or such longer period of time if such default is not capable of being cured within thirty (30) days and the Franchisor is diligently proceeding to cure the default] and take immediate occupancy of the Premises without the Landlord’s consent. The Franchisor may at any time after taking occupancy, relet the Premises to another **Taco Rico** franchisee with the Landlord’s written approval of the new tenant/franchisee, which consent shall not be unreasonably withheld or delayed.

3. Right to Assign. The Tenant/Franchisee shall be permitted to assign its interest under the Lease and all rights and obligations thereunder at any time to the Franchisor without the consent of the Landlord. The Franchisor shall be permitted to assign the Lease and all rights and obligations thereunder to another **Taco Rico** tenant/franchisee upon the Landlord’s written approval of the new tenant/franchisee, which approval shall not be unreasonably withheld or delayed.

4. Vacate on Assignment. The Tenant/Franchisee agrees that at the time the Franchisor exercises its option to become the lessee under the Lease, the Tenant/Franchisee will immediately vacate the Premises, without removing any equipment, parts or supplies, except as authorized under the Franchise Agreement and will permit the Franchisor to enter upon and take possession of the Premises.

5. Landlord’s Reliance. The Lessor is authorized to rely solely upon written notice by the Franchisor of its option to become the lessee under the Lease, and is relieved of all liability to the Franchisor and/or the Tenant/Franchisee for any action it takes in so relying that is undertaken in good faith and in the absence of gross negligence or intentional misconduct. The Franchisor and the Tenant/Franchisee, jointly and

severally, agree that they will defend, indemnify and hold the Lessor harmless from claims, demands, losses, costs, expenses (including attorneys' fees and court costs), that may arise in any dispute between the Franchisor and the Tenant/Franchisee with respect to their rights and obligations under this Agreement, including attorney's fees and costs incurred by the Lessor in the prosecution of or participation in any suit for declaratory decree, construction or interpretation of the Lease and/or this Agreement.

6. Acknowledgment of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises to take such steps as may be necessary to protect its interest under the Franchise Agreement including the removal of any signs and other uses of the trademarks, service marks, logos, or the like of the Franchisor (without damage to the Premises.)

7. Modification of Lease. The Landlord and the Tenant /Franchisee will not make any material modifications to the Lease without the Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.

8. Conflict. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall supersede and control.

9. Binding Effect. This Agreement shall be binding upon the personal representatives, heirs, successors and assigns of the parties hereto.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Florida, unless the laws of the state where the Premises are located require the application of the laws of such state.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:
TACO RICO FRANCHISING CORPORATION

By: _____

LANDLORD:

TENANT/FRANCHISEE:

By: _____

By: _____

EXHIBIT C
TO THE TACO RICO FRANCHISING CORPORATION UNIFORM
FRANCHISE DISCLOSURE DOCUMENT

MULTI-UNIT AGREEMENT

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**TACO RICO FRANCHISE CORPORATION
MULTI-UNIT AGREEMENT**

THIS MULTI-UNIT AGREEMENT (the "Agreement") is made this _____ day of _____, 20____, in Doral, Florida by and between Taco Rico Franchising Corporation ("TRFC"), with its principal location at 8688 NW 13 Terrace, Doral, Florida 33126 and _____, an individual/corporation/partner, with his/her/its residence/office at _____ (the "Developer").

WHEREAS, TRFC owns a unique system identified by the Mark "**Taco Rico®**" and other Marks relating to the establishment, development, organization and operation of **Taco Works®** Restaurants from traditional and non-traditional locations and is a Franchisor of **Taco Rico** Restaurants, which feature and specialize in the production and serving of a variety of Mexican food choices made daily and on-spot from the freshest ingredients in a quick service restaurant environment.

WHEREAS, Developer desires the rights to develop **Taco Rico** Restaurants within the geographic area specified in this Agreement, for the limited term of this Agreement; and

WHEREAS, **Taco Rico** is willing to grant such rights according to the terms and conditions of this Agreement,

NOW, THEREFORE, it is mutually agreed as follows:

1. GRANT

TRFC grants to Developer during the term of this Agreement and subject to the conditions, herein, the right to develop **Taco Rico** Restaurants in a limited geographical area identified and set forth in Exhibit A of this Multi-Unit Agreement, except for any protected area located therein as defined in any Franchise Agreement currently issued to other parties. This geographical area shall be referred to as the "Franchised Territory." This grant is personal to Developer named herein and is not transferable, assignable or otherwise subject to divestment except as may be stated herein. The operation of the **Taco Rico** Restaurants developed pursuant to this Agreement will be governed by individual Franchise Agreements issued by TRFC in accordance with Item 11 below. Except as otherwise provided herein, so long as Developer is in compliance with the terms and conditions of this Agreement, TRFC will not Franchise others to operate, nor will itself operate traditional **Taco Rico** Restaurants in the Franchised Territory during the term of this Agreement. This grant and the designation of a Franchised Territory shall not prohibit TRFC from opening or operating on its account or Franchising others to own or operate non-traditional **Taco Rico** Restaurants (such as schools, airports, hospitals, grocery stores, wholesale clubs, and the like) in the Franchised Territory, or from opening or Franchising other competing or non-competing concepts in the Franchised Territory, or from selling its exclusive product or blends through other methods of distribution such as grocery chains, independent outlets or by any other means, in the Franchised Territory.

2. TERM

Unless earlier terminated pursuant to Item 13, this Agreement shall expire on the _____ day of _____, 20____ or upon the execution by TRFC of the Franchise Agreement for the last **TACO**

RICO TEX-MEX CAFE™ Restaurant specified in Exhibit B of the Multi-Unit Agreement, whichever first occurs. The Term of this Agreement shall not be extended under any circumstances.

3. DEVELOPMENT FEE

In consideration of the development rights granted herein, Developer shall pay to Franchisor a Development Fee of \$_____, which is due upon execution of this agreement.

This Development Fee is fully earned by TRFC in consideration of the execution of this Agreement and the authorization for development of this business in the Franchised Territory on Developer's behalf.

The Initial Franchise Fees to be paid by Developer shall be Forty Nine Thousand Nine Hundred Dollars (\$49,900) per unit to be developed. The Initial Franchise Fee for the first unit has been paid in full in the Development Fee, and () deposits of the Twenty Four Thousand Nine Hundred Fifty Dollars (\$24,950) each shall be credited towards the Initial Franchise Fee for the next () Businesses to be developed hereunder. The balance of the initial Franchise Fee for the next () additional Businesses to be developed, or Twenty Four Thousand Nine Hundred Fifty Dollars (\$24,950) each, shall be paid by Multi-Unit Operator upon execution of the Franchise Agreement for the unit, at the time each unit is opened.

4. DEVELOPMENT SCHEDULE

Developer shall open and continuously operate properly franchised **Taco Rico** Restaurants in accordance with the Development Schedule attached hereto as Exhibit B. The parties specifically agree to the number of opening dates in the Development Schedule. In the event that Developer opens and continuously operates a greater number of **Taco Rico** Restaurants than required during any interim period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed satisfied to the extent of such excess number of **TACO RICO TEX- MEX CAFE™** Restaurants, up to the total number of **Taco Rico** Restaurants authorized in the Development Schedule. This provision shall not be construed to allow Developer to open or operate more **Taco Rico** Restaurants than the total number of **Taco Rico** Restaurants authorized under the specific Development Schedule.

5. LOCATION OF RESTAURANTS

Developer is responsible for locating proposed sites within the assigned Franchised Territory for each of the **Taco Rico** Restaurants contemplated in the Development Schedule. During the term of this Agreement, Developer shall use its best efforts to locate suitable sites. TRFC may in its discretion offer counseling and advice in site selection. In no event, however, shall TRFC be obligated to loan money, guarantee leases, provide financing or otherwise be directly involved and/or obligated to Developer or to any third party with respect to such site selection or development; these activities and undertakings are the sole and exclusive responsibility of Developer, financially and otherwise.

6. SITE ACCEPTANCE

Upon selection by Developer of a proposed site for a **Taco Rico** Restaurant, Developer shall promptly submit to TRFC specific site data and demographic and other information concerning the site, utilizing such forms as may be required by TRFC. TRFC shall either accept or reject such site in accordance with TRFC's then-current site selection policies, procedures and criteria. To be effective, any acceptance must be in writing. Developer will not proceed at the rejected site,

but will seek to locate an acceptable site. The acquisition in any manner of any proposed site prior to acceptance by TRFC shall be at the sole risk and responsibility of Developer and shall not obligate TRFC in any way to accept the site.

7. DISCLAIMER

In executing this Agreement, accepting a proposed site, giving approvals or advice or providing services or assistance in connection with this Agreement, TRFC does not guarantee the suitability of any accepted site or the success of any **Taco Rico** Restaurant established at such site. TRFC expressly disclaims any warranties, expressed or implied, with respect to the suitability of any site or the success of any **Taco Rico** Restaurant at any accepted site. Developer understands and acknowledges that the suitability of a site and the success of any **Taco Rico** Restaurant depends on many factors outside the control of either TRFC or Developer (such as interest rates, unemployment rates, demographic trends and the general economic climate), but principally depends on Developer's efforts in the operation of the **Taco Rico** Restaurant.

8. LOCATION REQUIREMENTS

As a condition for accepting a proposed site, TRFC may require Developer to negotiate a lease or sales contract that includes certain terms regarding duration or other specified matters. Developer understands and acknowledges that a site acceptance may be conditioned on such matters and that if Developer, or the Landlord, does not wish to, or cannot, satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected.

9. CONSTRUCTION

Upon receiving acceptance for a proposed site, Developer shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. TRFC will provide generic blue prints, including specifications for fixtures, furnishings, signs and equipment. Developer must hire an architect and general contractor to adapt these generic plans to the accepted site and must submit proposed final working plans to TRFC for approval within the time limits set by TRFC. Developer shall not proceed with construction or remodeling until such approval is granted. Developer shall ensure that the building is constructed or remodeled in accordance with the final working plans and specifications designated and accepted by TRFC. Developer will allow TRFC to make periodic inspections and will provide such periodic progress reports as may be requested by TRFC. The inspection of the site and rendering of reports shall not be construed as approval by TRFC of the workmanship at the site or compliance with local building codes or regulations. Developer alone is responsible for the supervision of construction and determination of compliance with proper federal, state and local building methods, codes and regulations.

10. TRAINING

Unless Developer already is operating at least one **Taco Rico** Restaurant, Developer, a partner of Developer if Developer is a partnership, an authorized shareholder of Developer if Developer is a corporation, the manager or member if developer is a Limited Liability Corporation (LLC), or a designee acceptable to TRFC must complete the **Taco Rico** Training Program prior to the opening of the first **Taco Rico** Restaurant set forth in the Development Schedule. TRFC, in its sole discretion and prior to issuance of any further Franchise Agreements for additional **Taco Rico** Restaurants, may require additional employees of Developer to attend the **Taco Rico** Training Program.

11. FRANCHISE AGREEMENT

No **Taco Rico** Restaurant may be opened or operated by Developer under any circumstances until the required Franchise Fees have been paid and TRFC has executed the Franchise Agreement for such location. All Franchise Agreements issued pursuant to this Agreement will contain generally the same terms and conditions as are being offered to other Franchisees similarly situated at the time of issuance, including without limitation to those terms and conditions pertaining to Royalty Fees and other fees and the duration of the Franchise Agreement. As a condition of TRFC's execution of such Franchise Agreements, TRFC may require Developer or its principals to execute a personal guaranty, letter of credit, or corporate guaranty to secure payment of continuing fees and other fees required to be paid under the Franchise Agreement. Developer shall comply with TRFC's then-current licensing policies and procedures for issuance of the Franchise Agreements. TRFC shall be under no obligation to execute and issue a Franchise Agreement unless Developer has complied in a timely manner with all terms and conditions of this Agreement and has satisfied all requirements set forth herein (including construction and training requirements) with respect to the pertinent accepted site. If and when TRFC executes a Franchise Agreement, such Franchise Agreement shall thereafter govern the relations between the parties with respect to that site-specific **Taco Rico** Restaurant.

12. NO RIGHT TO OPERATE OR USE TRADEMARKS

Developer acknowledges that until a Franchise Agreement has been issued for a specific site, Developer shall not have or be entitled to exercise any of the rights, powers and privileges granted by the Franchise Agreement, including without limitation the right to use TRFC's trademarks, service marks, trade dress and trade names. The execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer, and Developer may not under any circumstances commence operation of any **Taco Rico** Restaurant prior to execution by TRFC of a Franchise Agreement for a site-specific location.

13. TERMINATION

A. This Agreement shall terminate immediately and without notice to either party upon:

i. The death of Developer, if Developer is an individual; or
ii. The commencement of any proceedings by or against Developer under the Bankruptcy Act, under any Chapter thereof or amendment thereto, or under any other insolvency act, whether federal or state; the appointment of any trustee or receiver for the business or property of Developer; or any assignment by Developer for the benefit of creditors.

B. TRFC shall have the right, at its election, to terminate this Agreement immediately, upon notice to Developer, upon the occurrence of any of the following:

i. Failure to strictly comply with the Development Schedule contained in this Agreement; or

ii. The attempted assignment of this Agreement without the prior written approval of TRFC; or

iii. If Developer is a corporation or a partnership, the transfer of any of the capital stock or partnership interest of such corporation or partnership during the term of this Agreement without the prior written approval of TRFC; or

iv. The discovery by TRFC of any material misrepresentation in any of the information or documents submitted to TRFC by or on behalf of Developer; or

v. Any violation by Developer of any federal, state, county or municipal law, rule or ordinance relating to the construction or operation of any **Taco Rico** Restaurant developed under this Agreement, deviation from the plans and specifications approved for Developer's specific site or any violation of the specific provisions of the Agreement; or

vi. The termination by TRFC of any Franchise Agreement or other agreement between TRFC and Developer or Developer's failure to cure a default under this or any other agreement between TRFC and Developer within the time specified by the agreement in default.

For purposes of Items 11 and 13 herein, any Franchise Agreements issued to Developer, any affiliated company of Developer or any corporation, partnership, LLC or joint venture of Developer, or anyone who has any interest of ownership or participation, directly or indirectly, regardless of location, shall be deemed an agreement between TRFC and Developer.

14. EFFECT OF EXPIRATION OR TERMINATION

Upon expiration of this Agreement by completion of the last **Taco Rico** Restaurant authorized under the Agreement, or upon termination for any reason, the rights granted to Developer pursuant to this Agreement shall be immediately extinguished. Unless the parties have executed a new Agreement, TRFC thereafter shall have the right to open or operate or permit others to open or operate **Taco Rico** Restaurants within the Franchised Territory, except as limited by the protected area provisions of any then effective Franchise Agreements.

15. CONFIDENTIALITY

At all times during the term of this Agreement, and after termination of this Agreement for any reason, Developer (and if a corporation or partnership, its shareholders, directors, and officers or partners, as individuals) shall not divulge, disclose or communicate, directly or indirectly, to any other person or entity any confidential or proprietary information or knowledge obtained from TRFC. This provision shall survive the termination or completion of this Agreement for the purposes of enforcement.

16. ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon TRFC, its successors and assigns. However, neither this Agreement nor any of Developer's rights hereunder shall be assignable or transferable by Developer, directly or indirectly, by operation of law or otherwise, without the prior written approval of TRFC.

17. NEW MULTI-UNIT AGREEMENT

If Developer wishes to negotiate a new Multi-Unit Agreement with TRFC with respect to further development of **Taco Rico** Restaurants in the Franchised Territory, Developer must so advise TRFC in writing 60 calendar days before the expiration date of this Agreement or 60 calendar days before the anticipated date of execution of the Franchise Agreement for the final **Taco Rico** Restaurant under the Development Schedule. Subject to receipt of such notice and so long as this Agreement is in effect and Developer is not and has not been in default under this

Agreement, any Franchise Agreement or other agreement with TRFC, TRFC then will negotiate with Developer with respect to a new Multi-Unit Agreement during the remainder of the term of this Agreement. If Developer fails to properly notify TRFC of its intent to seek a new Multi-Unit Agreement for Developer's current Franchised Territory or any other Territory, the areas shall be available for development by TRFC or others, with no residual right of first refusal residing with Developer.

18. GOVERNING LAW AND FORUM SELECTION

This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Florida. In the event of any dispute concerning the parties' rights or obligations under this Agreement, Developer agrees to file any suit against TRFC only in the federal or state court having jurisdiction where TRFC's principal office is then located.

19. STATUTE OF LIMITATIONS

Any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and acceptance of this Agreement), or the relationship of Developer and TRFC, brought by any party hereto against the other, shall be commenced within one year from the occurrence of the facts giving rise to such claim or action, or such claim or actions shall be barred. The terms and conditions of the pertinent Franchise Agreement shall govern claims and actions arising from the operation of that particular **Taco Rico** Restaurant.

20. WAIVER OF DAMAGES, CLASS ACTION SUITS AND TRIAL BY JURY

Developer and TRFC hereby waive to the fullest extent permitted by law any right or claim of any consequential, punitive, or exemplary damages against the other, and agree that, in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it. TRFC and Developer hereby waive to the fullest extent permitted by law any class action suits and selection of trial by jury.

21. DEVELOPER'S ACKNOWLEDGMENTS

Developer understands and acknowledges that there are significant risks in any business venture and that the primary factor in Developer's success or failure under this Agreement will be Developer's own efforts. Developer has undertaken this venture solely in reliance upon the matters set forth in the Uniform Franchise Offering Circular and/or Developer's own independent investigation of the merits of this venture. Developer also acknowledges the following:

- a. Developer has been provided with a copy of the current Taco Rico Franchise Corporation Uniform Franchise Offering Circular; and
- b. Developer has not been asked to sign and has not signed any Multi-Unit Agreement or related document, and has not been asked to pay and has not paid any money, earlier than 10 business days after receipt of the Uniform Franchise Offering Circular; and
- c. A sample copy of the Multi-Unit Agreement or any other related document actually signed by Developer has been received at least 5 business days prior to the execution of the document; and
- d. Developer has had ample and sufficient opportunity to review the Uniform Franchise Offering Circular, Franchise Agreement and Multi-Unit Agreement and has done so. TRFC representatives have not made any oral or written statements or representations that are inconsistent with any statement in the Uniform Franchise Offering Circular, the Franchise Agreement or the Multi-Unit Agreement; and

e. TRFC representatives have not made any representation to Developer stating a specific level of potential sales, income or gross or net profit for Developer’s potential **Taco Rico** Restaurants, or stating any other facts that suggest such a level. In addition, TRFC representatives have not made any representation to Developer stating a specific level of sales, income or gross or net profits of existing **Taco Rico** Restaurants (whether Franchised or company-owned), or affiliate stating any other facts that suggest such a level. Developer has been advised that TRFC makes no representation on such matters and has been advised and encouraged to contact existing Franchisees of Developer’s choice with respect to such information; and

f. Developer will make an independent business decision with respect to the source of financing for Developer’s potential **Taco Rico** Restaurants and has not been required to deal with any particular financing source by any TRFC representative; and

g. Developer will make an independent business decision with respect to the construction company to be utilized by Developer for the construction of Developer’s **Taco Rico** Restaurants and has not been required by TRFC or any TRFC representative, either explicitly or implicitly, to deal with any specific construction company. Developer understands that building design, plans, equipment, and signage must comply with TRFC’s operating standards and that any lists of contractors or equipment suppliers are provided as a convenience to Developer indicating then known approved contractors and equipment suppliers.

22. TIME OF THE ESSENCE

The parties acknowledge that time is of the essence in the completion of each and every covenant, term or condition of this Agreement whether requiring positive or negative performance.

23. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties and shall not be modified except by a written document executed by both parties.

TACO RICO FRANCHISING CORPORATION

CEO

DEVELOPER

Name/Signature

EXHIBIT A TO THE MULTI-UNIT AGREEMENT
FRANCHISED TERRITORY

Acknowledged and Approved: _____
(DEVELOPER)

Acknowledged and Approved: _____
(TACO RICO FRANCHISING CORPORATION)

EXHIBIT B TO THE MULTI-UNIT AGREEMENT
DEVELOPMENT SCHEDULE

Acknowledged and Approved: _____
(DEVELOPER)

Acknowledged and Approved: _____
(TACO RICO FRANCHISING CORPORATION)

EXHIBIT C TO THE MULTI-UNIT AGREEMENT

STATE ADDENDA

Following this page are addenda to the Agreement for the following states:

1. California
2. Hawaii
3. Illinois
4. Indiana
5. Maryland
6. Minnesota
7. New York
8. North Dakota
9. Rhode Island
10. South Dakota
11. Virginia
12. Washington
13. Wisconsin

If your **Taco Rico** Restaurant is located in any of the following states, these provisions apply and amend all conflicting provisions. You must sign the signature page for the following Addendum if:

- 1.) you are an individual resident of any of these states; or
- 2.) you are an entity formed in any of these states; or
- 3.) you are an entity with your principal place of business in any of these states; or
- 4.) your Territory will be in any of these states

1. CALIFORNIA ADDENDUM TO MULTI-UNIT AGREEMENT

a. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.). 310.1141.1 (c) (5) (B)(I).

b. The Agreement requires that it be governed by Florida law. This requirement may be unenforceable under California law.

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

d. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California law applicable to the provision are met independently without reference to this Addendum.

g. The State of California requires that we hold your initial Franchise Fee in escrow; you will escrow your fees with the U.S. Bank, in California.

Taco Rico Franchise Corporation

Date

Franchisee

Date

2. HAWAII ADDENDUM TO MULTI-UNIT AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

b. Articles XXIII and XXIV of the Franchise Agreement as they relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

c. Articles XXIII.B and XXIII.D.13 permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq.*).

d. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

Taco Rico Franchise Corporation

Date

Franchisee

Date

3. ILLINOIS ADDENDUM TO MULTI-UNIT AGREEMENT

a. If that the Agreement would otherwise violate Illinois law, these sections are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

b. The Illinois Franchise Disclosure Act, as amended, applies to this transaction and supersedes any conflicting provisions of the Agreement or State of Incorporation law.

c. Any provision in the Agreement that would require you to waive any right granted by the Illinois Franchise Disclosure Act is deleted from Agreement, pursuant to Section 41 of the Illinois Franchise Disclosure Act.

d. The State of Illinois requires that we hold your initial Franchise Fee in escrow; you will escrow your fees with the M & T Investment Group in Maryland.

Taco Rico Franchise Corporation

Date

Franchisee

Date

4. INDIANA ADDENDUM TO MULTI-UNIT AGREEMENT

a. Article VI is amended to add the following:

“We will not compete unfairly with you within a reasonable distance around your location.”

b. Articles VII.7 and XXIII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 §1(5).

c. Under Article XVIII, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

d. Article XXV.C is amended to provide that arbitration between you and us will be conducted at a mutually agreed-on location.

e. Article XXV.G is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will

prevail.

f. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

g. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

Taco Rico Franchise Corporation

Date

Franchisee

Date

5. MARYLAND ADDENDUM TO MULTI-UNIT AGREEMENT

a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

b. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void if that the provision violates this law. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

c. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void if that the provision violates this law. Claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland, within 3 years after the grant of the franchise.

d. In Maryland, all fees paid to the franchisor by the franchisee, including development fees, payments for goods and services received from the franchisor before the business opens, shall be held in escrow pending satisfaction of all of the franchisor's material pre-opening obligations to the franchisee. The state of Maryland requires that we hold your initial Franchise Fee in escrow; you will escrow your fees with the M & T Investment Group, in Maryland.

Taco Rico Franchise Corporation

Date

Franchisee

Date

6. MINNESOTA ADDENDUM TO MULTI-UNIT AGREEMENT

- a. Article XV is amended to add the following:

“We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”

b. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

- c. Article XXIII.C is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds, 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.

- d. Article XXV.C are each amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the offering circular or franchise 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 remedies provided for by the laws of the jurisdiction.

- e. Article XXV.C is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

f. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

g. The State of Minnesota requires that we hold your initial Franchise Fee in escrow; you will escrow your fees with the U.S. Bank, in Minnesota.

Taco Rico Franchise Corporation

Date

Franchisee

Date

7. NEW YORK ADDENDUM TO MULTI-UNIT AGREEMENT

a. Article XXII.A.9 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

b. Article XXII is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

c. Article XVIII is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

d. Article XXV.F is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

e. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

Taco Rico Franchise Corporation

Date

Franchisee

Date

8. NORTH DAKOTA ADDENDUM TO MULTI-UNIT AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

b. Article XXV.C will be amended to state that arbitration involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the arbitration, or if the parties cannot agree on a location, at a location to be determined by the arbitrator.

c. Article XIX.B.2 is amended to add that covenants not to compete on termination or expiration of a franchise agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

d. Article XXV.C will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota.

e. Article XXV.G will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

f. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

Taco Rico Franchise Corporation

Date

Franchisee

Date

9. RHODE ISLAND ADDENDUM TO MULTI-UNIT AGREEMENT

a. Articles VII.7 and XXII.7 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

b. This Agreement requires that it be governed by Florida law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

c. Article XXV.C of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise

Franchisee

Date

EXHIBIT D

TACO RICO FRANCHISE CORPORATION OPERATIONS MANUAL

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EXHIBIT E-1

FRANCHISEES OPEN AS OF 12/31/2024

West Kendall
Taco Rico restaurant of Kendall, Inc.
Rene Seghini,
12305 SW137 Ave. Miami 33186
305.234.1110
rseghini@aol.com

Cutler Bay
Lewis Brea
18683 S. Dixie Hwy
Cutler Bay, FL. 33157
786.478.6215
Lewmar642@hotmail.com

Pinecrest
Lewis Brea
12275 S. Dixie Hwy
Pinecrest, FL. 33156
786-573-4940
Lewmar642@hotmail.com

EXHIBIT E-2

RESTAURANTS NOT YET OPEN AS OF 12/31/2024

EXHIBIT E-3
FORMER FRANCHISEES

EXHIBIT E

STATE DISCLOSURE ADDENDA AND FRANCHISE AGREEMENT RIDERS

STATE ADDENDA

Following this page are addenda to the Agreement for the following states:

1. Arkansas
2. California
3. Connecticut
4. Hawaii
5. Illinois
6. Indiana
7. Iowa
8. Louisiana
9. Maryland
10. Minnesota
11. Missouri
12. Nebraska
13. New Jersey
14. New York
15. North Carolina
16. North Dakota
17. Rhode Island
18. South Carolina
19. South Dakota
20. Washington
21. Wisconsin

This addenda applies if:

- (1) You are an individual resident of any of these states; or
- (2) You are an entity formed in any of these states; or
- (3) You are an entity with your principal place of business in any of these states; or
- (4) Your Territory will be in any of these states.

If none of these conditions applies, then this exhibit is not applicable to you.

ARKANSAS

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Arkansas:

1. Any provision of the Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by the Arkansas Franchise Practices Act is void to the extent that the provision violates applicable law.

CALIFORNIA

Despite anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California, according to rule 310.114.(1):

a. 310.1141.1 (c) (1)

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

b. 310.1141.1 (c) (3)

Neither the franchisor, any person or franchise broker in Item 2 of the UFOC 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. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

c. 310.1141.1 (c) (5) (A)

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

d. 310.1141.1 (C0 (5) (B) (I)

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

e. 310.1141.1 (c) (5) (B) (ii)

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

f. 310.1141.1 (c) (5) (B) (iii)

If the franchise agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. We have no liquidated damages clause.

g. 310.1141.1 (c) (5) (B) (iv)

The franchise agreement requires binding arbitration. The arbitration will occur at Broward County, Florida with the costs being borne by the parties prevailing. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

h. 310.1141.1 (c) (5) (B) (v)

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

i. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

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

CONNECTICUT

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Connecticut:

1. The following provision will be added to the Agreement Agent for Service of Process. Our agent in Connecticut authorized to receive service of process is Connecticut Banking Commissioner, 260 Constitution Plaza, Hartford, Connecticut 06103-1800.

2. Under the Agreement, we will lend you one copy of the Manual within 15 days after we sign the Agreement. We are not required to deliver any other items, equipment, supplies or operational guidelines to you prior to your beginning operation of your Development Business.

HAWAII

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

ILLINOIS

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. To the extent that the Agreement would otherwise violate Illinois law, these sections are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

2. The Illinois Franchise Disclosure Act, as amended, applies to this transaction and supersedes any conflicting provisions of the Agreement or State of Incorporation law.

3. According to section 41 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that would require you to waive any right granted by the Illinois Franchise Disclosure Act is deleted from Franchise Agreement.

INDIANA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the offering circular, the Agreement, or State of Incorporation law, if these provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Agreement, will supersede the provisions of the Agreement to the extent it may be inconsistent with this prohibition.

3. Any provision in the Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.

4. The Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Agreement:

No Limitation on Litigation. Notwithstanding the foregoing provisions of any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any the contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Iowa:

1. Any provision in the Agreement which would result in your waiver of any rights under Iowa Business Opportunity Promotions Law before or at the time of signing the Agreement is void to the extent that the provision violates this law.

LOUISIANA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Louisiana:

1. Any condition, stipulation or provision in the Agreement which would result in your wavier of any rights established by Louisiana law is void to the extent that the condition, stipulation or provision violates this law.

MARYLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void to the extent that the provision violates this law. In Maryland, all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before

the business opens, shall be held in escrow pending satisfaction of all of the franchisor's material pre-opening obligations to the franchisee.

2. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void to the extent that the provision violates this law. Claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland.

MINNESOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that the contractual provision violates this law.

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or 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 remedies provided for by the laws of the jurisdiction. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusivemediation.

3. The following language will appear in the Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, This Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 for non-renewal of the Agreement.

5. We will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and the System standards.

MISSOURI

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Missouri:

1. Termination provisions contained in the Agreement will afford you 90 days written notice in advance of any termination, except that 90 days' notice is not required for termination as

a result of your criminal misconduct, fraud, abandonment, bankruptcy, insolvency, or giving a "no account" or "insufficient funds" check to us.

NEBRASKA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Nebraska:

1. No release language set forth in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Nebraska.

2. No language set forth in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of any franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchisee, or heirs of the principal owner, so long as basic financial requirements of the franchisor are complied with and any sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.

NEW JERSEY

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises subject to the New Jersey Franchise Practices Act:

1. No release language set forth in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New Jersey.

2. No language set forth in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of a franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchise, or heir of the principal owner, so long as basic financial requirements of the franchisor are complied with and any sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.

3. Any term or condition which may directly or indirectly violate the New Jersey Franchise Practices Act is deleted from the Agreement.

NEW YORK

The following is substituted for the same sections in the preceding offering circular:

ITEM 3: LITIGATION

Neither the franchisor, nor its predecessor, any person identified in Item 2, nor any affiliate offering franchises under the franchisor's principal trademark: Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or

securities law; fraud embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither the franchisor, nor its predecessor, any person identified in Item 2, nor any affiliate offering franchises under the franchisor's principal trademark: Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately proceeding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither the franchisor, nor its predecessor, any person identified in Item 2, nor any affiliate offering franchises under the franchisor's principal trademark: Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, anti-trust, trade regulation or trade practice law, resulting from concluded or pending action; or is subject to any brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

ITEM 4: BANKRUPTCY

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

Despite anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.
2. However, no assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Franchise Agreement (if assigned).

NORTH CAROLINA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of North Carolina:

1. Agent for Service of Process. Our agent in the state of North Carolina authorized to receive service of process is the North Carolina Secretary of State, 2 South Salisbury Street, Old Revenue Complex, Raleigh, North Carolina 27601.

NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. To the extent the Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or State of Incorporation law.

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent the Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of South Carolina:

1. Agent for Service of Process. Our agent in South Carolina authorized to receive service of process is the South Carolina Secretary of State, 1205 Pendleton Street, Suite 525, Columbia, SC 29201.

SOUTH DAKOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of the State of State of Incorporation.

3. To the extent that the Agreement would otherwise violate South Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of South Dakota, will be commenced and maintained, at our election, in the state courts of South Dakota or the United States District Court for South Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. Termination provisions covering breach of the Agreement, failure to meet performance and quality standards, and failure to make payments contained in the Agreement will afford you 30 days written notice with an opportunity to cure said default prior to termination.

5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

6. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

WASHINGTON

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the 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 Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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

4. Transfer fees are collectable to the extent they reflect the franchisors reasonable estimated or actual cost in effecting a transfer.

WISCONSIN

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Agreement that are inconsistent with that law.

EXHIBIT G
FINANCIAL STATEMENTS

Taco Rico Franchising, LLC.

Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

ANTONIO DIAZ
ACCOUNTING AND TAX SERVICES
7950 N.W. 58th Street • Doral, Florida 33166
Telephone: 305.525.2715 • Facsimile: 305.681.3219
e-mail: ymot01@bellsouth.net

Independent Auditors Report

To the members of
Taco Rico Franchising, LLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Taco Rico Franchising, LLC., which comprise the balance sheet as of December 31, 2024 and the related statements of operations and retained earnings and cash flows for the period then ended and the related notes to the financial statements.

Management's Responsibility for the financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of:
American Institute of Certified Public Accountants • The Georgia Society of CPA's

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taco Rico Franchising, LLC., as of December 31, 2024 and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida
March 3, 2025

Taco Rico Franchising, LLC.
Balance Sheet
December 31, 2024

Assets

Cash	\$ <u>18,026.48</u>
Total Assets	\$ <u>18,026.48</u>

Liabilities and Members' Equity

Liabilities	\$ -
Members' Equity	\$ <u>18,026.48</u>
Total Members' Equity	\$ <u>18,026.48</u>
Total Liabilities and Members' Equity	\$ <u>18,026.48</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Operations and Retained Earnings
December 31, 2024

Revenues:

Franchise Revenue and Sales	\$ 215,052.01
Total Revenues	\$ 215,052.01
Franchise Establishments Costs	\$ 0
Gross Profit	\$ 215,052.01
Total Operating Income	\$ 215,052.01

Expenses:

Accounting & Legal	\$ 2,680.00
Advertising	\$ 2,014.00
Bank Charges	\$ 373.00
IT Support	\$ 1,800.00
Licenses	\$ 178.78
Office Expense	\$ 907.18
Postage	\$ 77.89
Professional Services	\$ 2,782.00
Travel	\$ 1,866.01
Training	\$ 2,500.00

Total Expenses	\$ 15,178.86
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Net Income (Loss)	\$ 199,873.15
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Distributions	\$ 196,202.45
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Members' Equity beginning of Year	\$ 14,355.78
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Members' Equity, end of Year	\$ 18,026.48
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See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Cash Flows
December 31, 2024

Cash Flows from Operating Activities:	
Net Income (loss)	<u>\$ 199,873.15</u>
Adjustments to reconcile net income	
To net cash provided by operating activities:	
Depreciation	<u>\$ _____</u>
Net Cash used by operating activities	<u>\$ 199,873.15</u>
Cash Flows from financing activities:	
Distributions to members, net	<u>\$ 196,202.45</u>
Net Cash provided to members	<u>\$ 196,202.45</u>
<hr/>	
Net increase in cash and cash equivalents	<u>\$ 3,670.70</u>
<hr/>	
Cash and cash equivalents, beginning of year	<u>\$ 14,355.78</u>
Cash and cash equivalents, end of year	<u>\$ 18,026.48</u>
Supplementary disclosure of cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ _____</u>
Income Taxes	<u>\$ _____</u>
Non cash transactions:	
Contribution of franchise agreement from members	<u>\$ _____</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Notes to Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies

Taco Rico Franchising, LLC. ("Company") was formed in the state of Florida in 2014. The principal purpose of the company is to offer and sell Mexican food in a quick service restaurant environment.

a) Method of Accounting

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful life of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

c) Franchise Revenues

Income will principally be comprised of revenue earned by the company as part of the franchise sales of customers. Additional revenues earned by the company are expected from the sales of products, licensing rights, marketing materials and other services to the franchisees and royalties.

The company recognizes its franchise revenues in accordance with statement of Financial Accounting Standards No.45, which requires that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services includes training, support in approving franchisee's territory selection and delivery of franchisee's initial inventory for use in the operating of the franchise.

d) Accounts Receivable

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The company will use the reserve method of accounting for bad debt for financial reporting purposes and the direct write-off method for income tax purpose. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unserved accounts receivable. As of December 31, 2024, a total of \$0 in accounts were reserved.

e) Income Taxes

The company filed an election with the Internal Revenue Service to be treated as a Limited Liability Corporation (“LLC”) for all its taxable years. An LLC is not subject to corporate income tax. The company’s taxable income or loss and tax credits pass through to the members.

f) Cash Flows

For purpose of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

g) Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

h) Long-lived Assets

The company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

i) Concentration of Credit Risk

The company maintains cash in checking accounts with federally insured banks.

2. Franchisee Supplies

Franchisees purchase the initial and on-going inventory needed for the operation of their business directly from the company or an approved supplier. The company is expected to maintain sufficient inventory for all products offered, for immediate delivery to new and existing franchisees. The company started offering franchises in October of 2014. Franchisee related inventory or supplies were not considered at the time of this audit.

3. Property and Equipment

Property and equipment at December 31, 2024, consists of the following:

Computer	\$ _____
Office furniture and equipment	\$ _____
Less accumulated depreciation	\$ _____

Depreciation expense for the period ended on December 31, 2024 amount of \$0.

4. Franchise Sales and Agreements

The Company started offering franchises in October of 2014. As of December 31, 2024, the company has entered into five franchisee agreements.

The Company will enter into franchise agreements with its franchisees. Company's franchise agreements require the company to provide various items to franchisees including, but not limited to, marketing and operational support as well as the delivery of inventory needed for the operation of the franchisees' business.

Taco Rico Franchising, LLC.

Financial Statements

December 31, 2023

(With Independent Auditors' Report Thereon)

ANTONIO DIAZ
ACCOUNTING AND TAX SERVICES
7950 N.W. 58th Street • Doral, Florida 33166
Telephone: 305.525.2715 • Facsimile: 305.681.3219
e-mail: ynot01@bellsouth.net

Independent Auditors Report

To the members of
Taco Rico Franchising, LLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Taco Rico Franchising, LLC., which comprise the balance sheet as of December 31, 2023 and the related statements of operations and retained earnings and cash flows for the period then ended and the related notes to the financial statements.

Management's Responsibility for the financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of:
American Institute of Certified Public Accountants • The Georgia Society of CPAs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taco Rico Franchising, LLC., as of December 31, 2023 and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida
April 26, 2024

Taco Rico Franchising, LLC.
Balance Sheet
December 31, 2023

Assets

Cash	\$ <u>14,355.78</u>
Total Assets	\$ <u>14,355.78</u>

Liabilities and Members' Equity

Liabilities	\$ -
Members' Equity	\$ <u>14,355.78</u>
Total Members' Equity	\$ <u>14,355.78</u>
Total Liabilities and Members' Equity	\$ <u>14,355.78</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Operations and Retained Earnings
December 31, 2023

Revenues:

Franchise Revenue and Sales	\$ <u>180,724.77</u>
Total Revenues	\$ <u>180,724.77</u>
Franchise Establishments Costs	\$ <u>0</u>
Gross Profit	\$ <u>180,724.77</u>
Total Operating Income	\$ <u>180,724.77</u>

Expenses:

Accounting & Legal	\$ <u>2,510.00</u>
Advertising	\$ <u>1,612.83</u>
Bank Charges	\$ <u>190.00</u>
Dues & Subscriptions	\$ <u>337.64</u>
Licenses	\$ <u>198.75</u>
Office Expense	\$ <u>0</u>
Professional Services	\$ <u>3,850.00</u>
Telephone	\$ <u>0</u>
Total Expenses	\$ <u>8,699.22</u>
Net Income (Loss)	\$ <u>172,025.55</u>
Distributions	\$ <u>171,048.80</u>

Members' Equity beginning of Year	\$ <u>13,379.03</u>
Members' Equity, end of Year	\$ <u>14,355.78</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Cash Flows
December 31, 2023

Cash Flows from Operating Activities:	
Net Income (loss)	<u>\$ 172,025.55</u>
Adjustments to reconcile net income To net cash provided by operating activities:	
Depreciation	<u>\$ _____</u>
Net Cash used by operating activities	<u>\$ 172,025.55</u>
Cash Flows from financing activities:	
Distributions to members, net	<u>\$ 171,048.80</u>
Net Cash provided to members	<u>\$ 171,048.80</u>
Net increase in cash and cash equivalents	<u>\$ 976.75</u>
<hr/>	
Cash and cash equivalents, beginning of year	<u>\$ 13,379.03</u>
Cash and cash equivalents, end of year	<u>\$ 14,355.78</u>
Supplementary disclosure of cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ _____</u>
Income Taxes	<u>\$ _____</u>
Non cash transactions:	
Contribution of franchise agreement from members	<u>\$ _____</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies

Taco Rico Franchising, LLC. ("Company") was formed in the state of Florida in 2014. The principal purpose of the company is to offer and sell Mexican food in a quick service restaurant environment.

a) Method of Accounting

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lived of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

c) Franchise Revenues

Income will principally be comprised of revenue earned by the company as part of the franchise sales of customers. Additional revenues earned by the company are expected from the sales of products, licensing rights, marketing materials and other services to the franchisees and royalties.

The company recognizes its franchise revenues in accordance with statement of Financial Accounting Standards No.45, which requires that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services includes training, support in approving franchisee's territory selection and delivery of franchisee's initial inventory for use in the operating of the franchise.

d) Accounts Receivable

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be

periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The company will use the reserve method of accounting for bad debt for financial reporting purposes and the direct write-off method for income tax purpose. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unserved accounts receivable. As of December 31, 2023, a total of \$0 in accounts were reserved.

e) **Income Taxes**

The company filed an election with the Internal Revenue Service to be treated as a Limited Liability Corporation ("LLC") for all its taxable years. An LLC is not subject to corporate income tax. The company's taxable income or loss and tax credits pass through to the members.

f) **Cash Flows**

For purpose of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

g) **Pervasiveness of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

h) **Long-lived Assets**

The company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

i) **Concentration of Credit Risk**

The company maintains cash in checking accounts with federally insured banks.

2. **Franchisee Supplies**

Franchisees purchase the initial and on-going inventory needed for the operation of their business directly from the company or an approved supplier. The company is expected to maintain sufficient inventory for all products offered, for immediate delivery to new and existing franchisees. The company started offering franchises in October of 2014. Franchisee related inventory or supplies were not considered at the time of this audit.

3. Property and Equipment

Property and equipment at December 31, 2023, consists of the following:

Computer	\$ _____
Office furniture and equipment	\$ _____
Less accumulated depreciation	\$ _____

Depreciation expense for the period ended on December 31, 2023 amount of \$0.

4. Franchise Sales and Agreements

The Company started offering franchises in October of 2014. As of December 31, 2023, the company has entered into three franchisee agreements.

The Company will enter into franchise agreements with its franchisees. Company's franchise agreements require the company to provide various items to franchisees including, but not limited to, marketing and operational support as well as the delivery of inventory needed for the operation of the franchisees' business.

Taco Rico Franchising, LLC.

Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

Independent Auditors Report

To the members of
Taco Rico Franchising, LLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Taco Rico Franchising, LLC., which comprise the balance sheet as of December 31, 2022 and the related statements of operations and retained earnings and cash flows for the period then ended and the related notes to the financial statements.

Management's Responsibility for the financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taco Rico Franchising, LLC., as of December 31, 2022 and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida
April 20, 2023

Taco Rico Franchising, LLC.
Balance Sheet
December 31, 2022

<u>Assets</u>	
Cash	<u>\$ 13,379.03</u>
Total Assets	<u>\$ 13,379.03</u>
<u>Liabilities and Members' Equity</u>	
Liabilities	\$ -
Members' Equity	<u>\$ 13,379.03</u>
Total Members' Equity	<u>\$ 13,379.03</u>
Total Liabilities and Members' Equity	<u>\$ 13,379.03</u>

See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Operations and Retained Earnings
December 31, 2022

Revenues:

Franchise Revenue and Sales	\$ <u>113,503.45</u>
Total Revenues	\$ <u>113,503.45</u>
Franchise Establishments Costs	\$ <u>0</u>
Gross Profit	\$ <u>113,503.45</u>
Total Operating Income	\$ <u>113,503.45</u>

Expenses:

Accounting & Legal	\$ <u>2,200.00</u>
Advertising	\$ <u>0</u>
Bank Charges	\$ <u>200.00</u>
Licenses	\$ <u>138.75</u>
Misc.	\$ <u>0</u>
Office Expense	\$ <u>0</u>
Professional Services	\$ <u>0</u>
Telephone	\$ <u>0</u>

Total Expenses	\$ <u>2,538.75</u>
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Net Income (Loss)	\$ <u>110,964.70</u>
Distributions	\$ <u>109,126.00</u>

Members' Equity beginning of Year	\$ <u>11,540.33</u>
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Members' Equity, end of Year	\$ <u>13,379.03</u>
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See accompanying notes to financial statements

Taco Rico Franchising, LLC.
Statement of Cash Flows
December 31, 2022

Cash Flows from Operating Activities:	
Net Income (loss)	<u>\$ 110,964.70</u>
Adjustments to reconcile net income To net cash provided by operating activities:	
Depreciation	\$ _____
Net Cash used by operating activities	<u>\$ 110,964.70</u>
Cash Flows from financing activities:	
Distributions to members, net	<u>\$ 109,126.00</u>
Net Cash provided to members	<u>\$ 109,126.00</u>
Net increase in cash and cash equivalents	<u>\$ 1,838.70</u>
Cash and cash equivalents, beginning of year	<u>\$ 11,540.33</u>
Cash and cash equivalents, end of year	<u>\$ 13,379.03</u>
Supplementary disclosure of cash flow information:	
Cash paid during the year for:	
Interest	\$ _____
Income Taxes	\$ _____
Non cash transactions:	
Contribution of franchise agreement from members	\$ _____

See accompanying notes to financial statements

1. Summary of Significant Accounting Policies

Taco Rico Franchising, LLC. ("Company") was formed in the state of Florida in 2014. The principal purpose of the company is to offer and sell Mexican food in a quick service restaurant environment.

a) Method of Accounting

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lived of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

c) Franchise Revenues

Income will principally be comprised of revenue earned by the company as part of the franchise sales of customers. Additional revenues earned by the company are expected from the sales of products, licensing rights, marketing materials and other services to the franchisees and royalties.

The company recognizes its franchise revenues in accordance with statement of Financial Accounting Standards No.45, which requires that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services includes training, support in approving franchisee's territory selection and delivery of franchisee's initial inventory for use in the operating of the franchise.

d) Accounts Receivable

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be

periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The company will use the reserve method of accounting for bad debt for financial reporting purposes and the direct write-off method for income tax purpose. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unserved accounts receivable. As of December 31, 2022, a total of \$0 in accounts were reserved.

e) **Income Taxes**

The company filed an election with the Internal Revenue Service to be treated as a Limited Liability Corporation ("LLC") for all its taxable years. An LLC is not subject to corporate income tax. The company's taxable income or loss and tax credits pass through to the members.

f) **Cash Flows**

For purpose of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

g) **Pervasiveness of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

h) **Long-lived Assets**

The company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

i) **Concentration of Credit Risk**

The company maintains cash in checking accounts with federally insured banks.

2. **Franchisee Supplies**

Franchisees purchase the initial and on-going inventory needed for the operation of their business directly from the company or an approved supplier. The company is expected to maintain sufficient inventory for all products offered, for immediate delivery to new and existing franchisees. The company started offering franchises in October of 2014. Franchisee related inventory or supplies were not considered at the time of this audit.

3. Property and Equipment

Property and equipment at December 31, 2022, consists of the following:

Computer	\$ _____
Office furniture and equipment	\$ _____
Less accumulated depreciation	\$ _____

Depreciation expense for the period ended on December 31, 2022 amount of \$0.

4. Franchise Sales and Agreements

The Company started offering franchises in October of 2014. As of December 31, 2022, the company has entered into three franchisee agreements.

The Company will enter into franchise agreements with its franchisees. Company's franchise agreements require the company to provide various items to franchisees including, but not limited to, marketing and operational support as well as the delivery of inventory needed for the operation of the franchisees' business.

EXHIBIT H
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	N/A
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Washington	N/A
Wisconsin	N/A

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

EXHIBIT I
RECEIPT
(YOUR COPY – RETAIN FOR YOUR FILES)

This Disclosure Document summarizes certain provisions of the Regional Developer Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to us in connection with the proposed franchise sale, or sooner if required by applicable law.

If we do not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The franchisor is Taco Rico Franchise Corporation, located at 8688 NW 13 Terrace, Doral, Florida 33126. 305-894-0770

Other than the individuals listed in Item 2 of the FDD, the following broker(s) will represent us in connection with the sale of our franchises:

Franchise Creator, LLC – Joseph O’Hayon 7300 N. Kendall Drive, Suite 340, Miami, FL. 33156, 305-592-9229

Date of Issuance: March 28, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated March 28, 2025. This Disclosure Document included the following Exhibits:

- A. State Agencies/Agents for Service of Process
- B. Franchise Agreement
- C. Multi-Unit Development Agreement
- D. Operations Manual Table of Contents
- E-1. Franchisees as of 12/31/2024
- E-2. Restaurants Not Yet Open as of 12/31/2024
- E-3. Former Franchisees
- F. State Addenda and Franchise Agreement Riders
- G. Financial Statements
- H. State Effective Dates
- I. Receipts

Date	Prospective Representative Print Name: _____
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Date	Prospective Regional Developer Print Name: _____
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You may return the signed receipt either by signing, dating, and mailing it to us at 8688 SW 13 Terrace, Doral, Florida, or by emailing a copy of the signed and dated receipt to us at lelandneal@tacoricotmc.com.

RECEIPT

(OUR COPY – SIGN, DATE AND RETURN TO US)

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