

## FRANCHISE DISCLOSURE DOCUMENT

**JAKE'S FRANCHISING LLC**  
a Delaware Limited Liability Company  
716 South Main Street  
Cheshire, CT 06410  
203-439-7991  
jeucalitto@waybackburgers.com  
[www.waybackburgers.com](http://www.waybackburgers.com)



You will operate a Wayback Burgers restaurant. Wayback Burgers restaurants are restaurants specializing in hamburgers, old-fashioned, hand-dipped milkshakes in several select flavors, distinctive chicken sandwiches, hot dogs, cheese dogs, salads and merchandise, and an approved, limited menu of side orders and drinks.

The total investment necessary to begin operation of a traditional Wayback Burgers restaurant franchise is approximately from \$209,000 to \$524,500 for a single unit. This includes \$40,000 that must be paid to us or our affiliates. The total investment to begin operation of a Wayback Burgers area development franchise to develop a minimum of three traditional franchised units is from \$597,000 to \$1,543,500. This includes \$90,000 that must be paid to us or our affiliates. The total investment to begin operation of a Wayback Burgers restaurant franchise at a Walmart location is approximately \$218,500 to \$529,500 for a single unit. This includes \$22,000 to \$162,000 in security deposits and premises improvement charges that you will also pay us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact 716 South Main Street, Cheshire, CT 06410, 203-439-7991.

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 to 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, D.C. 20590. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: **April 19, 2019**

## STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit G for information about the franchisor, or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN THE COUNTY OF OUR PRINCIPAL PLACE OF BUSINESS, CURRENTLY NEW HAVEN COUNTY, CONNECTICUT. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CONNECTICUT THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT CONNECTICUT LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOU ARE REQUIRED TO MAKE MINIMUM ROYALTY PAYMENTS REGARDLESS OF YOUR SALES LEVELS. FAILURE TO MAKE THE REQUIRED PAYMENTS WILL RESULT IN TERMINATION OF THE FRANCHISE AND LOSS OF YOUR INVESTMENT.
4. UNDER THE FRANCHISE AGREEMENT, YOU MUST PAY US ROYALTY FEES OF 5% OF GROSS SALES WITH A MINIMUM OF \$400 PER WEEK EVEN IF YOU HAVE NO REVENUE.
5. THE FRANCHISOR'S FINANCIAL CONDITION AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21) CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 represents us, not you. We pay this person for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the next page for effective dates for state-specific registrations.

## STATE EFFECTIVE DATES

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

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

California:	_____, 2019
Hawaii:	_____, 2019
Illinois:	_____, 2019
Indiana:	_____, 2019
Maryland:	_____, 2019
Michigan:	_____, 2019
Minnesota:	_____, 2019
New York:	_____, 2019
North Dakota:	_____, 2019
Rhode Island:	_____, 2019
South Dakota:	_____, 2019
Virginia:	_____, 2019
Washington:	_____, 2019
Wisconsin:	_____, 2019

Other states that may require a notice filing (without an FDD) include Connecticut, Florida, Kentucky, Nebraska, Texas, and Utah, and in certain situations other states. We filed franchise notices in the following states, with the following effective dates:

Connecticut:	October 13, 2011 (one-time filing)
Florida:	_____, 2019
Kentucky:	July 15, 2013 (one-time filing)
Nebraska:	May 3, 2012 (one-time filing)
Texas:	May 17, 2012 (one-time filing)
Utah:	_____, 2019

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Exhibit B	Development Agreement
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Exhibit E	Financial Statements
Exhibit F	List of Franchisees; Certain Former Franchisees; and Franchisee Organizations
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Exhibit N	Receipt of Disclosure Document

# JAKE'S FRANCHISING LLC

## Item 1

### **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this disclosure document, "Jake's," "we," "us," or "our" means Jake's Franchising LLC, the franchisor. "You" means the person or persons, including legal entities and their owners, which buy the franchise.

You will operate your Wayback Burgers restaurant only under the "WAYBACK BURGERS" mark and related logos. Until September 2010 our franchisees operated under the name "JAKE'S HAMBURGERS" and thereafter "JAKE'S WAYBACK BURGERS" and "WAYBACK BURGERS." We are now converting the primary trademark for our franchise system to simply "WAYBACK BURGERS." Existing franchisees are continuing to transition to the new trademarks.

Franchisor's Name, Business Form, Predecessors, Parents, and Affiliates. Jake's is a Delaware limited liability company formed on July 19, 2002. There are no parents or predecessors required to be disclosed. Jake's has one affiliate, JWB Management Group LLC, a Delaware limited liability company formed on December 29, 2010 ("JWB"). JWB's ownership structure is the same as the franchisor. Our former affiliate, Jake's Hamburgers, Inc., a Delaware corporation formed on December 29, 1992, is no longer active.

Business Name, Address, Agents for Service. We do business under the name of "Wayback Burgers," "Jake's Wayback Burgers," and "Jakes," and under our entity name. Our principal business address is 716 South Main Street, Cheshire, CT 06410. Our agents for service of process, and their addresses are listed in Exhibit G.

The principal business name and address of our affiliate is the same as ours. In this disclosure document the word "affiliate" means an entity controlled by, controlling, or under common control with, another entity, and includes parents and subsidiaries. The word "person" means an individual, group, association, partnership, or entity.

Franchisor's Business and Franchises to be Offered. We offer a franchise to establish and operate a Wayback Burgers restaurant. You will operate a retail restaurant which currently features and offers for sale to the public hamburgers, old-fashioned, hand-dipped milkshakes in several select flavors (including chocolate, vanilla, strawberry, black & white, banana and malted), distinctive chicken sandwiches, hot dogs, cheese dogs, salads and merchandise (including T-shirts and hats), and an approved, limited menu of other side orders and drinks, including potato chips, french fries, onion rings, cheese fries, fountain sodas, and draft beer and wine, under the trade names "Wayback Burgers." We also offer a multiple unit development agreement ("Development Agreement") to develop multiple restaurants. Your development rights are non-exclusive, but you will be given a right of first refusal as to any Wayback Burgers restaurant we propose to locate in your Development Area during the term of the Development Agreement. For each Wayback Burgers restaurant developed under the Development Agreement, you must sign a separate, then-current Wayback Burgers Franchise Agreement. You will operate a Wayback Burgers restaurant under a license to use our business system ("System"), know-how, and trademarks. We have an arrangement with Wal-Mart Stores, Inc. and certain of its affiliates (collectively "Wal-Mart") whereby franchisees may be able to locate a Wayback Burgers restaurant in a Walmart store.

Franchisees that do so would be required to enter into a Sublease Agreement with us. See Items 5, 6, 9, 11, 17, and 22 for additional information.

The market for your products or services is well-developed and competitive. Your sales are not typically seasonal. You will have to compete with national and local businesses offering similar products and services. Your competition will include large institutional companies like McDonald's, Wendy's, Burger King, and small mom and pop outlets. There are no guarantees of your success as there exist both typical and special business risk factors, including: changing market conditions; competition; cost of supplies, equipment, real estate and improvements, capital and labor; your own health and continuity of your management; continuation of sources of supply; quality and availability of labor; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses.

Other risks could have an adverse effect on your business. These include industry developments, such as pricing policies of competitors, and supply and demand. Another risk factor is our dependence on our key personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under the Franchise Agreement depends in part upon our present and future financial condition. Litigation risks also may exist, including future litigation that may not be foreseeable.

Certain Laws. The business of operating a Wayback Burgers restaurant franchise is subject to all of the laws, codes, ordinances, and regulations ("laws") normally applicable to retail and food businesses. These include federal, state, and in most instances, city, county, parish, borough, municipality, or other local laws.

A few examples of other federal laws affecting many businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, menu labeling and nutrition, and the Americans with Disabilities Act. State and federal privacy laws may require covered companies to maintain or completely destroy documents containing certain personal information. State laws may cover the same topics as federal laws. A few examples of other state laws affecting many businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws. Local laws may cover the same topics as federal and state laws. A few examples of other local laws affecting many businesses include health and sanitation, building and zoning, fire safety, other business permits and licenses, and waste disposal.

Some jurisdictions have special industry laws and licensing and certification requirements with which you may have to comply. For example, state regulations may govern the storage and handling of food. There may also be local ordinances and regulations governing food storage, menu labeling, food preparation, and serving. Your Wayback Burgers restaurant is subject to local food and health permits and inspection laws. Health laws are intended in part to reduce food borne illnesses and may cover such issues as: requiring employees to take a test and obtain a license as a food service worker, having accessible sinks and bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc. The foregoing are examples of some, but not all of the laws that may be applicable to the franchised business described in this disclosure document. The Franchise Agreement places the responsibility for knowing and complying with all

applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest, and should consult with your own legal counsel.

Prior Business Experience of Franchisor, Predecessors and Affiliates. We have offered similar franchises since 2002. We do not currently conduct and have not previously conducted a business of the type you will operate. Our affiliate, JWB, operates similar businesses at the locations described in Item 20 below, and has since 2011. Our former affiliate, Jake's Hamburgers, Inc., is no longer active but operated similar businesses from 1991 to 2011.

We have not offered franchises in other lines of business. We do not have any predecessors or affiliates that have offered franchises for the same or similar businesses or for other lines of business. Last year, we entered into an agreement with an investment advisor to advise us on exploring strategic worldwide growth alternatives for Jake's, which may include third party investment in Jake's.

## **Item 2** **BUSINESS EXPERIENCE**

Chief Executive Officer:

John Eucalitto

Mr. Eucalitto has served as CEO of Jake's since January 2019. From October 2008 to January 2019, Mr. Eucalitto served as President of Jake's.

Chief Development Officer:

William Chemero

Mr. Chemero has served as Chief Development Officer of Jake's since January 2019. From October 2008 to January 2019, Mr. Chemero previously served as Executive Vice President of Jake's.

President:

Patrick Conlin

Mr. Conlin has been our President since January 2019. Previously, from March 27, 2017 to January 2019, he was our Senior Vice President. Prior to that, from January 2000 to December 2016, Mr. Conlin served as a Real Estate Sales Associate for Franchise Reality in Melville, New York. Mr. Conlin was also the President Area Developer for Blimpie of Long Island, Inc. in East Meadow, New York from December 1986 to June 2018.

Vice President of Real Estate:

Ron Greytak, Jr.

Mr. Greytak has been our Vice President of Real Estate since January 2018. From July 2013 to January 2018, he served as our Director of Real Estate. From June 2003 to September 2014 he was an area developer for Prime Franchise Development in Shelton, Connecticut. From August 2001 to the present he has also been the owner and a broker at The Greytak Group in Shelton, Connecticut.

Director of Procurement:

Scott C. Gerdsen

Mr. Gerdsen has served as Director of Procurement since April 2017. Prior to that, from January 2012 to April 2017, Mr. Gerdsen served as Operations Manager for Jake's.

Vice President of International Operations:

Jason Murawski

Mr. Murawski has served as Vice President of International Operations since January 2019. He previously served as our Director of International Development from April 2017 to January 2019. Prior to that from January 2012 to April 2017, Mr. Murawski served as Operations Manager for Jake's. From April 2010 to January 2012 he was a Franchise Trainer with Jake's.

**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 Fee. You must pay us a lump sum payment when you sign the Franchise Agreement of \$35,000 for a single restaurant franchise. If you enter into a Development Agreement, the franchise fee for the second and each subsequent restaurant you open pursuant to the Development Agreement will be \$20,000.

Development Fee: If you enter into a Development Agreement to develop multiple Wayback Burgers restaurants, and you do not have an existing restaurant in the development area, you must pay us a development fee of \$35,000 for the first restaurant to be developed and \$20,000 for each additional restaurant, payable in full when you sign the Development Agreement. We will credit \$35,000 against the initial franchise fee payable under your first Franchise Agreement, and \$20,000 payable under each additional Franchise Agreement, when you sign the Franchise Agreements for restaurants to be opened pursuant to the Development Agreement.

**Sublease Fees:** If you enter into a Sublease with us for the operation of a Wayback Burgers restaurant in a Walmart store, you must pay us a security deposit of \$12,000, payable no later than ten (10) days following your signing the Sublease, for your performance and observance of the terms and conditions of the Sublease. If the subleased premises is to be located in a newly constructed Walmart store, you must also pay us a subleased premises improvement charge of \$10,000 - \$150,000, for your construction of the subleased premises, based on the amount that Walmart charges us to construct the premises, which may be payable when you sign the sublease.

**Grand Opening Advertising.** Under the franchise agreement, you must pay to us \$5,000, which we will use to reimburse your grand opening advertising expenditures as further described in Item 11.

**Refundability and Financing.** The initial franchise, development fees, subleased premises improvement, and grand opening advertising charges are not refundable. However, the Sublease security deposit is refundable as provided by the Sublease, if you faithfully perform and observe the conditions of the Sublease for the term of the Sublease.

**Variability.** Except as may be stated in this Item 5, we charge an identical initial franchise fee to all franchisees. In our last fiscal year, ended December 31, 2018, all franchises were granted at initial franchise fees ranging from \$1 to \$35,000. Franchise fees of less than \$35,000 have been negotiated when franchisees have committed to multiple units.

**Item 6**  
**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	Greater of the following: (i) 5% of total weekly Gross Sales or (ii) \$400 per week	Weekly on Thursday for the week ending on the preceding Sunday	See Note 1
Continuing Local Marketing and Advertising	2% of monthly Gross Sales	As incurred, but no later than third business day of each month	See Note 2
Advertising Fund	2% of weekly Gross Sales	Same as Royalty	See Note 3
Regional Advertising Cooperatives	Up to 2% of weekly Gross Sales	As determined by the cooperative	If a cooperative is established, you must contribute in lieu of continuing local marketing and advertising expenditures. See Note 4

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Advisory Council Fee	As determined by Advisory Council	As determined by Advisory Council	If we establish a franchise advisory council, you must participate actively in the council and in all council programs and pay a fee, as determined by the advisory council.
Interest	18% per annum, or maximum rate permitted by law, whichever is less	Upon due date of fees	See Note 5
Insurance	Cost of insurance and, if not obtained by you, our procurement expense	As requested by vendor	See Note 6
Audit Fees	Cost of Audit	Upon billing after audit	Payable only if audit shows an understatement of at least 2%
Training	Then-current training fee and amount of expenses, currently \$200 per person per day	Before training; as incurred	We provide initial training free of charge for up to two individuals; fee is charged for additional individuals or additional training
Site Selection	Amount of our expenses for on-site evaluations	As incurred	You must reimburse us for expenses, including travel, lodging and meals for site evaluations
Transfer fees	50% of the then-current initial franchise fee per restaurant; or our actual expenses if transfer is to entity you form	Before approval of transfer	Payable when you sell your franchise or offer securities

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Renewal Fee	10% of the then-current initial franchise fee	Before approval of renewal	A condition of renewal
Indemnification	Cost of liability	As incurred	See Note 7
Fees on Default and Indemnity	Cost of collection and attorneys' fees	As incurred	See Note 8
Cost of Approval of Supplier and for Testing Samples of Items	Actual cost of evaluation	As incurred	Payable to us or a third-party as we require, if you request supplier approval
Computer, Website, Point-of-Sale and Other Equipment Maintenance, Upgrades, Updates	Approximately \$2,000 to \$3,500 per year	As incurred	Payable to Third parties.
Refurbishment	Approximately \$500 to \$5,000 per year	As incurred	You must periodically refurbish and update your restaurant and comply with modifications to the System. See Note 9
Walmart Sublease Fees	Percentage rent 2% - 12% of gross revenues per month; insurance fee \$0 - \$300 per month, common area maintenance fee: \$975 - \$2000 per month	As requested by Us	Payable to Us only if you become our sublessee under a Sublease with us for operating a Wayback Burger restaurant in a Walmart store. See Note 10
Overdraft Fee	\$50	As incurred	Payable to Us for each electronic funds transfer attempted from your depository account pursuant that is returned for non-sufficient funds.

Except as stated above, you pay all fees to us. All fees are non-refundable and all fees are uniformly imposed on all franchisees.

Note 1: Gross Sales as defined in the Franchise Agreement means “all revenue from the sale of all products, merchandise, and services and all other income of every kind and nature at or from the franchised restaurant or otherwise related to the restaurant, including, without limitation, any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit, sales to employees and managers not reduced by any discounts received in connection with the transaction of business with employees and managers, and sales to whatever extent required by Franchisor to conduct inspections. “Gross Sales shall not include any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority, or any reduction in revenue due to couponing. You will reimburse us for any gross receipts, sales, use, income, withholding, or other tax assessed on amounts payable by you to us, by state or local governments.

The royalty begins on the date the restaurant opens to the public, and continues for the duration of the term of the Franchise Agreement. The royalty is currently payable weekly, and is withdrawn electronically from your designated bank account, but we may change the time and the manner of payment.

Note 2: You must spend at least an amount equal to 2% of your monthly Gross Sales on local marketing, advertising, and promotion as we may, in our sole discretion, direct in the Manuals or otherwise in writing. You must provide satisfactory evidence of all local advertising and promotion expenditures as we direct in the Manuals or otherwise in writing. We reserve the right, upon thirty (30) days written notice, to require you to pay us the 2% of the monthly Gross Sales which we will then spend on local marketing, advertising, and promotion on your behalf (in lieu of requiring you to expend the money yourself). At such time as a regional Cooperative (as described below) is established, contributions to such Cooperative will be in lieu of continuing local advertising expenditures.

Note 3: You must contribute 2% of your weekly Gross Sales to the franchise System’s advertising fund (“Wayback Burgers Advertising Fund”) for advertising, marketing, public relations and related expenses. The amounts will be paid at the same time and in the same manner as the ongoing royalty.

Note 4: If we establish a regional advertising and promotional cooperative (“Cooperative”), you must become a member and you must contribute an amount of up to the Cooperative in an amount determined by the members, up to a maximum of 2% of your weekly Gross Sales.

Note 5: Our entitlement to interest is in addition to any other remedies we may have. You may not set-off any payments due under the Franchise Agreement against any monetary claim you may have against us.

Note 6: Before you open your restaurant, you must procure and maintain at your sole expense at all times during the term of the Franchise Agreement, comprehensive general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of your restaurant; with policy limited we may reasonably specify. These insurance policies must name us as additional named insured. If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to procure and maintain the required insurance in your name and to charge you for it, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice. We may change these insurance requirements, upon reasonable notice to you, to conform to prudent business practices. If you sign a Walmart sublease with us (see note 10 below), you will be required to obtain certain types of insurance and name us and Wal-Mart as additional insureds.

Note 7: You must protect, indemnify and hold us and our officers, directors and employees harmless against all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from the operation of the franchised business, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.

Note 8: If you default under the Agreement or any other agreement between us, and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law.

Note 9: You must update and refurbish your restaurant and comply with changes to the System as we may periodically require, at your sole expense, including altering the products, programs, services, methods, standards, forms, policies and procedures; abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying the products, programs and services which we authorize you to provide and sell; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform System standards and specifications and all other unit construction, design, appearance and operation attributes; and changes, improvements, or substitutions of the trademarks.

Note 10: We have signed a master lease agreement with Wal-Mart to lease space for Wayback Burger restaurants in certain Walmart discount retail stores nationwide. If we enter into a franchise agreement with you to operate a Wayback Burger restaurant in a Walmart store, you must enter into a sublease with us to sublease the site in the eligible store, and must adhere to certain requirements and conditions imposed by us and Wal-Mart, including providing daily sales data reports and maintaining certain hours of operation. You may be required to pay us certain fees on a weekly basis under the sublease including base rent and a rent based on a percentage of your sales. You may also be required to pay us certain fees on a monthly basis including an insurance reimbursement fee, and a common area maintenance/utility reimbursement fee. The fees in the chart above include rental fees based on percentage of sales.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Estimated Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$35,000 (Note 1)	Lump sum	On signing Franchise Agreement	Us
Leasehold Improvements	\$60,000 to \$220,000 (Note 2)	As arranged	As requested by contractors	Contractor, Architects, Suppliers, or Us
Initial Rent Outlays	\$2,500 to \$12,000 (Note 3)	Lump sum	At signing of lease agreement	Landlord or Us
Equipment	\$75,000 and \$140,000 (Note 4)	As arranged	Before opening	Suppliers
Outside Fixtures and Furnishings	\$5,000 to \$10,000 (Note 5)	As arranged	Before opening	Suppliers
Signage	\$3,000 to \$35,000	As arranged	Before opening	Suppliers
Initial Inventory	\$6,000 to \$8,000 (Note 6)	As arranged	Before opening	Suppliers
Supplies	\$5,000 to \$7,500 (Note 7)	As arranged	Before opening	Suppliers
Travel and Living Expenses during Training	\$1,000 to \$10,000	As arranged	Before opening	Suppliers
Utility Deposits	\$0 to \$5,000	As arranged	Before opening	Suppliers
Prepaid Insurance Premiums	\$500 to \$5,000	As arranged	Before opening	Suppliers
Permits and Licenses (including design fees)	\$6,000 to \$12,000 (Note 8)	As arranged	Before opening	Suppliers
Grand Opening Advertising	\$5,000 (Note 9)	As incurred	Before opening	Suppliers

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds and Miscellaneous	\$5,000 to \$20,000 (Note 10)	As incurred	Expended over approximately the first three months of operation	Employees, utilities, suppliers, etc.
TOTAL	\$209,000 to \$524,500 (Approx.)			

NO FEES ARE REFUNDABLE, ALL MUST BE PAID IN A LUMP SUM AS INCURRED AND WILL NOT BE FINANCED, UNLESS OTHERWISE STATED.

- (1) The initial franchise fee is \$35,000. To the extent required by state franchise administrators, certain states may require that we defer the initial franchise fee or other pre-opening payments until our initial obligations are met and you have opened for business. Please review the State Law Addenda attached to this disclosure document as Exhibit H.
- (2) You must renovate or construct your restaurant in accordance with our specifications. This estimate includes costs of construction and assumes that basic plumbing, electricity and heat or air conditioning exists on the premises. You may choose to spend more for leasehold improvements, but this is not normally recommended. These sums do not include any sums for purchase of real property, as it is not anticipated that you will purchase real property.
- (3) If you do not already own a site for your Wayback Burgers restaurant, you must lease or acquire a site for the term of the Franchise Agreement. We recommend that your restaurant be located in an end-cap strip shopping center or on its own as a freestanding unit, and provide a covered outside eating area. In the event that you lease the premises for the restaurant, we have provided in the charts an estimated cost, which estimate includes one month's rent plus one month's rent as security deposit and one month's pro-rated share of common area maintenance, taxes, and insurance. We have not provided an estimate of legal or other professional costs incurred for negotiating the lease. We have not provided an estimate of costs incurred for purchasing the premises for a restaurant, as we anticipate you will rent the premises. The approximate size of the premises and the building for your restaurant will range from 1,200 to 2,400 square feet at a cost of \$12 to \$100 per square foot. See Item 5, and Item 6 (Note 10) for more information.
- (4) This estimate includes the costs of an initial equipment package (from various designated suppliers) which includes restaurant equipment, including refrigerators, freezers, grills, fryers, and stools, the point-of-sale system, laptop, office equipment (computers and furniture), music system, and an audio and visual surveillance system.
- (5) If your restaurant has space for an outside eating area, you must purchase fixtures and furnishing for the outside eating area. This estimate includes the costs of outside table and/or chairs, lighting fixtures, and a canopy or an awning.

- (6) You must purchase your initial inventory of products, as prescribed by us in our confidential manuals (the “Manuals”) or otherwise in writing, including beef, french fries, ice cream, buns, and other food items, and paper products (bags, plates, and cups). Your cost will be based upon the amount purchased. Your amount purchased will depend on your anticipated sales for the restaurant, which will depend on a variety of factors such as the size and location of your restaurant and overall anticipated demand.
- (7) You must purchase supplies for the restaurant. These estimates include the cost of uniforms and smallwares, which include cooking, cleaning (cleaning products, chemicals, brushes) and serving (utensils).
- (8) Before the opening of your restaurant, you must obtain all necessary permits and licenses. The above estimates include architectural fees, building permits, certificates of occupancy and certificates of health. This cost does not include impact or major facility fees that may be required to build your restaurant.
- (9) Upon your registration for the initial training program, you must pay to us \$5,000 per location to be spent on grand opening advertising.
- (10) This estimates your other initial three-month start-up expenses, less income earned, not including any salary, finance costs, debt service, or reimbursements or other payments to you. These figures are just estimates and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. If you are not profitable or have low net cash flow (for example, because of low sales, high costs, or high debt service), you will need more additional funds. This also includes initial employee recruitment, training and wages, legal and accounting fees (if any), other variable costs (e.g. ongoing electricity, telephone, heat, etc.), and general and administrative costs.

**YOUR ESTIMATED INITIAL INVESTMENT – WALMART LOCATION:**

This chart is an estimate of the costs you will incur to open a unit under a Walmart Sublease Agreement:

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$35,000 (Note 1)	Lump sum	On signing Franchise Agreement	Us
Security Deposit	\$12,000 (Note 2)	Lump Sum	10 days following signing of Walmart Sublease	Us
Leasehold Improvements	\$60,000 to \$220,000 (Note 3)	As arranged	Upon signing the Walmart Sublease	Contractor, Architects, Suppliers, or Us

<b>Type of Expenditure</b>	<b>Estimated Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Rent Outlays	\$0 to \$5,000 (Note 4)	Lump sum	At signing of lease agreement	Landlord or Us
Equipment	\$75,000 and \$140,000 (Note 5)	As arranged	Before opening	Suppliers
Outside Fixtures and Furnishings	\$5,000 to \$10,000 (Note 6)	As arranged	Before opening	Suppliers
Signage	\$3,000 to \$35,000	As arranged	Before opening	Suppliers
Initial Inventory	\$6,000 to \$8,000 (Note 7)	As arranged	Before opening	Suppliers
Supplies	\$5,000 to \$7,500 (Note 8)	As arranged	Before opening	Suppliers
Travel and Living Expenses during Training	\$1,000 to \$10,000	As arranged	Before opening	Suppliers
Utility Deposits	\$0 to \$5,000	As arranged	Before opening	Suppliers
Prepaid Insurance Premiums	\$500 to \$5,000	As arranged	Before opening	Suppliers
Permits and Licenses (including design fees)	\$6,000 to \$12,000 (Note 9)	As arranged	Before opening	Suppliers
Grand Opening Advertising	\$5,000 (Note 10)	As incurred	Before opening	Suppliers
Additional Funds and Miscellaneous	\$5,000 to \$20,000 (Note 11)	As incurred	Expended over approximately the first three months of operation	Employees, utilities, suppliers, etc.
<b>TOTAL</b>	<b>\$218,500 to \$529,500 (Approx.)</b>			

**NO FEES ARE REFUNDABLE, ALL MUST BE PAID IN A LUMP SUM AS INCURRED AND WILL NOT BE FINANCED, UNLESS OTHERWISE STATED.**

- (1) The initial franchise fee is \$35,000. To the extent required by state franchise administrators, certain states may require that we defer the initial franchise fee or other pre-opening payments until our initial obligations are met and you have opened for business. Please review the State Law Addenda attached to this disclosure document as Exhibit H.

- (2) You will pay us a security deposit of \$12,000 under the Walmart sublease agreement.
- (3) You must renovate or construct your restaurant in accordance with our specifications for Wayback Burgers locations in Walmart stores. We estimated that the leasehold improvements will be \$60,000 to \$220,000, which includes the subleased premises improvement charge of \$10,000 to \$150,000 that Walmart reserves the right to charge us to construct the premises in a newly constructed Walmart store.
- (4) If you wish to open a Wayback Burgers restaurant in a Walmart location, you must sublease the premises from us for the term of the Franchise Agreement. We estimate that the initial rent outlays for the premises under a Walmart sublease will range from \$0 to \$5,000. This includes one month's rent plus one month's rent and one month's pro-rated share of common area maintenance, taxes, and insurance.
- (5) This estimate includes the costs of an initial equipment package (from various designated suppliers) which includes restaurant equipment, including refrigerators, freezers, grills, fryers, and stools, the point-of-sale system, laptop, office equipment (computers and furniture), music system, and an audio and visual surveillance system.
- (6) If your restaurant has space for an outside eating area, you must purchase fixtures and furnishing for the outside eating area. This estimate includes the costs of outside table and/or chairs, lighting fixtures, and a canopy or an awning.
- (7) You must purchase your initial inventory of products, as prescribed by us in our confidential manuals (the "Manuals") or otherwise in writing, including beef, french fries, ice cream, buns, and other food items, and paper products (bags, plates, and cups). Your cost will be based upon the amount purchased. Your amount purchased will depend on your anticipated sales for the restaurant, which will depend on a variety of factors such as the size and location of your restaurant and overall anticipated demand.
- (8) You must purchase supplies for the restaurant. These estimates include the cost of uniforms and smallwares, which include cooking, cleaning (cleaning products, chemicals, brushes) and serving (utensils).
- (9) Before the opening of your restaurant, you must obtain all necessary permits and licenses. The above estimates include architectural fees, building permits, certificates of occupancy and certificates of health. This cost does not include impact or major facility fees that may be required to build your restaurant.
- (10) Upon your registration for the initial training program, you must pay to us \$5,000 per location to be spent on grand opening advertising.
- (11) This estimates your other initial three-month start-up expenses, less income earned, not including any salary, finance costs, debt service, or reimbursements or other payments to you. These figures are just estimates and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. If you are not profitable or have low net cash flow (for example, because of low sales, high costs, or high debt service), you will need more additional funds. This also includes initial employee recruitment, training and

wages, legal and accounting fees (if any), other variable costs (e.g. ongoing electricity, telephone, heat, etc.), and general and administrative costs.

**YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPER:**

This chart is an estimate of the costs you will incur to open three franchised units under a Development Agreement:

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee	\$75,000 (Note 1)	Lump sum	On signing Development Agreement	Us
TOTAL	\$75,000			

NO FEES ARE REFUNDABLE, ALL MUST BE PAID IN A LUMP SUM AS INCURRED AND WILL NOT BE FINANCED, UNLESS OTHERWISE STATED.

- (1) If you sign a Development Agreement to establish and operate multiple franchises, the initial development fee will be \$35,000 for the first restaurant to be developed and \$20,000 for each additional restaurant. You must develop a minimum of three outlets in order to enter into a Development Agreement. The chart above reflects the development fee for three restaurants. We will credit \$35,000 against the initial franchise fee payable under your first Franchise Agreement, and \$20,000 payable under each additional Franchise Agreement, when you sign the Franchise Agreements for restaurants to be opened pursuant to the Development Agreement. The balance of your initial investment requirements for each restaurant is described in the first table of Item 7 above.

To the extent required by state franchise administrators, certain states may require that we defer the development fee until our initial obligations are met. Please review State Law Addenda attached to this disclosure document as Exhibit H.

\* \* \* \* \*

The amounts in all charts above are estimates only, and specific amounts will vary depending upon various factors such as the number of paid employees you hire and their rate of pay, your own management and operation skill, local market conditions, which are outside our control, and upon your choice of suppliers and locations. Competitive conditions may also affect these costs. We cannot guarantee that your costs will not be higher. We relied on our affiliate’s experience in the restaurant business to compile these estimates. You should review the figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer financing to you, directly or indirectly. The availability and terms of third-party financing depend on a number of factors including availability of financing generally, your creditworthiness and available collateral, lending institutions’ policies concerning the type of

business you operate, and other comparable elements. We are not able to estimate your loan repayments to third parties.

Except as noted, none of these payments are refundable by us.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Required Purchases or Leases of Goods, Services, Supplies, Fixtures, Equipment, Inventory, Computer Software or Hardware and Real Property and Other Items. You must purchase your initial equipment package from suppliers designated by us. The initial equipment package includes restaurant equipment, including refrigerators, freezers, grills, fryers, and stools, a point-of-sale system, office equipment (computers and furniture), music system, and an audio and visual surveillance system. We and our affiliate are not approved suppliers of these or any other items you must use in your restaurant. We are currently supplying BBQ Spice used in some franchised businesses; however, we are not the only approved supplier for this product. Our BBQ Spice is only supplied as needed and done mostly by third party-distribution.

You may be required to participate in Internet and multi-area marketing programs, including national accounts programs, multi-area customer, Internet, yellow pages, directory, affinity, gift card and loyalty programs, contest and awards, and co-branding programs that we develop in the future. We may be the only approved supplier of these programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to pricing to the extent permitted by law.

There are currently no approved suppliers in which any of our officers owns an interest.

We do not require you to do business with us or purchase supplies from us or from any designated source other than as we describe above. Under the FTC Rule and Compliance Guide, there is no requirement to disclose optional purchases.

How We Issue Supplier Approvals. We base our specifications and product and supplier approvals on our discretionary determination of quality, value and appearance. There are no written criteria for supplier approval. We must approve all of your supply sources in writing before their use. We may require suppliers to provide certain information, sign a non-disclosure agreement, guarantee our level of quality, and produce sufficient samples to allow us to test the sample at your expense. If you request us to approve a new supplier, there is no fee for supplier approval unless we require third-party testing, in which case you will pay the actual cost of the tests. We may issue specifications in Manuals or directives, in writing or electronically, and we may modify them at any time. We will respond to a written request to approve a supplier within 60 days of its receipt. We may revoke our approval of a supplier, in our sole discretion, at any time.

If you sign a Walmart sublease with us, the lease will contain certain terms and conditions with which you must comply. We will require that your Wayback Burger restaurant be constructed, improved or remodeled according to our and Wal-Mart's specifications.

Our Specifications and Standards. To maintain uniform standards of quality, appearance, and marketing, it is essential that you conform to our standards and specifications. Our

specifications are in our Manual. Therefore, you must conform all of your leases, fixtures, goods, services, inventory, equipment, software, advertising, marketing, trademark usage, trade dress, suppliers, and materials required for the operation of the franchised business, to our standards and specifications. You will manage your own operations and employees.

We may in the future offer or designate others to offer certain supplies or services, and our affiliates or we may become approved suppliers or the only approved supplier(s) for other goods and services, although we are not currently approved suppliers of any goods or services and do not have any current plans to become an approved or the only supplier of any goods or services.

You must follow our trademark and copyright usage directions.

#### Payments to Us and Affiliates from Suppliers and from Sales to You.

- A. Payments to Us or Affiliates from Suppliers. Our suppliers may pay us money in the form of license fees, commissions, promotional fees, advertising allowances, rebates, our annual convention promotions, or other payments.
- B. Revenue from Sales by Us or Affiliates to You. Our affiliates or we may derive revenue, profit, or markups from sales or leases to you for goods or services that we or our affiliates supply. The amount of any revenue is described in the next section.
- C. Amounts of These Payments from Suppliers and from Sales to You. In the fiscal year ended December 31, 2018 our total revenue was \$4,476,920, as reported in our attached audited financial statements. In the fiscal year ended December 31, 2018 our total revenue from franchisee purchases and leases of goods and services (other than initial franchise fees, service fees, royalties, and ad fees), was approximately \$0 and was 0% of our total revenue. In addition, there were total payments to us from suppliers of approximately \$2,079,083, but these payments are not treated as revenue for accounting purposes. The notes to our 2018 audited financial statements under “Brand Building Fund” provide more information. All payments from these suppliers are separately accounted for in a brand building fund, used solely for brand building expenses, such as defraying franchisee costs due to vendor changes, marketing expenses, design fees, Web sites, menu board design, online ordering, product procurement and testing expenses, and a franchisee intranet. If these payments were included as revenue for accounting purposes, our total revenue would be \$6,556,003, and the payments from suppliers would represent 31.7% of our total revenue.

Extent of Required Purchases Compared to Your Total. We estimate that your initial expenditures from us or our affiliates, or that we specify or approve, will be 90% - 95% of your total initial purchases. During the operation of the franchised business, required purchases or leases from us or our affiliates, or that we specify or approve are estimated to total 90 - 95% of your annual operating expenses. The majority of these required purchases will be from third parties that we specify or approve.

Cooperatives and Associations. There are no franchise purchasing or distribution cooperatives.

Negotiated Prices. We do negotiate purchase arrangements with suppliers for the benefit of franchisees.

Material Benefits. We do not provide material benefits to you based solely on your use of designated or approved sources, other than that you will not be in default, will be able to renew or transfer, and will have the intangible benefit of uniform quality standards.

**Item 9**  
**FRANCHISEE'S OBLIGATIONS**

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	SECTION IN WALMART SUBLEASE	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.2, 5.1, and 5.3	1.1 and 3	Article II	Item 11
b. Pre-opening purchases/leases	7.6	3.2, 3.3 and 3.4	Article II	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	5.1, 5.2, 5.3, 5.4, 5.5 and 7.6	1.1, 3 and 5.1	2.4	Items 8 and 11
d. Initial and ongoing training	5.4 and 6	Not Applicable	Not Applicable	Items 6, 7 and 11
e. Opening	5.3 and 7.6	3.5	2.4	Item 11
f. Fees	4	2 and 7.3.10	Articles IV and V	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manuals	7.3 and 9.1	8.2	Article VI and Article VIII	Items 8 and 11
h. Trademarks and proprietary information	8 and 10	1.5 and 8	6.4, 15.2	Items 13 and 14
i. Restrictions on products/services offered	7.2, 7.3 and 7.5	Not Applicable	6.8, 6.10	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable	6.5	Item 11
k. Territorial development and sales quota	2.2	1	Not applicable	Item 12
l. Ongoing product/service purchases	7.3	Not Applicable	Not applicable	Item 8
m. Maintenance, appearance and remodeling requirements	2.2, 7.9 and 7.10	Not Applicable	Article VII	Items 8 and 11
n. Insurance	13	Not Applicable	Article XIV	Items 6 and 7
o. Advertising	12	Not Applicable	6.8	Items 6, 7 and 11
p. Indemnification	20.3	10.3	Article XIV	Item 6
q. Owner's participation/management/staffing	7.11 and 7.12	8.1	Attachment A	Items 11 and 15
r. Records/reports	11	Not Applicable	7.1, 8.2, and Attachment A	Item 6

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SECTION IN WALMART SUBLEASE</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
s. Inspections/audits	7.7 and 11.4	Not Applicable	2.2, 8.2 and 9.1	Items 6 and 11
t. Transfer	14	7	Article X	Item 17
u. Renewal	2.2	Not Applicable	3.5 and Attachment A	Item 17
v. Post-termination obligations	16	6.3 and 8.5	17.3, 17.5 and Attachment A	Item 17
w. Non-competition covenants	17	8.4 and 8.5	6.8	Item 17
x. Dispute resolution	26	14	19.11 and 19.12	Item 17
y. Security interest in your business assets to secure your obligations to us	22	Not Applicable	Not Applicable	Item 15
z. Guarantee of franchisee obligations (Note 1)	18.4 and Schedule 5	5.4 and Schedule 3	Section 13.7 and Attachment C	Item 15
	Notes: (1) Owners of any entity franchisee must personally guarantee the Franchise Agreement, Development Agreement, and any Walmart Sublease.			

**Item 10**  
**FINANCING**

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

As security for the payment of all amounts from time to time owing by you to us under the Franchise Agreement and all other agreements, and performance of all obligations to be performed by you, you must grant us a security interest in all present and future accounts, inventory, equipment, intangibles, proceeds, contract rights, and interest in the franchise. No financing documents are required to be signed by you to perfect the security interest. (See Section 22 of the Franchise Agreement).

**Item 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

**Our Obligations Before You Open.** Before you open your business, we will:

**Development Agreement**

For each restaurant developed under the Development Agreement, we will approve or disapprove a proposed site within 30 days of receiving all required information and materials regarding the site (Development Agreement, Section 3.2).

## Franchise Agreement

- 1) Approve your proposed site within 30 days of receiving all required information and materials regarding the site; provided, however, you will be solely responsible for conforming the site to local ordinances and building codes and obtaining any required permits (Franchise Agreement, Section 1.2 and Site Selection Addendum).
- 2) Make available to you standard design plans and specifications for a prototypical restaurant (Franchise Agreement, Section 3.1).
- 3) Train you and one other person in the training program free of charge (Franchise Agreement, Sections 5.4 and 6; see this Item 11 below for information on the training program).
- 4) Make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.4 and 12).
- 5) Lend you a copy of the confidential Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion of the Internet, and which may be amended, supplemented, or replaced at any time (Franchise Agreement, Sections 3.5 and 9). This Manual is confidential and remains our property, and we may modify it at any time. The table of contents of the Manual with the number of pages for each section as of our latest fiscal year-end (unless another date is stated) is attached as Exhibit K.
- 6) Provide you a with written list of initial equipment for the restaurant for purchase along with written specifications for the supplier designated by us for such equipment; provided, however we are not required to provide detailed specifications for each piece of equipment, and we are not responsible for delivery or installment of such equipment (Franchise Agreement, Section 3.7).
- 7) Provide you a template document created by us for reporting sales, payroll, inventory, and management tool (Franchise Agreement, Sections 3.8).

Length of Time between Signing of Franchise Agreement and Opening. The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the franchise, and the opening of the franchised business is approximately 8 to 12 months. The factors that affect this length of time are the time it takes to mutually schedule and satisfactorily train you before the opening of business, and the length of time of your pre-opening preparations, including your ability to obtain an acceptable location. You must acquire or lease a location for your restaurant within 180 days of signing the Franchise Agreement, and must open your restaurant within 180 days after we approve your location.

## Sublease Agreement

If you enter into a Sublease with us for operation of a Wayback Burgers restaurant in a Walmart store we will:

1) Use commercially reasonable efforts to deliver the subleased premises to you in the condition and during the delivery window as specified in the Walmart sublease. (Walmart sublease, Section 2.1).

2) Approve or disapprove floor plans and specifications and layouts of the subleased premises within a reasonable amount of time (approximately 30 days) after you submit the floor plans and specifications and layouts to us. (Walmart sublease, Section 2.4B.).

**Our Obligations During Your Operation of the Franchised Business.** After you open your business, we will, at no additional charge, except as described below:

#### Development Agreement

Under the Development Agreement, we do not have to furnish any assistance to you after the opening of each restaurant.

#### Franchise Agreement

1) Make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.4 and 12).

2) Review and approve advertising submitted to us by you (Section 12.5 Franchise Agreement).

3) Conduct, as we deem advisable, inspections of your operation of the restaurant at our cost (Franchise Agreement, Section 3.6).

4) Provide you with advice and loan you written materials about cooking, cleaning, storage methods, preparation and advertising of products, new recipes and operation of the Franchised Business (Franchise Agreement, Section 3.9)

5) Designate or approve suppliers who will make available to you for sale, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Franchised Business as we may designate in writing (Franchise Agreement, Section 7.5).

6) Administer the Wayback Burgers advertising fund, which will be placed in a separate account, and to expend those funds on development of advertising and promotion (see Section 3.10, Franchise Agreement). We may charge the fund a reasonable fee to administer the fund and for our overhead costs. We do not have to provide you with an accounting of how the Wayback Burgers Advertising Fund is spent. The Wayback Burgers Advertising Fund is not audited.

#### Sublease Agreement

If you enter into a Sublease with us for operation of a Wayback Burgers restaurant in a Walmart store we will:

1) Enter the subleased premises to inspect the subleased premises, enforce the landlord's rules and regulations, or enforce the terms and conditions of the Sublease (Walmart sublease, Section 9.1A.).

2) Enter the subleased premises to make repairs we or the landlord are obligated to perform (Walmart sublease, Section 9.1B.).

Marketing and Advertising Fund. You must contribute to the Wayback Burgers Advertising Fund a payment equal to 2% of your weekly gross sales (see Section 12.3 of the Franchise Agreement). We may adjust or discontinue the Wayback Burgers Advertising Fund contributions and related expenditures. Any increase will not raise the total fee to more than 2% of your weekly gross sales. You pay the Wayback Burgers Advertising Fund contribution at the same time and under the same terms as the Royalty. We will place the Wayback Burgers Advertising Fund contributions in a separate bank account. We may use the Wayback Burgers Advertising Fund for marketing research and development; regional, national or international advertising; administration (including our salaries, accounting, collection, legal and other costs); related expenses; and any media or agency costs. We make the expenditures at our discretion. We make no representations that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations.

Wayback Burgers Advertising Fund is described as follows:

- a. The media where advertising may be disseminated may be print, mail, telephone, radio, television, computer, Internet, electronic or any other media.
- b. Coverage of the media may be local, regional, or national.
- c. An in-house advertising department or a national or local advertising agency may produce the advertising.
- d. You may use your own advertising material, but subject to our review and approval prior to use.
- e. We have formed a National Franchisee Advisory Council (“NFAC”) to advise us with respect to national and local advertising issues and decisions. The NFAC serves in an advisory capacity only and does not have authority to directly modify policies of the Wayback Burgers system. However, we will weigh the input of this group in formulating plans, programs and policies that affect franchisees. The NFAC will consist of four members comprised of Wayback Burgers franchisees from separate designated market areas. Members will be elected by popular vote at an election of franchisees. We reserve the right to form, change, dissolve or merge the NFAC.

f. With the exception of one legacy franchisee, all franchisees contribute to the Wayback Burgers Advertising Fund. We administer the Wayback Burgers Advertising Fund, which is not audited. We do not have to provide you with an accounting of how the advertising funds are spent. Domestic franchisees contribute to the Wayback Burgers Advertising Fund on an equivalent basis. In our last fiscal year ended December 31, 2018, the Wayback Burgers Advertising Fund was expended as follows:

Production	50%
Media placement	50%
Administrative Expenses	0%
Other (including R&D)	<u>0%</u>
Total	100%

Neither our affiliates nor we receive payment for providing goods or services to the marketing fund, other than the administrative expenses described above.

g. Our company-owned stores, if any, currently contribute at the same rate to the Wayback Burgers Advertising Fund, but we reserve the right to contribute at a different rate or not to make any contribution, at any time and without notice, in our sole discretion.

h. We may spend, on behalf of the Wayback Burgers Advertising Fund, more or less than all of the contributions paid to the advertising fund in a given year. If all Wayback Burgers Advertising Fund contributions paid are not spent in the fiscal year when they accrue, we can use the remaining amounts, and any interest accrued on the contributions, for the same purposes in future years. We are not required to spend any amount on advertising in the area or territory where you are located.

i. The Wayback Burgers Advertising Fund may be spent for activities that are related to solicitation for the sale of franchises. In the fiscal year ended December 31, 2018, no percentage of Wayback Burgers Advertising Fund expenditures were used for such solicitation.

j. We have the right to incorporate the Wayback Burgers Advertising Fund, or operate it through a separate entity.

Regional Cooperative Advertising. We may also require you to join, participate in, and pay into, multi-area marketing programs administered by us or by one or more franchisee marketing councils for a designated region. A franchisee council may be established and administered by a majority vote of the franchisees in that region. The purpose of the franchisee council will be solely to develop and implement cooperative advertising and special promotions, within the region. The amount of contribution and type of advertising or promotions approved will be set by majority vote of the members of the council, but we will not approve a contribution of more than 2% of your weekly gross sales. Any contribution to the Cooperative will be credited towards your local advertising requirement described below in this Item 11. We will be able to review and approve or disapprove the amount of contribution, the franchisees we will require to join, regions covered, governing documents (which will be available for your review), and all advertising and promotions. The council must prepare annual unaudited financial statements, which must be available for your

and our review by 120 days after our fiscal year end. We may form, change, dissolve, or merge any council. We currently have established a cooperative in Connecticut and in parts of Delaware and Pennsylvania.

Franchisee's Minimum Advertising or Promotion. You must spend a minimum of 2% of your gross sales each month on local advertising and promotion, in addition to the 2% Wayback Burgers Advertising Fund contribution as summarized above. You must report your monthly advertising expenditures to us periodically in the manner we direct, which currently is by the 3rd day of each succeeding month, on forms to be determined by us. We reserve the right, upon thirty (30) days written notice, to require you to pay us the 2% of the monthly Gross Sales which we will then spend on local marketing, advertising, and promotion on your behalf (in lieu of requiring you to expend the money yourself).

Grand Opening Advertising. You must, upon registration for the initial training program, pay to us \$5,000 for initial grand opening advertising ("Grand Opening Fee"). During the initial training program, we and you agree to collaborate and develop a plan for your grand opening. You will be responsible for securing any vendors or suppliers associated with the grand opening plans. All invoices received by you related to the grand opening plan must be submitted to us, and we will pay the invoices from the grand opening fee, until the \$5,000 has been fully expended. You will be responsible for any expenditures in excess of \$5,000.

Our Approval. You must obtain our prior review and written approval for any marketing or use of our trademarks in any media (including Internet or electronic media), except when using materials approved by us within the preceding three months. If we do not disapprove the material with 15 days of the date of our receipt, we will be deemed to have approved them. You must make reasonable efforts to participate in and cooperate with all advertising and marketing programs selected by us, (including Internet or electronic media). All expenses of this independent advertising will be yours. You must follow our trademark and copyright usage directions. We control all Internet access, marketing, and usage, and you may not advertise on the Internet or a worldwide web page without our prior consent.

Website. Unless approved by us or permitted in the Manual, you may not establish a separate Website in connection with the franchised business. However, we have the right to establish one or more webpages within our Website, which is currently [www.waybackburgers.com](http://www.waybackburgers.com), but may be changed by us in our sole discretion. You must update and add content to your webpage(s) as we require. We have the right to restrict your ability to edit your webpage(s) in our sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums ("Networking Media Sites"). You may not make any posting or other contribution to a Networking Media Site relating to us, the System, the Proprietary Marks, or the Be Styled Business that (a) is derogatory, disparaging, or critical of us, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates our policies relating to the use of Networking Media Sites. (Franchise Agreement, Section 8.4.)

We may allow you to establish and maintain a Website, at your expense, in connection with the franchised business. In connection with any such Website, you must comply with all requirements we may set forth in the Manuals or otherwise in writing. Any Website owned,

established, or maintained by or for your benefit will be subject to, among other things, our prior review and approval. Before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including proposed screen shots), and non-visible content (including meta tags) in the form and manner we may reasonably require. If approved, you must not materially modify the Website without our prior written approval as to such proposed modification. You must comply with the standards and specifications for Websites that we may periodically prescribe in the Manual or otherwise in writing. If required by us, you must establish hyperlinks to our Website and other Websites as we may request in writing. (Franchise Agreement, Section 8.4.)

Computer, Communications and Point-of-Sale Systems. You must acquire, maintain, and upgrade a point-of-sale (“POS”) record keeping and control system and information processing and communication system, including software and hardware. Currently, we require you to acquire and use as your point-of-sale system the NCR SilverPro system. We estimate the initial cost to acquire this system to be \$4,000. Prior to attending training, you must purchase a laptop PC with Microsoft Office software. We estimate the cost of the laptop to be approximately \$500 to \$1500. You must also purchase and install an audio and video surveillance system as designated or approved by us, including all hardware, software, maintenance and updates. You must post signs in the restaurant approved in writing in advance by us that notify your employees and occupants of the restaurant of the existence of those systems. We may remotely retrieve or require you to provide us all data and images captured by the surveillance system. We estimate the cost of the surveillance system to be approximately \$500 to \$3,500. The cost for these purchases is included in the equipment cost in Item 7 above.

You must maintain, upgrade and update hardware, software, and ISP or other systems during the term of the franchise, as we periodically determine, at your expense. There are no limits on the cost or frequency of your obligation to do so. We estimate the ongoing cost to be approximately \$2,000 to \$3,500 per year.

The POS record keeping and control system and information processing and communications system will be used to record sales and items sold and provide a breakdown of eat-in, take-out, call-in and delivery sales; to report to and communicate with us; for your accounting; and for other tasks that we may designate. We may have independent access to the information required in our reports, without limitation. You must transmit information to us weekly or at other intervals that we specify in the form and manner that we specify.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, worms, spy-ware, power disruptions, communication line disruptions, Internet access failures, Internet content failures, hardware and software failures, and attacks by hackers and other unauthorized intruders and other disruptions. It is your responsibility to protect yourself from these problems. This may include taking reasonable steps to secure your systems (including continually updating firewalls, password protection, and anti-virus systems), and to use backup systems.

Table of Contents of the Manual. The table of contents of the version of the Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion or the Internet, and which may be amended, supplemented, or replaced at any time, current as of our last fiscal year-end, or other specified date, is in Exhibit K. The current total number of pages is 241 and the number of pages devoted to each subject is stated in Exhibit K.

Methods Used to Select the Location. We do not select the location of the franchised business. It is your responsibility to do so. However, you must obtain our approval of the location. You must submit your proposed site to us for approval within 180 days of signing the Franchise Agreement. Except as it relates to our agreement with Wal-Mart to lease space for Wayback Burger restaurants in certain Walmart discount retail stores nationwide, as described above, we do not generally own or lease locations for franchisees' restaurants. We will base our approval on factors such as cost, distance between locations, demographics of the surrounding area, traffic patterns, accessibility, general location and neighborhood, parking, and similar factors which we analyze based on our experience and our own subjective judgment. We may conduct on-site evaluations as we deem necessary and appropriate. If we conduct an on-site evaluation of your proposed site, you must reimburse us for our expenses, including costs of travel, lodging and meals. We cannot predict, represent, or warrant success, suitability, or income levels for any location. We will notify you in writing of our approval or disapproval of your proposed site within 30 days. If you and we cannot agree on a site within 180 days, we may terminate the Franchise Agreement, and your initial fees will not be refunded.

Training Program.

(1) Initial Training. The initial mandatory training program will take place in Cheshire, Connecticut, or at another location that we choose. The duration is normally 15 days. This initial training will be provided to your individual majority owner, and one designated manager. We will provide, at no charge to you, instructors and training materials for up to two individuals. Additional individuals may attend training but must pay our then-current training fee designated in the Manuals or otherwise by us in writing. We have the right to approve those persons who attend the initial training. If you become an area developer, we will provide training without charge for your first franchised business. At our option, subsequent managers must be trained by us at your cost. You must pay the cost of accommodations and travel for all individuals attending training. The training program is conducted after the signing of the Franchise Agreement and payment of the initial franchise fee, and approximately eight weeks before the franchised business is opened. Satisfactory completion of the initial training program is mandatory for your individual majority owner and designated manager. This training is described in the chart below.

**TRAINING PROGRAM:**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Introduction	2	4	Cheshire, Connecticut, or another location we choose
Administration	8	6	Cheshire, Connecticut, or another location we choose
Accounting	6	2	Cheshire, Connecticut, or another location we choose
Marketing	10	4	Cheshire, Connecticut, or another location we choose
Operations	12	78	Cheshire, Connecticut, or another location we choose

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Equipment / Equipment Maintenance	2	6	Cheshire, Connecticut, or another location we choose
<b>Total</b>	<b>40</b>	<b>100</b>	

The training director will be Arrie Bernard. Mr. Bernard has served as our Franchisee Training and Development Manager since October 2018, and as a Franchise Coordinator since June 2016. The following instructors will provide training under the direction of Mr. Bernard: Scott Gerdsen has served as our Operations Manager since January 2012, and has worked continually in this field of experience since December 2005; Jason Murawski has served as our Operations Manager since January 2012, and he has worked continually in this field of experience since August 2006; Mark Biccum has served as a Field Trainer for us since September 2012, and served as a manager of Wayback Burgers location since January 2010; William Brown has served as a Field Trainer for us since 2012, and served as a manager of Wayback Burgers location since August 2010; Janet Esposito has been our bookkeeper/office manager since 2012.

Other instructors may include managers or trained staff members at current Wayback Burgers restaurant locations, and their identities are unknown at the present.

The instructional materials are our Manuals.

Before attending the initial training program, your individual majority owner and each manager and assistant manager must attend and successfully complete a ServSafe® certification program, at your sole expense. You must provide us with a copy of all certificates evidencing completion of the ServSafe® course. As of the issuance date, the tuition was approximately \$160 per person. ServSafe® is a comprehensive food safety training and certification program offered by the National Restaurant Association Educational Foundation, and is designed for the food service professional. The ServSafe® course provides accurate, up to date information on all aspects of handling food from receiving and storing to preparing and serving. The duration is one day for approximately 8 hours, and classes are held periodically at various locations throughout the United States. If a ServSafe® course is not available within your local area, you may substitute a comparable course in your local area.

(2) Subsequent Training. We may require you or your manager to receive or attend additional or advanced training as we may reasonably require, and you must pay our then-current training fee, or whatever charge is made by third-party trainers, plus travel, food, and accommodations, and all other necessary expenses, subject to increase.

## **Item 12** **TERRITORY**

Franchise Agreement. You will not receive an exclusive territory under the franchise agreement. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. The franchise is granted for a specific location approved by us. You will not receive a right of first refusal to acquire additional franchises or other rights under the franchise agreement. There are no restrictions on us from

soliciting or accepting orders anywhere. You are not entitled to any compensation from us from our solicitation or acceptance of orders anywhere.

You may not open or operate another franchised location or relocate your existing franchise premises without our prior written consent, which consent may be withheld in our sole discretion. We do not have a policy or list of conditions of approval. There are no other circumstances that permit us to modify your territorial rights.

Development Agreement. Area Developers will receive an area in which to develop restaurants under a development schedule. The development area will be determined based on the number of locations we project to be opened within a specific geographic area. Your development area will be described in a schedule attached to the Development Agreement. We must approve the site for each restaurant you propose to develop in the development area before you sign a lease for the site. Unless sooner terminated in accordance with the terms of the Development Agreement, the Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when you have open and in operation all of the Wayback Burgers restaurants required by the Development Schedule.

During the term of the Development Agreement, you will have a right of first refusal to establish, own and operate any Wayback Burgers restaurant that we propose to have located within your Development Area if you are in compliance with all other terms and conditions in the Development Agreement and any Franchise Agreement signed by you. We will give you written notice of our intent to establish, own and operate, or license another to establish, own and operate, a Wayback Burgers restaurant within the Development Area, and you will have 15 days to exercise your right of first refusal by written notice to us. Within 15 days after providing written notice to us, you must enter into our then-current form of franchise agreement being offered to new franchisees of the System generally, the terms of which may be different from the Franchise Agreement attached to this disclosure document, except that the initial franchise fee will be \$20,000. Your ownership and operation of the Wayback Burgers restaurant will be on the terms and conditions then being offered to new franchisees of the System generally, which may vary in form and substance from the terms, conditions and economics of this disclosure document or any Franchise Agreement signed by you. Any Wayback Burgers restaurant opened by you under a right of first refusal will apply towards your development obligations under the Development Agreement. If you do not exercise your right of first refusal or enter into our then-current form of franchise agreement within the time periods above, then we will have the right to establish, own and operate, or license another to establish, own and operate, the Wayback Burgers restaurant in your Development Area. If our written notice to you of our intent to locate a Wayback Burgers restaurant within the Development Area identifies a specific site or vicinity in which the proposed Wayback Burgers restaurant will be located, then you, upon exercising your right of first refusal, must locate the Wayback Burgers restaurant at, or within 3 miles of, that site or vicinity. If you fail to comply with this requirement, then we will have the right to establish, own and operate, or license another to establish, own and operate, a Wayback Burgers restaurant in that site or vicinity without providing you any additional right of first refusal.

You will receive an exclusive development area. The exceptions to this exclusivity, and rights we reserve, are as follows. We and our affiliates may:

- 1) Purchase, or be purchased by, or merge or combine with, competing businesses, wherever located.
- 2) Establish, own, franchise, license or operate units at any location outside your development area.
- 3) Establish, own, franchise, license or operate units at any location within your development area, subject to your right of first refusal described above.
- 4) Provide dissimilar services anywhere.
- 5) Serve national accounts and implement other multi-area marketing programs, which may allow us or others to solicit or sell customers anywhere.
- 6) Sell products and services over the Internet and may sell products or services anywhere through channels of distribution, other than the fixed location type of business.
- 7) Establish, operate, own, or franchise any business, including competitive businesses, and sell and produce any products or services anywhere, and using any channel of distribution. We currently do not have plans to operate or franchise a business that sells or will sell goods or services similar to those that you will offer.

Customer Restrictions. You or we may solicit customers anywhere, except: (1) we may develop policies regarding impact of new outlets on existing outlets, taking into account factors relevant to our business; and (2) you must cooperate with or participate in multi-area marketing programs. We do not have to compensate you for soliciting or accepting orders in your development area.

Continuation of the Franchise Area. Continuation of the franchised business under a franchise agreement is not dependent on achievement of a certain sales volume, market penetration or other contingency. Continuation of your area development rights is dependent on your ability to develop and operate the minimum number of franchised businesses within the time determined between you and us and described in a development schedule in the Development Agreement. If you fail to develop and open the specified number of Wayback Burgers restaurants within the agreed upon time frame, we may reduce the size of your development area, terminate your rights of first refusal to develop new restaurants within your development area, reduce the number of restaurants that you may develop under the Development Agreement, terminate the credit towards initial franchise fees granted to you under the Development Agreement, or terminate the Development Agreement and your rights to open additional businesses for which no Franchise Agreement has yet been signed.

### **Item 13** **TRADEMARKS**

#### **Development Agreement**

The Development Agreement does not grant you any right to use or license others to use the trademarks.

Franchise Agreement

We own and license to you the trademark “WAYBACK BURGERS”, and other trademarks we may designate as part of the System. By trademark we mean trade names, trademarks, service marks, logos, trade dress, and other commercial symbols used to identify the business. Some of our trademarks are registered with the United States Patent and Trademark Office (“PTO”). We also claim common law rights in our trademarks based on our prior usage. You may not use any of our trademarks as part of your business entity name or Internet domain name or online address. We control all Internet access, marketing, and usage.

The following trademarks are registered with the PTO on the Principal Register:

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>	<b>Status</b>
WAYBACK. WAYBETTER.	4245567	November 20, 2012	Registered; No Affidavits Currently Due
	5011445	August 2, 2016	Registered; No Affidavits Currently Due
WAYBACK BURGERS	4078021	December 27, 2011	Registered; No Affidavits Currently Due
	3151581	October 3, 2006	Renewed; All Affidavits Filed
BEST BURGERS UNDER THE BUN®	2740063	July 22, 2003	Renewed; All Affidavits Filed
WAYBACK	5387273	January 23, 2018	Registered; No Affidavits Currently Due

All required affidavits pertaining to these registrations have been filed or will be filed by the deadlines for active trademarks above.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state where this disclosure document is required, or any court, or any pending infringements, opposition, or cancellation proceeding or any pending material litigation involving our principal trademarks.

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

You must notify us immediately of any infringement of, or challenge to, your use of our trademarks. We are not obligated by the Franchise Agreement to protect your rights to use these trademarks or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our trademark or if the proceeding is resolved unfavorably to you, but may defend, prosecute or settle these claims or litigation. However, we may, control any administrative proceedings or litigation involving a trademark licensed by us to you. You must modify or discontinue the use of any trademarks or use one or more substitute trademarks if we request you to, at your sole expense. You may not contest our ownership, title, right or interest in our trademarks that are part of the business. Upon termination of the Franchise Agreement for any reason, you must cease using these trademarks in any manner.

We are aware of a number of third party federal trademark registrations for the mark “Jake’s” or variations thereof. Any third party rights afforded these applications and registrations may be considered superior and may be asserted by several parties that could materially affect your use of the “Jake’s Wayback Burgers” word mark, and the Jake’s Hamburger words and logo mark (collectively the “Jake’s Marks”). You may have to change your signage and other use of the marks.

These are: U.S. Registration No. 2806038, owned by McCormick & Schmick Holding Corp. (“McCormick”) for the mark “Jakes” for *restaurant and beer services*. This registration is restricted to the area comprising the entire United States except the states of Delaware, New Jersey and Pennsylvania.

Another third party registration that could materially affect your use of the Jake’s Marks is U.S. Registration No. 2806019 to Bruce Cooper for the mark “Jake’s” for *restaurant services*. This registration is restricted to the area comprising the states of Delaware, New Jersey and Pennsylvania.

Jake Flowers, Inc. is the owner of U.S. Registration No. 1872983 for the mark “Jakes Pizza” words and logo design for *restaurant and takeout food services featuring pizza, specialty sandwiches, pasta and related food items*; and U.S. Registration No. 3128497 for the mark “Jake’s Pizza” for *restaurant services featuring pizza, specialty sandwiches, pizza, pasta and related food items*. These third party rights could also materially affect your use of the Jake’s Marks.

#### **Item 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We claim trade secret protection with respect to our knowledge, trade secrets, methods, products, Systems, information, and supplier lists, Manual, proprietary software (if any), confidential electronic and other communications, methods of Internet and trademark usage, marketing programs, and research and development.

You may use the information contained in our Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion or the Internet, and which may be amended, supplemented, or replaced at any time. While we have not filed an application for registration of our copyright with the United States Copyright Office, we claim copyright right

protection for our Manual, any software, Web Pages, marketing materials, designs, creative works, and other original works in any media.

You do not receive the right to use an item covered by a patent. We do not have any patent applications pending with the United States Patent and Trademark Office.

You acknowledge in the Franchise Agreement that all of these are proprietary and are our trade secrets and that you will maintain their confidentiality. You must follow our security procedures, including you and any agent or employee who is allowed access signing any non-disclosure, and Intranet, Extranet, and Internet usage agreements that we require. You must promptly tell us when you learn about unauthorized use of our proprietary information. If we require you to modify or discontinue using the subject matter covered by a patent or copyright, you must do so.

**Item 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION**  
**OF THE FRANCHISE BUSINESS**

You or your designated manager who has completed our initial training program must devote full time and best efforts to the management and operation of the franchised business. You or your designated manager must be on the premises operating the restaurant during peak hours of restaurant operation as we specify in writing. We do not require that your designated manager maintain an equity interest in a franchisee entity. Each equity or voting owner who owns 5% or more of the franchised business must personally guarantee the Franchise Agreement including confidentiality and non-competition covenants. A copy of the Guarantee is attached to the Franchise Agreement. All owners of an entity developer must personally guarantee the Development Agreement including confidentiality and non-competition covenants. A copy of the Guarantee is attached to the Development Agreement.

The restaurant must at all times be under the direct, on-premises supervision of an individual who has satisfactorily completed the training as we specify in writing. If you wish to change your designated manager, you must notify us of this fact and we must approve it in writing. Your new designated manager must satisfactorily complete the training program at your expense.

You and your owners and managers must sign the confidentiality and non-compete agreements attached as Exhibit D to the Franchise Agreement that is Exhibit A to this Franchise Disclosure Document; and if you sign a Development Agreement, Exhibit E to the Development Agreement attached as Exhibit B to this Franchise Disclosure Document.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

To maintain uniform quality standards, you must follow our directions concerning the services and products you provide. You are not limited in the customers to whom you may sell except as to a multi-area marketing program. You may sell only those approved services and products consistent with the image and product line as have been expressly approved by us. You must sell all products and services we authorize. You must sell all menu items and other products at retail and not sell those products and merchandise at wholesale or for re-sale.

We may recommend your prices to your customers, set resale prices, and determine pricing strategy of multi-area marketing and loyalty programs, each to the extent permitted by law.

We may change the types of goods or services we authorize. There are no limits on our right to do so.

### Item 17

## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

#### Franchise Agreement

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the franchise term	2.1	20 years.
b.	Renewal or extension	2.2	You have the right to renew the Franchise Agreement for 2 consecutive terms of 5 years each.
c.	Requirements for franchisee to renew or extend	2.2	Give written notice between 6 and 9 months before the end of the current term; make or provide for renovation of the premises of the restaurant as we reasonably require; not be in default of any agreement between us and you, or between any of our affiliates and you; complied with those agreements during their terms; satisfied all monetary obligations owed to us or to our affiliates, and met those obligations throughout the term of the Franchise Agreement; show to us that you have the right to remain in possession of the premises for the duration of the renewal period; sign our then-current franchise agreement that may have terms that are materially different from those in your original Franchise Agreement; sign a general release of us and our affiliates; comply with our then-current qualification and training requirements; and pay us a renewal fee of 10% of our then-current initial franchise fee.
d.	Termination by franchisee	None	Not applicable.
e.	Termination by franchisor without cause	None	Not applicable.
f.	Termination by franchisor with cause	15	We have the right to terminate the Franchise Agreement if you default. Depending upon the reason for termination, we may not provide you an opportunity to cure. See this Item 17(g) and (h) for further description.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
g.	Cause defined – curable defaults	15.3	You have 30 days to cure all defaults, except those described in this Item 17(h). Defaults capable of cure include (1) failure to comply with the requirements of the Franchise Agreement or the Manuals; (2) failure, refusal or neglecting to promptly pay monies owing to us or our affiliates when due; (3) failure to maintain and observe standards or procedures prescribed in the Franchise Agreement, the Manuals or otherwise in writing; (4) failure to obtain required approvals; (5) acting in a manner which is inconsistent with or contrary to your lease or sublease for the premises, or jeopardizing your right to renew the lease or sublease; (6) engaging in any business which uses a confusingly similar mark; (7) buying or accepting disapproved products, or products from disapproved suppliers; or (8) failing to comply with all applicable laws.
h.	Cause defined – non-curable defaults	15.1 and 15.2	Your rights will automatically terminate without notice if you become insolvent, file for bankruptcy, or are subject to various legal actions or proceedings. We may terminate the Franchise Agreement, without any opportunity to cure the default, effective immediately upon notice, if (1) you fail to locate an approved site or to construct and open the restaurant within the time prescribed by the Franchise Agreement or the Site Selection Addendum; (2) you or your designated manager fails to complete the training program, or you fail to provide training to your employees as required by the Franchise Agreement; (3) you cease to operate the Franchised Business or you lose the right to possession of the premises of the Franchised Business; (4) you are convicted of certain crimes; (5) a threat to public health or safety results from the operation of the Franchised Business; (6) you attempt to transfer your rights under the Franchise Agreement or in Franchisee or the Franchised Business without our consent; (7) an approved transfer is not made within the time provided following death or mental incapacity; (8) you fail to comply with the covenants relating to non-disclosure and non-competition or fail to obtain execution of covenants from others, as required by the Franchise Agreement; (9) you disclose the contents of the Manuals or other confidential information; (10) you submit false reports and knowingly maintain false books or records; (11) you misuse the Proprietary Marks or damage the goodwill in the Proprietary Marks; (12) you refuse to let us inspect the premises of the Franchised Business, or your books, records or accounts; (13) you receive a notice of default and do not initiate a cure immediately; (14) a supplier withholds deliveries or refuses to supply to the Franchised Business because you have violated its credit terms; or (15) if after you cure any default, you commit the same default again.
i.	Franchisee’s obligations on termination/ non-renewal	16	You must cease to operate the Franchised Business, pay past due and future amounts, de-identification, cease to use and return Manuals and confidential information associated with the System, cancel any assumed name registration, non-disclosure and non-competition.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
j.	Assignment of contract by franchisor	14.1	We have the right to transfer or assign all or any part of our rights or obligations under the Franchise Agreement to any person or legal entity.
k.	“Transfer” by franchisee – defined	14.2	You may not transfer an interest in the Franchise Agreement or Franchisee, or sell substantially all of the assets of the Franchised Business, without our prior written consent.
l.	Franchisor approval of transfer by franchisee	14.2	You must obtain our prior written consent before any assignment or transfer, by operation of law or otherwise of any interest in you or the Franchise Agreement.
m.	Condition for franchisor approval of transfer	14.3	We may impose any or all of the following conditions on our approval of your proposed transfer: you notify us of any proposed transfer at least 90 days prior to when the transfer is proposed to take place; you have satisfied your accrued monetary obligations and other obligations to us and our affiliates; you sign a general release of us; the transferee enters into a written assignment, assuming and agreeing to perform your obligations under the Franchise Agreement, and that you guarantee the performance of all those obligations; the transferee shows us that it meets our standards, as specified in the Franchise Agreement; the transferee signs our then-current form of franchise agreement with terms that may be materially different than the terms in your Franchise Agreement; you remain liable for all of your obligations to us in connection with the Franchised Business which arose before the transfer; the transferee completes our training programs; the transferee successfully completes our training requirements; and you pay 50% of the then-current franchise fee to us; you and transferee execute a mutual general release of all claims against each other, excluding claims relating to any obligations beyond the expiration of the Franchise Agreement; and you first offer to sell that interest to us.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	14.5	We will have the option to purchase the seller’s interest on the same terms and conditions offered by a third party.
o.	Franchisor’s option to purchase franchisee’s business	16.9	We have the option to purchase from you any or all of the equipment, signs, fixtures and customer lists related to the operation of the Franchised Business (excluding your costs for professional services, such as architectural costs and legal costs), at fair market value or for 50% of the amount of your original investment, exclusive of supplies and inventory, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at your cost or at fair market value, whichever is less.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
p.	Death or disability of franchisee	14.6	Upon your death, physical or mental incapacity, your executor, administrator, or personal representative must transfer your interest in the Franchise Agreement, the Franchisee, or the Franchised Business to a third party approved by us within 6 months after your death or mental incapacity. Those transfers will be subject to the same conditions as any other transfer except that transferee may assume existing agreement and not sign a new agreement, and no transfer fee is required but you must reimburse our out-of-pocket costs.
q.	Non-competition covenants during the term of the franchise	17.2	You must not: (a) divert or attempt to divert any present or prospective business or customer of any restaurant to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or (b) own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any business that offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services being offered by the restaurant under the System, including hamburgers.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	You must not, for a continuous uninterrupted period of 2 years following the transfer, expiration, termination or final order of a duly authorized arbitrator, panel of arbitrators or court of competent jurisdiction of the Franchise Agreement own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services offered by the Franchised Business under the System, including hamburgers; and (ii) is, or is intended to be, located at or within the county or municipality in which the Approved Location is located; 25 miles of the Approved Location; or 25 miles of any business operating under the Proprietary Marks.
s.	Modification of Agreement	24	No amendment, change, or variance from the Franchise Agreement will be binding on either party unless mutually agreed to by the parties and signed in writing.
t.	Integration/merger clause	24	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document furnished to you.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
u.	Dispute resolution by arbitration or mediation	26.2, 26.3	<p>Subject to state law, except for certain claims for immediate relief, claims for past-due amounts owed under the Franchise Agreement, or claims involving our confidential information or intellectual property, all disputes must be submitted first to non-binding mediation administered by the American Arbitration Association.</p> <p>All disputes not resolved by mediation, must be submitted for arbitration before the American Arbitration Association in the county of our principal place of business at a location determined by us.</p>
v.	Choice of forum	26.2, 26.3	All mediations and arbitrations will take place at a location determined by us in the county of our principal place of business, except as subject to applicable state law (see State Addenda to this disclosure document), and except for certain claims for extraordinary relief.
w.	Choice of law	26.1	Connecticut state law, U.S. Federal Arbitration Act, and U.S. Federal Trademark Act (Lanham Act) all apply, except as subject to applicable state law (see State Addenda to this disclosure document).

Development Agreement

	<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
a.	Length of the franchise term	4.1	The earlier of (1) the last date specified in the Development Schedule; or (2) the date when you have open and in operation all of the restaurants required by the Development Schedule.
b.	Renewal or extension	None	Not applicable.
c.	Requirements for franchisee to renew or extend	None	Not applicable.
d.	Termination by franchisee	None	Not applicable.
e.	Termination by franchisor without cause	None	Not applicable.
f.	Termination by franchisor with cause	6	We have the right to terminate with cause.

	<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
g.	Cause defined – curable defaults	None	Not applicable.
h.	Cause defined – non-curable defaults	6.1 and 6.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; your non-compliance with the Development Agreement, Franchise Agreement or any other agreement with us; or transfer or attempted transfer in violation of the Development Agreement. Note that a default and termination under the Development Agreement shall not constitute a default under any Franchise Agreement; however, a default and termination of a Franchise Agreement will constitute a non-curable default under the Development Agreement.
i.	Franchisee’s obligations on termination/ non-renewal	6.3	Obligations include loss of rights granted under the Development Agreement.
j.	Assignment of contract by franchisor	7.1	No restriction on our right to transfer or assign Development Agreement.
k.	“Transfer” by franchisee – defined	7.2	Includes transfer of the Development Agreement, any direct or indirect interest in the Developer, or all or substantially all of the assets of the restaurants developed under the Development Agreement.
l.	Franchisor approval of transfer by franchisee	7.2	You must obtain our prior written consent before any assignment or transfer, by operation of law or otherwise of any interest in you or the Development Agreement.
m.	Condition for franchisor approval of transfer	7.3	Conditions include: your monetary and other obligations have been satisfied; you are not in default of any material provisions of the Development Agreement; transferee enters into a written assignment assuming to discharge all of your obligations; transferee meets our qualifications; transferee signs a new Development Agreement; each restaurant opened under the Development Agreement is in full compliance with the applicable Franchise Agreement; you remain liable for all obligations of your business before the date of transfer; transferor signs a general release; you pay a transfer fee; and you first offer to sell that interest to us.

	<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
n.	Franchisor's right of first refusal to acquire franchisee's business	7.5	We have a right of first refusal for any proposed transfer of interest.
o.	Franchisor's option to purchase franchisee's business	None	Not applicable.
p.	Death or disability of franchisee	7.6	Upon the death, physical incapacity, or mental incapacity of any person holding any interest in the Development Agreement, in Developer, or in all or substantially all of the assets of the Developer, an approved transfer must occur within 6 months. Transferee may assume existing agreement and not sign a new agreement, and no transfer fee is required but you must reimburse our out-of-pocket costs.
q.	Non-competition covenants during the term of the franchise	8.4	During the term of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have interest in any retail business which is substantially similar to a Wayback Burgers restaurant or sells substantially similar products as a Wayback Burgers restaurant.
r.	Non-competition covenants after the franchise is terminated or expires	8.5	For 2 years after termination or expiration of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have interest in any retail business which (1) is substantially similar to a Wayback Burgers restaurant or sells substantially similar products a Wayback Burgers restaurant, and (2) is, or is intended to be, located at or within the Development Area; the county or municipality in which a restaurant developed by you is located; 25 miles of any restaurant developed by you; or 25 miles of any business operating under the Proprietary Marks.
s.	Modification of Agreement	13	All amendments, changes, or variances from the Development Agreement must be in writing.
t.	Integration/merger clause	13	The Development Agreement and all referenced and attached documents constitute the entire, full, and complete agreement between the parties. Nothing in the Development Agreement or other agreement is intended to disclaim the representations made in the franchise disclosure document. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document furnished to you.

	<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
u.	Dispute resolution by arbitration or mediation	14.2, 14.3	<p>Subject to state law, except for certain claims for immediate relief, claims for past-due amounts, or claims involving our confidential information or intellectual property, all disputes must be submitted first to non-binding mediation administered by the American Arbitration Association</p> <p>All disputes not resolved by mediation, must be submitted for arbitration before the American Arbitration Association in the county of our principal place of business at a location determined by us.</p>
v.	Choice of forum	14.2, 14.3	All mediations and arbitrations will take place at a location determined by us in the county of our principal place of business, except as subject to applicable state law (see State Addenda to this disclosure document), and except for certain claims for extraordinary relief.
w.	Choice of law	14.1	Connecticut state law, U.S. Federal Arbitration Act, and U.S. Federal Trademark Act (Lanham Act) all apply, except as subject to applicable state law (see State Addenda to this disclosure document).

Sublease Agreement

	<b>PROVISION</b>	<b>SECTION IN SUBLEASE AGREEMENT</b>	<b>SUMMARY</b>
a.	Length of the sublease term	Attachment A, Section 1	5 years.
b.	Renewal or extension	Attachment A, Section 2	You have the right to renew the Sublease for one 3-year term.
c.	Requirements for franchisee to renew or extend	Attachment A, Section 3	Give written notice at least 240 days before the end of the current term; consent to extension term with us; and sign a new Attachment A for the subleased premises.
d.	Termination by franchisee	2.1B, 6.12, 17.9	We may mutually terminate the Sublease if delivery of the subleased premises is not feasible within a reasonable time. We may also mutually terminate the Sublease if you fail to satisfy the performance covenants of the Sublease starting on the second anniversary of the rent commencement date. You may terminate the Sublease if we default under the Sublease and fail to cure the default.

	<b>PROVISION</b>	<b>SECTION IN SUBLEASE AGREEMENT</b>	<b>SUMMARY</b>
e.	Termination by franchisor without cause	1.2, 2.1B, 7.3	We have the right to terminate the Sublease if we determine that any restrictions on the use of the Sublease exist. We may terminate the Sublease if the store is relocated, closed, or renovated for an extended period of time. We may mutually terminate the Sublease if delivery of the subleased premises is not feasible within a reasonable time.
f.	Termination by franchisor with cause	6.12, 17.2	We may also mutually terminate the Sublease if you fail to satisfy the performance covenants of the Sublease starting on the second anniversary of the rent commencement date. We have the right to terminate the Sublease if you default. Depending upon the reason for termination, we may not provide you an opportunity to cure.
g.	Cause defined – curable defaults	17.1F	You may be allowed to cure certain defaults under the Sublease, including non-material obligations or covenants.
h.	Cause defined – non-curable defaults	17.1	You become insolvent or file for bankruptcy, your interest in the subleased premises is assigned by operation of law, you fail to pay any installment of rent or other charge when due and continue to fail to pay more than 2 times in any 12-month period, you breach any material obligation or covenant under the Sublease, you breach any non-material obligation or covenant more than 2 times in any 12-month period and each breach remains uncured 30 days after you have received notice from us, you fail to open the subleased premises more than 2 times in any 12-month period without our prior written approval.
i.	Franchisee’s obligations on termination/ non-renewal	17.3	You must immediately remove all property and trade fixtures from the subleased premises, return the subleased premises to “white box” condition or instead of returning the subleased premises to “white box” condition, pay us a fee.
j.	Assignment of contract by franchisor	10.6B	We have the right to transfer our interest in the Sublease.
k.	“Transfer” by franchisee – defined	10.1	Transfer includes the following: transferring the interest in the sublease, permitting transfer by operation of law, permitting any person or entity other than you to use the subleased premises, causing or permitting your dissolution, merger, or consolidation, transferring more than 50% of your voting shares or the value of your unencumbered assets and transferring any part or all of your shares of stocks resulting in the majority owners of the shares of stock no longer maintaining effective voting control.
l.	Franchisor approval of transfer by franchisee	10.1	You must obtain our prior written consent before any assignment or transfer, by operation of law or otherwise of more than 50% of your voting shares or your unencumbered assets.

	<b>PROVISION</b>	<b>SECTION IN SUBLEASE AGREEMENT</b>	<b>SUMMARY</b>
m.	Condition for franchisor approval of transfer	10.3	We may impose any or all of the following conditions on our approval of your proposed transfer: you notify us of any proposed transfer at least 30-180 days prior to when the transfer is proposed to take place; you include all the terms of the proposed transfer including the consideration, the name and address of the proposed transferee, and a copy of all documentation of the proposed transfer; you provide current audited or other financial statements of the proposed transferee; and you provide any additional information we reasonably request in connection with the proposed transfer.
n.	Franchisor's right of first refusal to acquire franchisee's business	None	Not applicable.
o.	Franchisor's option to purchase franchisee's business	None	Not applicable.
p.	Death or disability of franchisee	None	Not applicable.
q.	Non-competition covenants during the term of the franchise	6.8F.	You may not advertise market or promote any competing business within the subleased premises or anywhere else in the store.
r.	Non-competition covenants after the franchise is terminated or expires	None	Not applicable.
s.	Modification of Agreement	24	No amendment or other modification of the Sublease is valid or binding on either party unless it is in writing and signed by both parties.
t.	Integration/merger clause	19.3	Only the terms of the sublease agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Sublease Agreement may not be enforceable.

	<b>PROVISION</b>	<b>SECTION IN SUBLEASE AGREEMENT</b>	<b>SUMMARY</b>
u.	Dispute resolution by arbitration or mediation	19.8	<p>Subject to state law, for disputes not involving the landlord and except for certain claims for immediate relief, claims for past-due amounts owed under the Franchise Agreement, or claims involving our confidential information or intellectual property, all disputes must be submitted first to non-binding mediation administered by the American Arbitration Association.</p> <p>All such disputes not resolved by mediation, must be submitted for arbitration before the American Arbitration Association in the county of our principal place of business at a location determined by us.</p>
v.	Choice of forum	19.8, 19.12	<p>Subject to state law, all suits, actions, or legal proceedings arising from the sublease will take place in the state courts of Benton County, Arkansas or the federal courts in the Western District of Arkansas, except for matters not involving the landlord. For matters not involving the landlord, the dispute resolution procedures of the Franchise Agreement shall apply.</p>
w.	Choice of law	19.8, 19.11	<p>Arkansas state law applies, except as subject to applicable state law. For matters not involving the landlord, Connecticut state law, U.S. Federal Arbitration Act, and U.S. Federal Trademark Act (Lanham Act) all apply, except as subject to applicable state law (see State Addenda to this disclosure document).</p>

Certain states have statutes which may supersede the Franchise Agreement and Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise. These and other states may have court decisions that may supersede the Franchise Agreement and Development Agreement in your relationship with us. The State Addenda in Exhibit H, to the extent applicable, may also describe certain state laws that may supersede the Franchise Agreement and Development Agreement in your relationship with us.

**Item 18**  
**PUBLIC FIGURES**

We do not use any public figure or personality to promote the franchise in any way.

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. 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 John Eucalitto, Jake’s Franchising LLC, 716 South Main Street, Cheshire, CT 06410, 203-439-7991; the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

(Table No. 1)  
Systemwide Outlet Summary  
For Years 2016 to 2018

Outlet Type	Year	Outlets Operating at the Start of the Year	Outlets Operating at the End of the Year	Net Change
Franchised	2016	100	119	+19
	2017	119	134	+15
	2018	134	134	0
Company-Owned <sup>1</sup>	2016	0	1	+1
	2017	1	6	+5
	2018	6	8	+2
Total Outlets	<b>2016</b>	<b>100</b>	<b>120</b>	<b>+20</b>
	<b>2017</b>	<b>120</b>	<b>140</b>	<b>+20</b>
	<b>2018</b>	<b>140</b>	<b>142</b>	<b>+2</b>

Note 1: JWB Management Group LLC operates the company-owned restaurants. See Item 1.

**(Table No. 2)**  
**Transfers of Outlets from Franchisees to New Owners (other than Us)**  
**For Years 2016 to 2018**

State	Year	Number of Transfers
California	2016	0
	2017	0
	2018	1
Connecticut	2016	2
	2017	3
	2018	3
Delaware	2016	1
	2017	3
	2018	0
Florida	2016	0
	2017	0
	2018	1
Illinois	2016	0
	2017	1
	2018	1
Maryland	2016	0
	2017	0
	2018	1
New York	2016	0
	2017	0
	2018	3
North Carolina	2016	1
	2017	0
	2018	0
Pennsylvania	2016	3
	2017	0
	2018	6
South Carolina	2016	0
	2017	3
	2018	0
Texas	2016	3
	2017	0
	2018	0
Tennessee	2016	0
	2017	0
	2018	1
Virginia	2016	0
	2017	1
	2018	0
Total	2016	10
	2017	11
	2018	17

**(Table No. 3)**  
**Status of Franchised Outlets**  
**For Years 2016 to 2018**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year <sup>(1)</sup>
Alabama	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Arkansas	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
California	2016	4	3	0	0	0	0	7
	2017	7	5	2	0	0	0	10
	2018	10	1	1	0	0	0	10
Colorado	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Connecticut	2016	16	2	0	0	1	0	17
	2017	17	1	0	0	1	0	17
	2018	17	0	0	0	3	0	14
Delaware	2016	8	0	0	0	0	2	6
	2017	6	0	1	0	0	0	5
	2018	5	1	0	0	0	0	6
District of Columbia	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Florida	2016	7	2	0	0	0	0	9
	2017	9	2	0	0	0	0	11
	2018	11	0	2	0	0	0	9
Georgia	2016	2	2	0	0	0	0	4
	2017	4	1	0	0	0	0	5
	2018	5	2	0	0	0	0	7
Illinois	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Indiana	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Maryland	2016	3	0	0	0	0	1	2
	2017	2	1	0	0	0	0	3
	2018	3	1	0	0	0	0	4
Massachusetts	2016	5	1	0	0	0	0	6
	2017	6	0	2	0	0	0	4
	2018	4	0	1	0	0	0	3
Michigan	2016	2	2	0	0	0	0	4
	2017	4	0	0	0	2	0	2
	2018	2	0	0	0	0	0	2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year <sup>(1)</sup>
Minnesota	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Nevada	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
New Hampshire	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
New Jersey	2018	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
New York	2016	8	1	1	0	0	0	8
	2017	8	0	1	0	2	0	5
	2018	5	0	1	0	0	0	4
North Carolina	2016	5	0	0	0	0	0	5
	2017	5	2	0	0	0	0	7
	2018	7	0	0	1	0	0	6
Ohio	2016	2	0	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Oklahoma	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Oregon	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Pennsylvania	2016	15	1	1	0	0	1	14
	2017	14	1	0	0	0	0	15
	2018	15	0	0	0	0	0	15
South Carolina	2016	5	2	0	0	0	0	7
	2017	7	1	0	0	0	0	8
	2018	8	0	0	0	0	1	7
Tennessee	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Texas	2016	5	3	0	0	0	0	8
	2017	8	5	1	0	0	0	12
	2018	12	1	2	0	0	1	10
Virginia	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Washington	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year <sup>(1)</sup>
Wyoming	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Argentina	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
Brunei	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	2	0	0	0	0
Kuwait	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Malaysia	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Morocco	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Netherlands	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Pakistan	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
Saudi Arabia	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Sudan	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Totals	2016	100	26	2	0	1	4	119
	2017	119	27	7	0	5	0	134
	2018	134	16	10	1	3	2	134

**(Table No. 4)**  
**Status of Company Owned Outlets<sup>1</sup>**  
**For Years 2016 to 2018**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Connecticut	2016	0	0	1	0	0	1
	2017	1	0	1	0	0	2
	2018	2	0	3	0	0	5
Michigan	2016	0	0	0	0	0	0
	2017	0	0	2	0	0	2
	2018	2	0	0	0	0	2
New York	2016	0	0	0	0	0	0
	2017	0	0	2	0	0	2
	2018	2	0	0	1	0	1
Totals	2016	0	0	1	0	0	1
	2017	1	0	5	0	0	6
	2018	6	0	3	1	0	8

Note 1: JWB Management Group LLC operates these company-owned restaurants. See Item 1.

**(Table No. 5)**  
**Projected Openings as of December 31, 2019**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	0 – 1	0
California	8	0 – 5	0
Connecticut	2	0 – 2	0
Delaware	1	0 – 2	0
Florida	3	0 – 1	0
Georgia	2	0 – 2	0
Illinois	1	0 – 1	0
Kentucky	1	0 – 1	0
Louisiana	1	0 – 1	0
Maryland	3	0 – 2	0
Nevada	3	0 – 1	0
New Jersey	1	0 – 1	0
New York	3	0 – 2	0
North Carolina	2	0 – 2	0
Ohio	2	0 – 1	0
Pennsylvania	2	0 – 1	0
South Carolina	3	0 – 2	0
Texas	10	0 – 6	0
Virginia	2	0 – 1	0
Total	51	0 – 35	0

The name of each of our franchisees and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit F. Our fiscal year ends on December 31 of each year. No franchisees have signed confidentiality clauses during the last three years.

The name and last known city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee within the most recently competed fiscal year who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is in Exhibit F.

**If you buy this franchise, your contact information may be disclosed to other buyers and in this disclosure document which may be publicly available during the term of the franchise, and after you leave the franchise System.**

Exhibit F lists, to the extent known, the name, address, telephone number, email address, and Web address of each trademark-specific franchisee organization associated with the franchise System being offered, which we have created, sponsored or endorsed and that has asked to be included in this disclosure document.

Resales of Franchise Controlled Businesses: If we sell a previously franchised business that we now control, detailed five-year ownership and transfer information will be provided separately from this disclosure document.

**Item 21**  
**FINANCIAL STATEMENTS**

Our fiscal year end is December 31 each year. Exhibit E contains our audited financial statements for the fiscal years ended December 31, 2016, December 31, 2017 and December 31, 2018.

**Item 22**  
**CONTRACTS**

You will be asked to sign the following:

- Exhibit A Franchise Agreement
- Exhibit B Development Agreement
- Exhibit C Walmart Sublease
- Exhibit D Sublease Addendum to Franchise Agreement
- Exhibit H State Addenda
- Exhibit I Conditional Assignment of Telephone and Directory Listings
- Exhibit J Sample General Release
- Exhibit L Franchise Disclosure Questionnaire
- Exhibit M Acknowledgment of Receipt of Completed Agreements
- Exhibit N Receipt of Disclosure Document

**Item 23**  
**RECEIPT**

Included as the last document of this disclosure document is a detachable receipt to be signed by you.

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit A**

**Franchise Agreement**

**WAYBACK BURGERS**  
**FRANCHISE AGREEMENT**

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**EXHIBITS**

EXHIBIT A -- FRANCHISEE INFORMATION

EXHIBIT B -- SITE SELECTION ADDENDUM

EXHIBIT C -- ADA CERTIFICATION

EXHIBIT D -- CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

EXHIBIT E -- GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

EXHIBIT F -- LEASE ADDENDUM

EXHIBIT G -- ADDENDUM FOR FRANCHISEES WHO OBTAIN SBA FINANCING

**WAYBACK BURGERS  
FRANCHISE AGREEMENT**

THIS AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_ 20\_\_\_\_, by and between Jake’s Franchising, LLC, a Delaware limited liability company with its principal place of business at 716 South Main Street, Cheshire, CT 06410 (“Franchisor”), and \_\_\_\_\_ (“Franchisee”), a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_.

**WITNESSETH:**

**WHEREAS**, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Wayback Burgers Restaurants, which currently feature and offer for sale to the public award-winning hamburgers and old-fashioned, hand-dipped milkshakes in several select flavors (including, without limitation, chocolate, vanilla, strawberry, black & white, banana and malted), distinctive chicken sandwiches, hot dogs, cheese dogs, salads and merchandise (including, without limitation, T-shirts and hats), and an approved, limited menu of side orders and drinks, including, without limitation, potato chips, french fries, onion rings, cheese fries, fountain sodas, and draft beer and wine, under the trade name “Wayback Burgers” (the “System”), which Franchisor may change from time to time;

**WHEREAS**, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior designs, décor, color scheme, fixtures, and furnishings; standards and specifications for the preparation of products in public view; standards and specifications for the production of made-to-order products; uniform standards; specifications (use of fresh ground beef, never frozen) and procedures for operations and eat-in, call-in, takeout and delivery food services; training and assistance, and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

**WHEREAS**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the marks “WAYBACK BURGERS” and “BEST BURGERS UNDER THE BUN”, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (collectively, the “Proprietary Marks”);

**WHEREAS**, Franchisee desires to enter into the business of operating a Wayback Burgers Restaurant under Franchisor’s System and Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

**WHEREAS**, Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

**NOW, THEREFORE**, the parties agree as follows:

**1. GRANT**

1.1 Grant of Franchise. Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a Wayback Burgers Restaurant under the Proprietary Marks and the System (the “Restaurant” or “Franchised Business”), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor’s sole discretion, solely in connection therewith and only at the location set forth in Section 1.2 hereof.

1.2 Approved Location. Franchisee shall operate the Franchised Business only at a location approved by Franchisor (the “Approved Location”). If, at the time of execution of this Agreement, the parties hereto have agreed on an Approved Location, the exact street address of the Approved Location shall be set forth in Exhibit A attached hereto. If, at the time of execution of this Agreement, a location for the Franchised Business has not been obtained by Franchisee and approved by Franchisor, Franchisee shall lease or acquire a location within one hundred eighty (180) days after the date of this Agreement, subject to the Franchisor’s approval, as provided for in the Site Selection Addendum attached hereto as Exhibit B. Franchisee shall not relocate the Restaurant without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation. Franchisee hereby acknowledges and agrees that Franchisor’s approval of the site for the Restaurant does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the Restaurant’s site or for any other purpose, or of its compliance with any applicable zoning or land-use regulations or ordinances and any federal, state and local laws, codes and regulations including, without limitation, the applicable provisions of the Americans with Disabilities Act (the “ADA”) regarding the construction, design and operation of the Restaurant.

1.3 Franchisee’s Territory. Franchisee will not receive an exclusive territory under the Franchise Agreement. Franchisor and its affiliates retain the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein to (a) establish and operate, and license others to establish and operate, a Wayback Burger restaurant under the System and the Proprietary Marks at any location; (b) to establish, acquire, franchise, or operate any business or restaurant of any kind, including competitive businesses, at any location; (c) to sell products and services over the Internet or produce and sell any products or services anywhere through any channel of distribution, including sauces, rubs, and other products under the same or different proprietary marks; (d) to sell to or solicit customers anywhere, and to allow others to sell to or solicit customers anywhere; and (e) to purchase, or be purchased by, or merge or combine with, competing businesses, wherever located.

1.4 Supplementing the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products, services, or merchandise as specified by Franchisor.

## **2. TERM AND RENEWAL**

2.1 Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be twenty (20) years from the date first above written.

2.2 Renewal. Franchisee may, subject to the following conditions, renew this Agreement for two (2) additional consecutive terms of five (5) years each. Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to such renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than nine (9) months prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the premises of the Restaurant (the "Premises") as Franchisor may reasonably require, including, without limitation, installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee shall have satisfied all monetary obligations due and owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term or shall obtain Franchisor's approval of a new location for the Restaurant for the duration of the renewal term;

2.2.6 Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for such renewal terms as are provided by this Agreement), which shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement including, without limitation, a higher Royalty Fee, advertising contribution and other fees, as determined by Franchisor, except that Franchisee shall not be required to pay any initial franchise fee

2.2.7 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay Franchisor a renewal fee in an amount equal to ten percent (10%) of Franchisor's then-current initial franchise fee at the time of renewal.

### **3. DUTIES OF FRANCHISOR**

3.1 Plans and Specifications. Franchisor shall make available, at no charge to Franchisee, standard design plans and specifications for a prototypical Wayback Burgers Restaurant, including interior design and layout, fixtures, furnishings and signs.

3.2 Training. Franchisor shall provide training as set forth in Sections 5.4 and 6 hereof.

3.3 On-Site Assistance. Franchisor shall provide such on-site, pre-opening and post-opening supervision and assistance as Franchisor determines in its sole discretion.

3.4 Advertising and Promotional Materials. Franchisor shall make available to Franchisee advertising and promotional materials at Franchisee's expense as provided in Section 12 hereof.

3.5 Manuals. Franchisor shall make available to Franchisee through a password protected website one copy of Franchisor's Confidential Operating Manuals (the "Manuals"), as more fully described in Section 9 hereof.

3.6 Inspections. Franchisor shall conduct, as it deems advisable, inspections of Franchisee's operation of the Restaurant at Franchisor's cost. Any follow-up inspections conducted by Franchisor to ensure Franchisee's compliance with operational standards shall be at Franchisee's cost.

3.7 Equipment. Franchisor shall provide to Franchisee a list of initial equipment for the Restaurant for purchase from a supplier designated by Franchisor.

3.8 Reporting Template. Franchisor shall provide to Franchisee a Microsoft® Excel spreadsheet template document, or other reporting tool, created by Franchisor for reporting sales, payroll, inventory, and other management tools.

3.9 Ongoing Advice. After the Franchised Business opens, Franchisor shall provide to the Franchisee from time to time, at the Franchisor's sole discretion, advice and written materials about cooking, cleaning and storage methods, preparation and advertising of products, new recipes, and operation of the Franchised Business.

3.10 Wayback Burgers Advertising Fund. Franchisor shall administer the Wayback Burgers Advertising Fund in the manner set forth in Section 12 hereof.

3.11 Fulfilling Franchisor's Obligations. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any employee, or agent of Franchisor, as Franchisor may direct.

#### **4. FEES**

4.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, on execution of this Agreement, a non-refundable initial franchise fee of Thirty-Five Thousand Dollars (\$35,000), receipt of which is hereby acknowledged, which is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. For the period of time commencing on the date the restaurant opens to the public, and for the duration of the term of this Agreement, Franchisee must pay Franchisor a weekly royalty fee equal to the greater of the following: (i) five percent (5%) of Gross Sales (as defined below); or (ii) \$400.00 (the "Royalty Fee").

The Royalty Fee shall be due and payable no later than Thursday of each week for the week ending on the preceding Sunday in which applicable Gross Sales were earned from the Franchised Business. The weekly Royalty Fee shall be paid by electronic funds transfer, as detailed below in Sections 4.4 and 4.5.

As used in this Agreement, "Gross Sales" means all revenue from the sale of all products, merchandise, and services and all other income of every kind and nature at or from the Restaurant or otherwise related to the Restaurant, including, without limitation, any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit, sales to employees and managers not reduced by any discounts received in connection with the transaction of business with employees and managers, and sales to whatever extent required by Franchisor to conduct inspections. Gross Sales shall not include any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority, or any reduction in revenue due to couponing.

4.3 Advertising Expenditures. Franchisee shall make monthly expenditures and weekly contributions for advertising and promotion as specified in Section 12 hereof.

4.4 Payments. Franchisee is required to report Gross Sales to our designated accounting office via email or facsimile, as directed by Franchisor in the Operations Manual, by the close of business on each Monday for the week ending the preceding Sunday, commencing on the date the store opens to the public and continuing through the term of this Agreement. Payment of Royalty Fees and all other fees due under this Agreement to Franchisor shall be made via electronic transfer of funds as described in Section 4.5 below. If Franchisee does not submit a report on any Monday, Franchisor may estimate the Royalty Fee, and the advertising contribution required by Section 12.3, based upon prior reports. Franchisor will return any overage within 30 days of our receipt of Franchisee's report(s). Franchisor shall not be responsible to Franchisee for any interest charges for any overage collected due to Franchisee's failure to timely report its sales. Additionally, Franchisor shall not be responsible for any bank service charges incurred by Franchisee which result in the withdrawal of funds from Franchisee's depository account. Franchisee shall pay Franchisor Fifty Dollars (\$50.00) for each electronic funds transfer attempted from Franchisee's depository account pursuant to this Section 4.2 that is returned for non-sufficient funds. Franchisee shall also reimburse Franchisor for all extraordinary costs incurred

by Franchisor in collecting or attempting to collect funds due Franchisor from the depository account (for example, without limitation, charges for non-sufficient funds, uncollected funds, or other discrepancies in deposits or reporting). In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new methods reporting and payment; and Franchisee agrees that it shall abide by those reasonable new methods established by Franchisor in the Manual or otherwise in writing from time to time.

4.5 Electronic Fund Transfer. All Payments to Franchisor required under Sections 4 and 12 hereof will be made by electronic fund transfer. Franchisee shall deposit all revenues from operation of the Restaurant into one bank account within three (3) days of receipt, including cash, checks, credit card receipts or the value of other forms of payment. Franchisee shall furnish to Franchisor, upon Franchisor's request, such bank and account number, a voided check from such bank account, and written authorization for Franchisor to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for Franchisee's Royalty Fees due to Franchisor for the relevant time periods. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by Franchisor. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.5, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information concerning the bank account required by this Section 4.5 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set-off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

## **5. OPENING OF FRANCHISED BUSINESS**

5.1 Construction. Franchisee shall renovate or construct, and equip, the physical building in which the Restaurant is located (the "Premises") at Franchisee's own expense. Before commencing any renovation or construction of the Restaurant, Franchisee, at its expense, shall arrange for preparation of preliminary and final architectural drawings and specifications of the Premises in accordance with Franchisor's standard plans, using only architects and contractors which Franchisor has designated or approved in writing in advance. Such preliminary and final drawings and specifications shall be submitted to Franchisor for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisee or its approved contractor shall obtain such insurance, as described in Section 13.1, prior to commencement of construction of the Restaurant.

5.2 Permits. Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and certificates of health, which may be required by federal, state or local laws,

ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Premises or required by the lessor.

5.3 Opening Deadline. Franchisee shall have one hundred eighty (180) days after execution of this Agreement to lease or acquire a location in accordance with Exhibit B hereto, and shall open the Restaurant within one hundred eighty (180) days after such location is approved by Franchisor and leased or acquired by Franchisee. The parties agree that time is of the essence in the opening of the Restaurant.

5.4 Initial Training Program. Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by Franchisee and approved by Franchisor) and Franchisee's designated manager approved by Franchisor shall successfully complete the initial training program described in Section 6 hereof.

5.5 Outside Eating Area. Where provided in the lease for the Premises, Franchisee shall provide a covered outside eating area in accordance with Franchisor's standard plans for the Restaurant. The size of the outside eating area shall be determined by Franchisor in its sole discretion consistent with the terms of the lease.

5.6 ADA Certification. Prior to opening the Restaurant, and after any renovation, as described in Section 5.1 above, Franchisee shall execute and deliver to Franchisor an ADA Certification in the form attached to this Agreement as Exhibit C, to certify to Franchisor that the Restaurant and any proposed renovations comply with the ADA.

## **6. TRAINING**

6.1 Initial Training Program. Approximately 8 weeks prior to opening the Restaurant, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by Franchisee and approved by Franchisor) and Franchisee's designated manager approved by Franchisor shall attend and successfully complete, to Franchisor's satisfaction, an initial training program for franchisees offered by Franchisor (the "Initial Training Program") at Franchisor's facilities in New Castle County, Delaware or at such other location as designated by Franchisor. The Franchisor shall have the right to approve those persons who attend the Initial Training Program. The Franchisor shall provide, at no charge to Franchisee, instructors and training materials for up to two (2) individuals; for each additional individual approved by Franchisor, Franchisee shall pay the then-current training fee designated in the Manuals or otherwise in writing from time to time by Franchisor. Franchisee shall be responsible for any and all other expenses incurred by Franchisee in connection with the Initial Training Program, including, without limitation, the costs of transportation, lodging, meals, and wages. If there is more than one owner, the owner (1) who has (a) controlling interest or (b) 50% or more interest in Franchisee and (2) who is operating the Restaurant shall attend and complete the Initial Training Program.

6.2 Subsequent Employees. At Franchisor's option, any persons subsequently employed by Franchisee in a management position or other position as Franchisor determines in its sole discretion, shall, prior to the assumption of duties, also attend and complete to Franchisor's satisfaction such training programs as Franchisor may require and pay the then-current training fee

designated in the Manuals or otherwise in writing from time to time by Franchisor. Franchisee shall be responsible for any and all other expenses incurred by Franchisee or Franchisee's employees in connection with such program, including, without limitation, the costs of transportation, lodging, meals, and wages.

6.3 Additional Programs. Franchisee, Franchisee's manager, Franchisee's assistant manager, or other designees who attend the Initial Training Program or other training programs shall attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time at such places as may be designated by Franchisor. Franchisee shall pay the then-current training fee designated in the Manuals or otherwise in writing from time to time by the Franchisor for Franchisee's or Franchisee's designees' attendance at such additional courses, seminars and other training programs; and Franchisee shall be responsible for any and all other expenses incurred by Franchisee in connection with such program, including, without limitation, the costs of transportation, lodging, meals, and wages.

6.4 ServSafe® Certification. Prior to attending training, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by Franchisee and approved by Franchisor) and each manager and assistant manager must attend and successfully complete a ServSafe® certification program, at Franchisee's sole expense. Prior to attending training, Franchisee shall provide Franchisor with a copy of all certificates evidencing completion of ServSafe® training in accordance with this Section 6.4.

## **7. DUTIES OF FRANCHISEE**

7.1 Operating Standards. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchised businesses operating under the System, and to protect Franchisor's reputation and goodwill.

7.2 Restaurant Operations. Franchisee shall use the Premises solely for the operation of the business franchised hereunder; shall keep the Restaurant open and in normal operation for such minimum hours and days and under such weather conditions as Franchisor may specify in the Manuals or otherwise in writing by Franchisor; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee agrees:

7.3.1 To maintain in sufficient supply as Franchisor may prescribe in the Manuals or otherwise in writing, and to use at all times, only such products and ingredients acquired from

a supplier or suppliers designated or approved by Franchisor in the manner prescribed by Franchisor, and such other ingredients, products, materials, supplies, paper goods, cleaning products, chemicals, fixtures, furnishings, equipment, signs and menu items, as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent;

7.3.2 To sell or offer for sale only such products, merchandise, and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of products, services, and merchandise specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any products, merchandise, and services which Franchisor may, in its discretion, disapprove in writing at any time;

7.3.3 To purchase all products from such suppliers and in such manner of delivery as Franchisor designates in the Manuals or otherwise in writing from time to time;

7.3.4 To use and display only the standard menu format required by Franchisor, as the same may be revised by Franchisor from time to time. Any change in the menu format must be approved in writing by Franchisor prior to use;

7.3.5 To sell all menu items, and other products hereunder at retail and not sell such products and merchandise at wholesale or for re-sale, and to refrain from selling any Wayback Burgers products, merchandise, or other products or services at any location other than the Approved Location;

7.3.6 To use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by Franchisor;

7.3.7 To refrain from selling, offering to sell, or permitting any other party to sell or offer to sell alcoholic beverages on the Premises, except beer and wine;

7.3.8 To refrain from selling or advertising any Wayback Burgers products, merchandise, or services hereunder on the Internet without Franchisor's prior, written approval; and

7.3.9 To equip the Franchised Business with an initial equipment package from a supplier designated by Franchisor.

7.4 Fixtures, Furnishings and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, a facsimile machine, telephone(s), computer, printer, and cash register, point-of-sale recording system, and an audio and video surveillance system), décor, and signs as Franchisor may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting Franchisor's standards and specifications.

7.5 Sources of Products. All products sold or offered for sale at the Restaurant, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Restaurant, shall meet Franchisor's then-current standards and specifications, as established in the Manuals or otherwise in writing. Franchisee shall purchase all food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Restaurant for which Franchisor has established standards or specifications solely from suppliers (including distributors and other sources) which demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manuals or otherwise in writing. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. A charge not to exceed the reasonable cost of the evaluation, inspection, and testing shall be paid by Franchisee. Franchisor shall use its best efforts, within sixty (60) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Franchisee shall not sell or offer for sale any products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Restaurant and not for any other purpose, including, without limitation, resale. Nothing in the foregoing shall be construed to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, the recipes for the hamburgers, that Franchisor, in its sole discretion, deems confidential.

7.6 Initial Inventory. At the time the Restaurant opens, Franchisee shall stock the initial inventory of products, accessories, equipment, and supplies as prescribed by Franchisor in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand. Franchisee agrees to immediately notify Franchisor if an approved supplier substitutes or attempts to substitute an unapproved product in place of an approved product. Franchisee shall refuse to accept any such unapproved products, or products from any unapproved suppliers.

7.7 Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of Franchisor 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 necessary to correct immediately any deficiencies in the operation of the Restaurant or the facility itself detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the

obligation, to correct any deficiencies which may be susceptible to correction or repair by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, including the cost of such inspections, payable to Franchisor upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

7.8 Advertising and Promotional Materials. Franchisee shall ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.9 Maintenance of Premises. Franchisee shall maintain the Premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and décor as Franchisor may reasonably direct.

7.10 Refurbishment. Franchisee understands and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends and other market place variables, and if it is to best serve the interests of Franchisor, Franchisee, and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, without limitation, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which the Franchised Business is authorized and required to offer, modifying or substituting entirely the building, Premises, equipment, signage, trade dress, décor, color schemes and uniform System Standards and specifications and all other unit constructions, design, appearance and operation attributes which Franchisee are required to observe hereunder; and, changing, improving, modifying or substituting the Proprietary Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations at its own cost. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby.

7.11 On-Premises Supervision. The Restaurant shall at all times be under the direct, on-premises supervision of Franchisee, Franchisee's principal, or another individual who has satisfactorily completed the training as required by Section 5.4, 6.1, 6.2, 6.3, or 6.4 hereof. Franchisee shall maintain a competent, conscientious, trained staff, including management who have completed the training described in Section 5.4, 6.1, 6.2, 6.3, or 6.4 hereof. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards, including, without limitation, such attire as Franchisor reasonably requires, as Franchisor may establish from time to time in the Manuals. Franchisee and its employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not

detract from the name and goodwill of Franchisor. Franchisee shall be solely responsible for all employment decisions and functions of the Restaurant, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.12 Active Participation. Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, at least one principal of Franchisee) or Franchisee's manager approved by Franchisor who has received training shall take an active role in the operation of the Restaurant, and shall be on the Premises operating the Restaurant during peak hours of restaurant operation specified by Franchisor in writing in the Manuals or otherwise in writing from time to time.

7.13 Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee.

7.14 Compliance with Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Restaurant; shall promptly furnish Franchisor a copy of its lease, upon request; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

7.15 Health and Safety Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to Franchisor within three (3) business days after receipt thereof, a copy of all health inspection reports and any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Restaurant.

7.16 Pricing and Coupon Sales. Unless prohibited by applicable law, Franchisor has the right to set maximum and minimum prices for the products and services Franchisee offers and sells. Franchisee shall strictly adhere to the prices Franchisor establishes. Franchisor retains the right to modify the prices from time-to-time in its reasonable discretion. Franchisee must comply with all of Franchisor's policies regarding advertising and promotion, including the use and acceptance of coupons, participation in special offers, and participation in loyalty programs.

7.17 Surveillance System. Franchisee must purchase and equip the Franchised Business with an audio and video surveillance system approved in writing in advance by Franchisor, including all required hardware, software, maintenance, and updates. Franchisee must post signs in the Restaurant, in size and form approved in writing in advance by Franchisor, notifying all employees and occupants of the Restaurant of the presence of such equipment. Franchisee agrees and acknowledges that Franchisor may remotely, or require Franchisee to, retrieve any and all data and images captured, recorded, or stored on such equipment.

7.18 Customer Surveys. Franchisor reserves the right to establish reasonable customer satisfaction standards and a scoring system for customer satisfaction ratings as prescribed from time to time in the Manuals or otherwise in writing, based on customer surveys conducted by Franchisor or its designee. Franchisee shall continuously maintain acceptable customer satisfaction ratings (as reasonably determined by Franchisor and described in the Manuals or otherwise in writing) throughout the term hereof. Franchisee acknowledges and agrees that its maintenance of such customer satisfaction ratings throughout the term hereof is a material obligation of Franchisee hereunder.

7.19 Mobile Applications. Franchisor may establish or use, and require Franchisee to use, one or more mobile applications (a “Mobile App”) for online ordering or electronic payments, or any similar or related application for use in connection with the System. The term “Mobile App” shall include any application for use on smart phones, tablets, or other mobile devices, and may include a loyalty or reward program or other features. If Franchisor requires Franchisee to use a Mobile App, then Franchisee shall comply with Franchisor’s requirements (as set forth in the Manuals or otherwise in writing) for connecting to, and utilizing, such technology in connection with Franchisee’s operation of the Franchised Business.

#### 7.20 Computer System and Required Software.

7.20.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “Computer System”).

7.20.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs, cloud computing systems, or remote storage systems, that Franchisee must use in connection with the Computer System (the “Required Software”), which Franchisee shall access and utilize at Franchisee’s expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall access and utilize at Franchisee’s expense; (c) the tangible and remote media upon which Franchisee records data; and (d) the database file structure of the Computer System. Franchisee shall not use or download any software that has not been approved by Franchisor in writing prior to use.

7.20.3 At Franchisor’s request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee’s Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee shall provide Franchisor with all user names and passwords required to access files and other information contained on the Computer System. Franchisee shall maintain all financial and other information as specified by Franchisor on the Computer System. Franchisee expressly agrees to strictly comply with Franchisor’s standards and specifications for all items associated with Franchisee’s Computer System and any Required Software in accordance with Franchisor’s

standards and specifications. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 7.20 shall be at Franchisee's sole cost and expense.

7.20.4 Franchisor reserves the right to charge Franchisee a reasonable monthly license fee for the Required Software or for other related services.

7.21 Protection of Customer Information. Franchisee shall use its best efforts to protect customers against a cyber-event, identity theft, or theft of personal information. Franchisee must at all times be in compliance with (a) the Payment Card Industry Data Security Standards ("PCI DSS"), (b) the Fair and Accurate Credit Transactions Act ("FACTA"); (c) regional, national, and local laws and regulations relating to data and personal privacy, data security (including but not limited to the use, storage, transmission, and disposal of data regardless of media type), security breaches, and electronic payments, (d) the operating rules and regulations of all credit card, debit card and/or ACH processors and networks that are utilized in the System, and (e) Franchisor's security policies and guidelines, all as may be amended from time to time. Franchisee must notify Franchisor immediately, but no more than three (3) business days, after Franchisee becomes aware of or is notified about, any cyber-event, identity theft, or theft of personal information related to any customer or employee of the Franchised Business or that relates to the Franchised Business, and agree, upon Franchisor's request, to immediately provide notice to all customers, employees, and any other individuals of such event in such form Franchisor may direct.

## **8. PROPRIETARY MARKS**

8.1 Franchisor Representations. Franchisor represents with respect to the Proprietary Marks:

8.1.1 Franchisor has the right to use, and to license others to use, the Proprietary Marks;

8.1.2 Franchisor is the owner of the Proprietary Marks; and

8.1.3 Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Restaurant and only at the Approved Location, or in advertising for the Restaurant conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Restaurant only under the name “Wayback Burgers” and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Restaurant (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, credit applications, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;

8.2.5 Franchisee’s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor’s rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

8.2.7 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor’s ownership of, Franchisor’s right to use and to license others to use, or Franchisee’s right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee’s use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee’s use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee’s use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Except as otherwise required by Franchisor pursuant to Section 8, Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain

name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3 Franchisee Acknowledgements. Franchisee expressly understands and acknowledges that:

8.3.1 Franchisee will not challenge that Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with them, and Franchisee will not challenge that Franchisor has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of the trademark owner's ownership of, or Franchisor's right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the trademark owner, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

8.3.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products, merchandise, and services; (b) to grant other licenses for the Proprietary Marks; (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks; and (d) to grant licenses thereto without providing any rights therein to Franchisee; and

8.3.7 Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith.

8.4 Websites. Unless otherwise approved in writing by Franchisor or set forth in the Manual, Franchisee shall not establish a separate Website in connection with the Franchised Business. However, Franchisor shall have the right to establish one or more webpages within Franchisor's Website, which is currently [www.waybackburgers.com](http://www.waybackburgers.com) but may be changed by Franchisor in its sole discretion. Franchisee must maintain a high speed Internet access connection

and shall update and add content to such webpage(s) from time-to-time as Franchisor directs. Franchisor shall have the right to restrict Franchisee's ability to edit its webpage(s) in Franchisor's sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums ("Networking Media Sites"). Franchisor shall have the right to require Franchisee to establish accounts or "pages," and maintain an active presence (consisting of at least two (2) postings per week), on such Networking Media Sites as Franchisor designates or approves in the Manual or otherwise in writing. Franchisee shall not make any posting or other contribution to a Networking Media Site relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates Franchisor's policies relating to the use of Networking Media Sites. Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor's Website. However, if Franchisor approves a separate Website for Franchisee (which Franchisor is not obligated to approve; and, which approval, if granted, may later be revoked by Franchisor), then each of the following provisions shall apply:

8.4.1 Franchisee specifically acknowledges and agrees that any Website owned, established, or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval;

8.4.2 Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;

8.4.3 If approved, Franchisee shall not materially modify such Website without Franchisor's prior written approval as to such proposed modification;

8.4.4 Franchisee shall comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing;

8.4.5 If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and other Websites as Franchisor may request in writing; and

8.4.6 Franchisee will provide Franchisor at all times with current administrator-level access credentials, usernames, passwords, tokens, and all other information and items required for complete access to, and control over, any online presence or social networking activities (collectively, the "**Access Credentials**"). In the event that Franchisee fails to comply with the requirements of this Section with respect to its online presence and/or social networking activities, Franchisor and its representatives may use the Access Credentials, access the foregoing resources and correct them to comply with the requirements of this Section, without being guilty of trespass, conversion, infringement or any similar tort. Franchisee will pay Franchisor, on

demand, all charges incurred by Franchisor in taking such corrective action, plus interest from the date the charges were paid by Franchisor until reimbursement is received.

8.5 Domain Names. Franchisee acknowledges and agrees that if Franchisor grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, Franchisor shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as Franchisor may reasonably require (including, but not limited to, the requirement that Franchisee reimburse Franchisor's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify Franchisor in writing and assign said domain names to Franchisor and/or a designee that Franchisor specifies in writing.

8.6 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium, except as set forth in the Manual. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.7 No Outsourcing without Prior Written Approval. Franchisee shall not hire any third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor. The provisions of this Section 8.7 are in addition to and not instead of any other provision of this Agreement.

8.8 Changes to Technology. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

## **9. OPERATING MANUALS**

9.1 Standards of Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Restaurant in accordance with the standards, methods, policies, and procedures specified in the Manuals, which Franchisor shall loan to Franchisee, or make available to Franchisee through a

password protected website, for the term of this Agreement upon completion by Franchisee and the Franchisee's designated manager of the Initial Training Program, each to Franchisor's satisfaction.

9.2 Confidentiality. Franchisee shall treat the Manuals any other manuals created for or approved for use in the operation of the Restaurant, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Exclusive Property. The Manuals shall remain the sole property of Franchisor and shall be kept in a secure place on the Premises.

9.4 Revisions to Manuals. Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copy maintained by Franchisor at Franchisor's home office shall be controlling.

## **10. CONFIDENTIAL INFORMATION**

10.1 Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, recipes, cooking methods, preparation of menu items, drawings, architectural plans, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2 Confidentiality Agreements. At Franchisor's request, Franchisee shall require Franchisee's manager (if any) and other such personnel having access to any of Franchisor's confidential information as Franchisor requires to execute non-competition covenants and covenant that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Restaurant. Such covenants shall be in the form attached hereto as Exhibit D.

10.3 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and 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, the requirements of this Section 10, or such other relief sought by Franchisor.

## **11. ACCOUNTING AND RECORDS**

11.1 Weekly Gross Sales. Franchisee shall record all sales on a point-of-sale record keeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain a record of all Sales and payroll on spreadsheets or other reporting system provided by Franchisor. Franchisee shall provide Franchisor with such weekly record by the close of business on each Monday for the week ending the preceding Sunday by e-mail or such other means as designated by Franchisor in writing, including, but not limited to, an intranet website. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, daily cash register reports, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

11.2 Recording of Gross Sales. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals.

11.3 Annual Financial Statements. Franchisee shall submit to Franchisor an annual balance sheet and income statement, as defined under generally accepted accounting principles, prepared by an independent accounting firm for each preceding fiscal year within two and a half (2 ½) months after the end of Franchisee's tax year.

11.4 Audits. Franchisor and its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts and tax returns of Franchisee. Franchisor shall have the right at all reasonable times to remove such books, records, accounts and tax returns for copying. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated by 2% or greater in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, plus all of Franchisor's costs and expenses in connection with the inspection, including, without limitation, travel costs, lodging and wage expenses, and reasonable accounting and legal costs. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

11.5 Spreadsheets. As required by Franchisor, Franchisee shall submit to Franchisor spreadsheets reflecting the Restaurant's sales, payroll and inventory.

11.6 Point-of-Sale System. Franchisor reserves the right to require Franchisee at any time to make required upgrades to Franchisee's point-of-sale system, at Franchisee's sole cost and expense, to provide Franchisor with immediate and online access to business information or data collected and generated on Franchisee's point-of-sale system, as described in Section 11.1 hereof, and images or data captured or recorded by the audio and video surveillance system, as described in Section 7.17 hereof.

11.7 Vendors and Suppliers. Franchisee shall explicitly notify all vendors, suppliers and third parties that Franchisor is a separate entity from Franchisee, and Franchisor has no obligation to satisfy, or liability for, any of Franchisee's indebtedness. Franchisee agrees and acknowledges that Franchisor may obtain from any vendors or suppliers any information regarding Franchisee's account terms, arrangements, balances, and payment history.

## 12. ADVERTISING AND PROMOTION

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

12.1 Grand Opening. Upon Franchisee's registration for the initial training program, as set forth in Section 6.1 hereof, Franchisee must pay to Franchisor Five Thousand Dollars (\$5,000) for initial grand opening advertising ("Grand Opening Fee"). During the initial training program, Franchisor and Franchisee agree to collaborate and develop a plan for Franchisee's grand opening. Franchisee shall be responsible for securing any vendors or suppliers associated with the grand opening plans. All invoices received by Franchisee related to the grand opening plan shall be submitted to Franchisor, and Franchisor shall pay such invoices from the Grand Opening Fee, until the Grand Opening Fee has been fully expended. Franchisee acknowledges and agrees that it shall be solely responsible for any expenditures in excess of the Grand Opening Fee.

12.2 Local Advertising and Promotion. In addition to the grand opening advertising required by Section 12.1 hereof, for each month during the term of this Agreement, Franchisee shall expend at least an amount equal to two percent (2%) of the monthly Gross Sales on local marketing, advertising, and promotion in such manner as Franchisor may, in its sole discretion, direct in the Manuals or otherwise in writing from time to time. Franchisee shall provide satisfactory evidence of all local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manuals or otherwise in writing from time to time. Franchisor reserves the right, in its sole discretion, upon thirty (30) days written notice to Franchisee, to require Franchisee to pay Franchisor an amount equal to such two percent (2%) of the monthly Gross Sales (in lieu of requiring Franchisee to expend the monies described in this Section 12.2), which Franchisor shall then spend on local marketing, advertising, and promotion on Franchisee's behalf. Franchisee shall pay such monies to Franchisor in accordance with Section 4.5 hereof.

12.3 Wayback Burgers Advertising Fund. In addition to the minimum advertising expenditures described in Sections 12.1 and 12.2 hereof, for each week during the term of this Agreement, Franchisee shall contribute an amount equal to two percent (2%) of the weekly Gross Sales to the Wayback Burgers Advertising Fund in accordance with Section 4.5 hereof. Franchisor may adjust or discontinue the Wayback Burgers Advertising Fund contributions and related expenditures. Any increase will not raise the total fee to more than 2% of weekly gross sales. The Wayback Burgers Advertising Fund shall be maintained and administered by Franchisor as follows:

12.3.1 Franchisor shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Wayback Burgers Advertising Fund is intended to

maximize general public recognition, acceptance, and use of the System; and that Franchisor is not obligated, in administering the Wayback Burgers Advertising Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Wayback Burgers Advertising Fund;

12.3.2 The Wayback Burgers Advertising Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Networking Media Sites (as defined in Section 8.4 above) and other emerging media or promotional tactics; developing, maintaining, and updating any Website(s) on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; and providing promotional and other marketing materials and services to the businesses operating under the System;

12.3.3 Franchisee shall contribute by separate payment to the Wayback Burgers Advertising Fund in accordance with Section 4.5 hereof. All sums paid by Franchisee to the Wayback Burgers Advertising Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Wayback Burgers Advertising Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional and marketing programs, and a pro rata portion of the salaries of Franchisor's personnel who spend time on Wayback Burgers Advertising Fund-related matters. The Wayback Burgers Advertising Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor may spend, on behalf of the Wayback Burgers Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Restaurants to the Wayback Burgers Advertising Fund in that year and the Wayback Burgers Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Wayback Burgers Advertising Fund will be used to pay advertising costs before other assets of the Wayback Burgers Advertising Fund are expended. Franchisor shall not be obligated to audit the Wayback Burgers Advertising Fund. Franchisor has the right to cause the Wayback Burgers Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate and such successor entity will have all of the rights and duties specified herein. Franchisor shall maintain separate bookkeeping accounts for the Wayback Burgers Advertising Fund. Franchisee acknowledges that Franchisor is not a fiduciary to Franchisee of the monies in the Wayback Burgers Advertising Fund;

12.3.4 It is anticipated that all contributions to and earnings of the Wayback Burgers Advertising Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Wayback Burgers Advertising Fund at the end of such taxable year, all expenditures in the

following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

12.3.5 The Wayback Burgers Advertising Fund shall be of perpetual duration. Franchisor maintains the right to terminate the Wayback Burgers Advertising Fund. The Wayback Burgers Advertising Fund may not be terminated, however, until all monies in the Wayback Burgers Advertising Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions.

12.4 Advertising Materials. All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner and shall comply with federal and local laws and regulations, including but not limited to the Lanham Act, 15 U.S.C. § 1125 et seq. and the Telephone Consumer Protection Act, 47 U.S.C. §227 et seq. (the “TCPA”), and conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 12.5 hereof. Franchisor may make available to Franchisee from time to time, at Franchisee’s expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

12.5 Approval of Advertising Materials. Franchisee shall submit to Franchisor samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding three (3) months (as provided in Section 21 hereof), for Franchisor’s prior approval. Franchisee shall not use such plans or materials until they have been approved in writing by Franchisor. If written notice of disapproval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them.

12.6 Advertising Cooperative. Franchisor shall have the right, in its discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (“Cooperative”), and to determine whether a Cooperative is applicable to the Restaurant. If a Cooperative has been established in Franchisee’s area prior to opening the Restaurant, Franchisee shall become a member of the Cooperative no later than thirty (30) days after opening the Restaurant. If a Cooperative is established subsequent to Franchisee’s opening of the Restaurant, Franchisee shall become a member of the Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Restaurant is within the territory of more than one Cooperative, Franchisee shall not be required to be a member of all Cooperatives within that territory:

12.6.1 Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing;

12.6.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising;

12.6.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.5 hereof;

12.6.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts and at such times as determined by the Cooperative; provided, however, that such contributions shall not exceed an amount equal to two percent (2%) of the weekly Gross. Any contribution to the Cooperative shall be credited towards Franchisee's local advertising requirement set forth in Section 12.2 hereof.

12.6.5 All contributions to the Cooperative shall be expended on regional advertising and promotion as directed by the duly elected representative of the Cooperative;

12.6.6 Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption shall be final; and

12.6.7 Franchisor shall have the power to require the Cooperative to be formed, changed, dissolved, or merged.

12.7 Advisory Council. Franchisee shall participate actively in such franchise advisory council ("Advisory Council") as Franchisor designates and participate in all Advisory Council programs approved by Franchisor. The Franchisor reserves the right to prepare and amend the governing documents for the Advisory Council from time to time, in its sole discretion, at any time. Franchisor, in its sole discretion, will determine the boundaries of the Advisory Council. The purposes of the Advisory Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for system-wide advertising, and coordinating franchisee efforts. Franchisee shall pay the Council a fee, as determined by the Council, and Franchisor has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Franchisor.

### **13. INSURANCE**

13.1 Minimum Insurance. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation

insurance, employer's liability insurance, auto and product liability insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor as an additional named insured as specified by Franchisor, and shall provide at least the types and minimum amounts of coverage specified in the Manuals.

13.2 Non-Waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

13.4 Certificates of Insurance. Prior to the commencement of any construction, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.5 Franchisor's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure and maintain such insurance in Franchisee's name 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. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

## **14. TRANSFER OF INTEREST**

14.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or otherwise as Franchisor shall request.

14.2 Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect

interest in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 Conditions of Transfer. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business at least ninety (90) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

14.3.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

14.3.3 That the transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

14.3.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

14.3.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) (a) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, (b) guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor, and/or (c) execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher Royalty Fee, advertising contribution and other fees, as determined by Franchisor, except that the transferee shall not be required to pay any initial franchise fee and the Franchisee's Territory shall remain the same;

14.3.6 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business, and has adequate financial resources and capital to operate the Franchised Business;

14.3.7 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.8 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), or the transferee's manager (if transferee or transferee's principal will not manage the Restaurant), at the transferee's expense, complete any training programs then in effect upon such terms and conditions as Franchisor may reasonably require and pay Franchisor the then-current training fee;

14.3.9 That the transferee satisfactorily complete such training as Franchisor reasonably requires;

14.3.10 That Franchisee pay to Franchisor a transfer fee of fifty percent (50%) of the then-current initial franchise fee. However, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, Franchisee shall reimburse Franchisor for its actual out of pocket costs and expenses (including, without limitation, any legal fees) incurred from the transfer, in lieu of the transfer fee; and

14.3.11 That the transferor shall have first offered to sell such interest to Franchisor pursuant to Section 14.6 hereof.

14.4 Familial Transfer. Notwithstanding Sections 14.3.5 and 14.3.10, in the event of a transfer of an ownership interest by a direct or indirect owner of a Franchised Business to a spouse or adult child of such owner or to a trust, estate or beneficiary of such deceased owner, there will be no requirement for the transferee to execute the Franchisor's then-current form of development agreement, franchise agreement or other ancillary agreements, and there shall be no transfer fee for such transfer. The transferor shall be obligated in such instances to reimburse Franchisor for Franchisor's reasonable out-of-pocket costs and expenses, including but not limited to reasonable attorneys' fees, incurred with respect to such transfer. The transferee shall be obligated and bound by all of the provisions of the transferred Franchise Agreement, including but not limited to the Confidentiality and Non-Competition Agreements, and Franchisor reserves the right to require such parties as it may reasonably require to sign a new Guarantee, Indemnification, and Acknowledgement, in the form attached hereto as Exhibit E.

14.5 No Security Interest. Franchisee shall not grant a security interest in the Restaurant or in any of the assets of the Restaurant unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.6 Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall

have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.7 Death or Mental Incapacity. Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death, physical incapacity, or mental incapacity. For purposes of this Section 14.7, "physical or mental incapacity" exists if Franchisor determines that the usual participation of such person in the Franchised Business is for any reason curtailed for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement, including any renewal terms. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.8 Non-Waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## **15. DEFAULT AND TERMINATION**

15.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated bankrupt or insolvent; 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; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 23 hereof):

15.2.1 If Franchisee fails to locate an approved site or to construct and open the Restaurant within the time limits provided in the Site Selection Addendum or Section 5.3 hereof;

15.2.2 If Franchisee fails to complete the Initial Training Program to Franchisor's satisfaction or if Franchisee fails to attend and complete additional training to Franchisor's satisfaction;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located. However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (90) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises;

15.2.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein;

15.2.5 If a threat or danger to public health or safety results from the operation of the Franchised Business;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death, physical incapacity, or mental incapacity, as required by Section 14.6 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 hereof or fails to obtain execution of the covenants required under Section 10.2 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

15.2.10 If Franchisee knowingly maintains false books or records or submits any false reports to Franchisor;

15.2.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

15.2.12 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records or accounts of Franchisee upon demand;

15.2.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.2.14 If Franchisee violates the payment or credit terms of a vendor or supplier which results in such vendor or supplier refusing to deliver or supply any goods or services to the Franchised Business; or

15.2.15 If Franchisee, after curing any default pursuant to Section 15.3 hereof, commits the same default again, whether or not cured after notice.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder include the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or failure to carry out the terms of this Agreement in good faith;

15.3.2 If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, fails to submit the financial or other information required by Franchisor under this Agreement;

15.3.3 If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manuals or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

15.3.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.6 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks;

15.3.7 If Franchisee buys or accepts any disapproved products, or products from any disapproved suppliers;

15.3.8 If Franchisee fails to comply with all applicable laws, rules and regulations related to the operation of the Restaurant (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Restaurant);

15.3.9 If Franchisee or a guarantor of this Agreement defaults under any other agreement with Franchisor or its affiliates, or with a major supplier to the System; or

15.3.10 If Franchisee fails to maintain acceptable customer satisfaction scores as prescribed by Franchisor from time to time in the Manual or otherwise in writing, based on customer surveys conducted by Franchisor or its designee.

## **16. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a franchisee of Franchisor. Immediately upon the expiration or termination hereof, Franchisee shall dispose of, and not sell, any Wayback Burgers product or other products sold hereunder.

16.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; Proprietary Marks; the trade name "Wayback Burgers"; and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks.

16.3 Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by

Franchisee which contains the marks “WAYBACK BURGERS”, “BEST BURGERS UNDER THE BUN”, the name “Jake’s” or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

16.4 Assignment of Lease. Franchisee shall, at Franchisor’s option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of, and the assigning to Franchisor of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the Restaurant under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5 Subsequent Use of Proprietary Marks Prohibited. 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 Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor’s sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor’s sole discretion, is likely to dilute Franchisor’s rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to the Franchisor, the System or the Proprietary Marks) which, in Franchisor’s sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

16.6 Payment. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises operated hereunder at the time of default.

16.7 Return Manuals. Franchisee shall immediately deliver to Franchisor the Manuals, paper and electronic spreadsheets and checklists and all other records, correspondence and instructions containing confidential information relating to the operation of the Restaurant (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and shall retain no copy or record of any of the foregoing, with the exception of Franchisee’s copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

16.8 Websites. Franchisee may not establish or maintain any Website or any accounts or pages on any Networking Media Site using any similar or confusing domain name and/or home page address.

16.9 Franchisor's Option to Purchase Equipment. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the tangible equipment, signs, fixtures, and customer lists related to the operation of the Restaurant at the lesser of: (a) fair market value; or (b) fifty percent (50%) of Franchisee's original investment, exclusive of supplies, inventory and costs for professional services (such as architectural costs and legal costs), and to purchase any or all supplies and inventory of the Franchised Business at the lesser of: (a) Franchisee's cost; or (b) fair market value. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

16.10 Comply With Covenants. Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

## **17. COVENANTS**

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager shall devote full time and best efforts to the management and operation of the Restaurant.

17.2 In-Term Covenants. 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 Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Wayback Burgers Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

17.2.2 Own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any retail business which: (a) is the same as, or substantially similar to, a Wayback Burgers restaurant; or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business.

17.3 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i)(a) is the same as, or substantially similar to, a Wayback Burgers restaurant, or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business; and (ii) is, or is intended to be, located at or within:

17.3.1 the county or municipality in which the Approved Location is located;

17.3.2 twenty-five (25) miles of the Approved Location; or

17.3.3 twenty-five (25) miles of any business operating under the Proprietary Marks; provided, however, that Sections 17.2.3 and this Section 17.3 shall not apply to the operation by Franchisee of any business under the System which may be franchised by Franchisor to Franchisee under a written Franchise Agreement.

17.4 No Application to Equity Securities. Sections 17.2.2 and 17.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.6 Enforcement. Franchisee expressly agrees that the existence of any claims 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 in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

**18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE**

18.1 Franchisee Corporation. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1 Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business;

18.1.2 Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

18.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.1.3 shall not apply to a publicly-held corporation; and

18.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.2 Franchisee Partnership. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

18.2.1 Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

18.2.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

18.2.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee.

18.3 Franchisee Limited Liability Company. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

18.3.1 Franchisee must be newly organized and the articles of incorporation must at all times provide that the Franchisee's activities are confined exclusively to operating the Franchised Business;

18.3.2 Franchisee shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other governing documents as Franchisor may reasonably request, and any amendments thereto;

18.3.3 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

18.3.4 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee or parties that hold any ownership interest in the Franchisee.

18.4 Guaranty and Indemnification. If Franchisee is a corporation, partnership or limited liability company, or if any successor to or assignee of Franchisee is a partnership or limited liability company, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E.

## **19. TAXES, PERMITS, AND INDEBTEDNESS**

19.1 Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement.

19.2 Contesting Taxes. In the event of any bona fide dispute as to Franchisee's 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, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

19.3 Permits and Licenses. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design, and operation of the Franchised Business and applicable provisions of Section 4205 of the Patient Protection and Affordable Care Act of 2010 and related regulations regarding disclosure of nutritional information on menus and menu boards, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, occupancy licenses, sales tax permits, construction permits, health permits, food service permits, building permits, handicap permits and fire clearances. Franchisee shall comply with all federal and state laws requiring disclosure of nutritional information on menus and menu boards, including, but not limited to, the requirements of Section 4205 of the Patient Protection and Affordable Care Act of 2010.

19.4 Notification of Adverse Action. Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order,

writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business

## **20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

20.1 Independent Contractor. Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises of the Franchised Business and in all e-mails sent by Franchisee, the content of which Franchisor reserves the right to specify. Franchisee acknowledges and agrees that Franchisor's usual business is the offering and selling rights to operate Wayback Burgers Restaurants using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to franchisees, and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating a Wayback Burgers Restaurant. Notwithstanding any other provision of this Agreement, Franchisor and Franchisee acknowledge and agree that Franchisee has the sole authority, and that it is the Franchisee's obligation under this Agreement, to make all personnel and employment decisions relating to the Franchised Business, including, without limitation, decisions related to hiring, training, firing, discharging and disciplining employees, and to supervising Franchisee's employees, settling their wages, hours of employment, record-keeping and any benefits, and that Franchisor shall have no direct or indirect authority or control over any employment-related matters for Franchisee's employees. Franchisee shall require each of its employees to acknowledge in writing that Franchisee (and not Franchisor) is the employer of such employee.

20.2 No Authority to Contract. 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; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor.

20.3 Indemnification. Franchisee shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Restaurant, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving

Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

## **21. APPROVALS AND WAIVERS**

21.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. Franchisor 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 in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3 No Waiver. 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 hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of 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 right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

21.4 Force Majeure. Neither Franchisor, Franchisor's affiliates, nor Franchisee shall be responsible or liable for any delays in the performance of any duties under this Agreement which are not the fault or within the reasonable control of that party including, but not limited to, fire, flood, natural disasters, acts of God, terrorist strikes, governmental acts or orders, civil disorders, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay or impossibility; provided, however, this clause shall not apply to and not result in an extension of: (1) the time for payments to be made by Franchisee as required by Section 4.5 hereof; or (2) the term of this Agreement.

## **22. GRANT OF SECURITY INTEREST**

As security for the payment of all amounts from time to time owing by Franchisee to Franchisor under this Agreement and all other agreements between the parties, and performance of all obligations to be performed by Franchisee, Franchisee hereby grants to Franchisor a security interest in all of the assets of Franchisee, including, without limitation, all equipment, furniture,

fixtures, and building and road signs, as well as all proceeds of the foregoing (the “Collateral”). Franchisee warrants and represents that the security interest granted hereby is prior to all other security interests in the Collateral, except bona fide purchase money security interests or security interests held by financial institutions, if any. Franchisee agrees not to remove the Collateral, or any portion thereof, from the Premises without the prior written consent of Franchisor. Upon the occurrence of any event entitling Franchisor to terminate this Agreement or any other agreement between the parties, Franchisor shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which the Franchised Business is located, including, without limitation, the right to take possession of the Collateral. Franchisor may file financing statements or such other documents as Franchisor reasonably deems necessary to perfect Franchisor’s interest in the Collateral. Any notices delivered or mailed in accordance with Section 23 hereof at least fifteen (15) days prior to disposition of the Collateral, or any portion thereof, and, in reference to a private sale, need state only that Franchisee intends to negotiate such a sale.

**23. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery, including, without limitation, private delivery or courier service, but which shall not include electronic communication such as e-mail, 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:            Jake’s Franchising, LLC  
                                                 716 South Main Street  
                                                 Cheshire, CT 06410  
                                                 Attn: Mr. John Eucalitto

Notices to Franchisee:            \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 Attn: \_\_\_\_\_

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

**24. ENTIRE AGREEMENT**

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. However, nothing in this Agreement or related agreements is intended to disclaim any representation that Franchisor may have made in the latest franchise disclosure document that Franchisor delivered to Franchisee prior to signing the Agreement. Except for those permitted to be made unilaterally by Franchisor 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.

## **25. SEVERABILITY AND CONSTRUCTION**

25.1 Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

25.2 Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 10, 17, 20.3 and 25.

25.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

25.4 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

## **26. APPLICABLE LAW AND DISPUTE RESOLUTION**

26.1 Applicable Law. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the State of Connecticut. In the event of any conflict of law, the laws of Connecticut shall prevail, without regard to the application of Connecticut conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Connecticut and if Franchisee is located outside of Connecticut and such provision would be enforceable under the laws of the state in which Franchisee is located, then such provision shall be interpreted and construed under the laws of that state. This choice of laws will not affect the scope of any state statute that by its terms is inapplicable to this Agreement, and nothing in this Agreement will extend the scope of application of any statute.

26.2 Mediation. Except as otherwise provided herein, if a dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration

Association (“AAA”) in accordance with its Commercial Mediation Rules, before resorting to arbitration, litigation, or some other dispute resolution procedure. Such mediation shall take place before a sole mediator in the county of Franchisor’s principal place of business at a location to be determined by Franchisor in its sole discretion. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisor and Franchisee. The parties hereto agree that mediation shall not be required with respect to: (a) any claim or dispute involving any payment obligation of Franchisee that is more than forty five (45) days past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor’s confidential information; (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks; (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement; (e) any claim or dispute involving a non-curable default; (f) any claim or dispute involving Franchisee’s failure to comply with Franchisor’s System standards; or (g) any action by Franchisor to enforce the covenants set forth in Section 17 of this Agreement.

26.3 Arbitration. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement, which are not settled by mediation under Section 26.2 hereof, shall be settled by arbitration administered by the AAA in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator and will be conducted in the county of our principal place of business at a location to be determined by Franchisor in its sole discretion, and Franchisee agrees not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys’ fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and Franchisee. This agreement to arbitrate shall survive any termination or expiration of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, class treatment, or in any other manner, any person or party other than Franchisee and Franchisor and any person in privity with, or claiming through, in the right of, or on behalf of, Franchisee or Franchisor, unless both parties consent in writing. Franchisor has the absolute right to refuse such consent.

26.4 Jurisdiction and Venue. Any action that is not otherwise subject to mediation and arbitration under Section 26.2 and 26.3 (including any challenge of an arbitral award granted hereunder), whether or not arising out of, or relating to, this Agreement, brought by Franchisee (or any principal thereof) against Franchisor shall be brought in the judicial district in which Franchisor has, at the time of commencement of such action, its principal place of business. Franchisor shall have the right to commence an action against Franchisee in any court of competent jurisdiction. Franchisee hereby waives all objections to personal jurisdiction or venue for purposes of this Section 26.4 and agrees that nothing in this Section 26.4 shall be deemed to prevent Franchisor from removing an action from state court to federal court.

26.5 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right

or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

26.6 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

26.6.1 FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY OR AGAINST EITHER PARTY; AND

26.6.2 FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRANCHISOR SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

26.7 Limitation of Claims. Franchisee agrees that any and all claims and actions by Franchisee against Franchisor arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

26.8 Injunctive Relief. Nothing herein contained (including, without limitation, Section 26.2 and 26.3, above, regarding mediation and arbitration) shall bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

26.9 Franchisor's Costs and Expenses. Except as provided by Sections 26.2 and 26.3 hereof, Franchisee shall pay to Franchisor all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorney's fees, and all other expenses incurred by Franchisor in enforcing any obligation or in defending against any claim, demand, action, or proceeding related to this Agreement, including, but not limited to, the obtaining of injunctive relief.

## 27. ACKNOWLEDGMENTS

27.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) 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 venture contemplated by this Agreement.

27.2 Acknowledgment of Receipt. Franchisee acknowledges that Franchisee has received a copy of the complete Franchise Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. **NO STATEMENT WAS MADE, WHETHER ORAL, WRITTEN, OR OTHERWISE, THAT CONTRADICTS THE FRANCHISE DISCLOSURE DOCUMENT.**

27.3 Acknowledgment of Understanding and Opportunity to Consult. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

27.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time-to-time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac). Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

27.5 Consent to Maintenance of Electronic Records and to Electronic Signatures. Franchisee expressly consents and agrees that Franchisor may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between Franchisor and Franchisee in electronic form. Franchisee expressly agrees to execution of the Franchise Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an "electronic signature" and the legal equivalent of Franchisee's handwritten signature. Franchisee expressly agrees that electronic copies of the Franchise Agreement and related agreements between Franchisor and Franchisee are valid. Franchisee expressly agrees not to contest the validity of the originals or copies of the Franchise Agreement and related agreements, absent proof of altered data or tampering.

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

**FRANCHISEE**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**JAKE'S FRANCHISING, LLC**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**FRANCHISEE INFORMATION**

1. Approved Location: \_\_\_\_\_  
\_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**JAKE'S FRANCHISING, LLC**

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**SITE SELECTION ADDENDUM**

Jake's Franchising, LLC (hereinafter the "Franchisor") and \_\_\_\_\_ (hereinafter "Franchisee"), have this date, \_\_\_\_\_, 20\_\_, entered into a certain Wayback Burgers Franchise Agreement (the "Franchise Agreement") and desire to supplement its terms, as set forth below. The parties hereto therefore agree as follows:

1. Within one-hundred eighty (180) days after Franchisee's execution of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee's expense, for the Wayback Burgers Restaurant (the "Restaurant") franchised under the Franchise Agreement, which premises shall be approved by Franchisor as hereinafter provided. The premises shall be within the following territory ("Site Selection Territory"):

2. Failure by Franchisee to obtain premises for the Restaurant within the time required in Paragraph 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Restaurant, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for its approval within one hundred eighty (180) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Restaurant. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

4. Franchisor shall furnish to Franchisee the following:

a. Such site selection guidelines and consultation as Franchisor deems advisable;

b. Such on-site evaluation as Franchisor deems advisable as part of its evaluation of Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information or materials required by Paragraph 3 hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisor shall conduct such on-site evaluation at Franchisee's expense; and

c. Such assistance for lease negotiation as Franchisor deems advisable.

5. If Franchisee will occupy the premises of the Restaurant under a lease, Franchisee, shall, prior to the execution thereof, (1) execute and obtain the Lessor's execution of a Lease Addendum (and exhibits thereto) in the form attached as Exhibit F to the Franchise Agreement, and (2) submit the lease to Franchisor for its prior written approval. Franchisor's approval of the lease may be conditioned upon the inclusion of the following terms and conditions:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than twenty (20) years;

b. That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Restaurant;

c. That the use of the premises be restricted solely to the operation of the Restaurant;

d. That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

e. That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f. That Franchisor have the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor with a copy of any executed lease within five (5) days after execution thereof.

7. After a site for the Restaurant has been approved in writing by Franchisor and obtained by Franchisee pursuant to Paragraph 3 hereof, the site shall constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Restaurant or for any other purpose or the site's compliance with any federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design, and operation of the Restaurant. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included

in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Restaurant at the site is based on its own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

**FRANCHISEE**

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**JAKE'S FRANCHISING, LLC**

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**ADA CERTIFICATION**

Jake's Franchising, LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement") for the operation of a retail food franchised business at \_\_\_\_\_ (the "Franchised Business"). In accordance with Paragraph 5.6 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

IN WITNESS WHEREOF, the undersigned has executed this ADA Certification on the date first written above.

**FRANCHISEE**

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness/Attest

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the “Franchisee”), and One Dollar, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. Jake’s Franchising, LLC. (the “Franchisor”), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Wayback Burgers Restaurants, which feature and offer for sale to the public award-winning hamburgers and old-fashioned, hand-dipped milkshakes in several select flavors (including, without limitation, chocolate, vanilla, strawberry, black & white, banana and malted), distinctive chicken sandwiches, hot dogs, cheese dogs, and merchandise (including, without limitation, T-shirts and hats), and an approved, limited menu of side orders and drinks, including, without limitation, french fries, cheese fries, fountain sodas and root beer floats, under the trade name “Wayback Burgers” (the “System”) which Franchisor may change from time to time.

2. As an employee of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising of the Franchisor and the System related to the establishment and operation of Wayback Burgers Restaurants which are beyond the present skills and experience possessed by me. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.

3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose confidential information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.

4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Wayback Burgers Restaurant to any competitor, by direct or indirect inducement or otherwise; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s marks and the System.

5. While in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) is the same as, or substantially similar to, a Wayback Burgers restaurant; or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent

(10%) or more of the gross sales of such retail business. Provided, however, that this Paragraph 5 will not apply to my current position with the Franchisee.

6. For two (2) years after I cease to be in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (i)(a) is the same as, or substantially similar to, a Wayback Burgers restaurant, or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business.; and (ii) is, or is intended to be, located at or within: (1) the county or municipality in which the Franchisee's Wayback Burgers Restaurant is located; (2) twenty-five (25) miles of the Franchisee's Wayback Burgers Restaurant's location; or (3) twenty-five (25) miles of any business operating under the Franchisor's marks.

7. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. I EXPRESSLY WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY OR AGAINST ME. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

8. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

9. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the State of Connecticut. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EMPLOYEE:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Jake's Franchising, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and \_\_\_\_\_ ("Franchisee") dated \_\_\_\_\_ 20\_\_ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned will immediately make each payment to Franchisor required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 26 of the Agreement. This Guarantee and any claim, controversy or dispute arising out of or related to this Guarantee is governed by the laws of the State of Connecticut. In the event of any conflict



**EXHIBIT F TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

**LEASE ADDENDUM**

THIS LEASE ADDENDUM (the "Addendum") is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between ("Landlord"), ("Tenant"), and JAKE'S FRANCHISING LLC ("Assignee").

**WITNESSETH:**

WHEREAS, Landlord and Tenant are parties to that certain Lease, dated (the "Lease") for the premises located at (the "Premises"); and

WHEREAS, Tenant and Jake's Franchising LLC ("Jake's") are parties to that certain Jake's Franchising LLC, Franchise Agreement, dated (the "Franchise Agreement"), pursuant to which Jake's granted Tenant a license to operate a Wayback Burgers Restaurant (the "Restaurant"); and

WHEREAS, Tenant will operate the Restaurant at the Premises; and

WHEREAS, Landlord, Tenant and Assignee, desire to provide Assignee the opportunity to preserve the premises as a Wayback Burgers Restaurant, and to assure Landlord that, if Assignee exercises the option herein contained, any defaults of Tenant under the Lease will be cured by Assignee before it takes possession of the Premises; and

WHEREAS, Tenant and Landlord desire to amend the Lease for the mutual benefit of both parties, as more specifically set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises and representations contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**1. DEFINITIONS**

Any term not defined herein shall have the same meaning found in the Lease.

**2. USE OF PREMISES**

During the term of the Franchise Agreement, the Premises may only be used for the operation of the Restaurant. Tenant shall be permitted to use all equipment typical of other Wayback Burgers Restaurants, and shall be permitted to sell all authorized Wayback Burgers Restaurant products as required by Jake's, including all co-branded products.

**3. COLLATERAL ASSIGNMENT**

Landlord, Tenant and Assignee have entered into the Contingent Lease Assignment Agreement (the "Assignment") attached hereto as Exhibit 1 to this Lease Addendum and incorporated herein by reference. This Assignment is for collateral purposes only and, except as specified therein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

with the Assignment or the Lease unless Assignee takes possession of the Premises pursuant to the terms of the Assignment and assumes the obligations of Tenant under the Lease, it being the intent of the parties that Assignee may, but is not required, to take possession of the Premises.

4. AMENDMENT OF LEASE

The Lease is hereby amended by the addition of the Rider to Lease which is attached hereto as Exhibit 2 to Lease Addendum and incorporated herein by reference.

5. RENEWAL OF LEASE

Throughout the term of the Franchise Agreement and any renewals thereof, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Tenant to so elect to extend or renew the Lease as aforesaid, Tenant hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Tenant for the purpose of effecting such extension or renewal, provided, however, that Assignee shall have no obligation to renew the lease, or liability for renewing or failing to renew the Lease except as may be provided for in the Assignment.

6. NO FURTHER MODIFICATION OF LEASE

Except as provided in this Addendum, Tenant and Landlord agree that neither party shall otherwise renew or extend the term of the Lease or make any other modifications or alterations to the Lease without the prior written consent of Assignee.

7. ENTRY INTO PREMISES

Tenant and Landlord agree that Assignee shall have the right to enter the Premises to make any reasonable modifications or alterations necessary to protect Assignee's interest in Restaurant and proprietary marks or to cure any default under the Franchise Agreement or under the Lease, and Tenant and Landlord agree that Assignee shall not be liable for trespass or any other crime or tort.

8. NOTICES

Notwithstanding anything contained in the Lease to the contrary, any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, by overnight delivery by a nationally recognized courier service, or by placement in the United States Mail by registered or certified mail, return receipt request, postage prepaid. All notices and demands required to be delivered hereunder will be deemed so delivered when actually received by addressee, and must be addressed to the party to be notified at the following addresses unless and until a different address has been designated by written notice to the other parties.

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

If directed to Tenant, the notice shall be addressed to:

Attention:

With a copy to: The Premises

If directed to Landlord, the notice shall be addressed to:

Attention:

With a copy to:

If directed to Assignee, the notice shall be addressed to:

JAKE'S FRANCHISING LLC  
716 South Main Street  
Cheshire, CT 06410  
Attention: John Eucalitto

With a copy to: The Premises

9. THIRD PARTY BENEFICIARY

Landlord and Tenant each agree that Assignee is an express third party beneficiary of this Addendum, and that Assignee may enforce its rights as third party beneficiary hereunder against Landlord and Tenant.

10. FULL FORCE AND EFFECT

Except as otherwise provided for herein, the terms and conditions of the Lease remain in full force and effect.

11. BINDING ON SUCCESSORS

The covenants, agreements, terms, provisions and conditions contained in the Lease, as modified by this Addendum, shall bind and inure to the benefit of all parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum the day and year first written above.

LANDLORD:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

Title: \_\_\_\_\_

TENANT:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ASSIGNEE:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

**Exhibit 1 to Lease Addendum**

**CONTINGENT LEASE ASSIGNMENT AGREEMENT**

AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, (hereinafter referred to as “Landlord”); \_\_\_\_\_, (hereinafter referred to as “Tenant”); and JAKE’S FRANCHISING LLC (hereinafter referred to as “Assignee”).

Landlord has leased to Tenant certain premises located at \_\_\_\_\_ (the “Premises”), under the terms of a lease agreement dated \_\_\_\_\_, as amended thereafter (collectively, the “Lease”). Tenant intends to use the Premises as a Wayback Burgers Restaurant, under a Franchise Agreement between Jake’s Franchising LLC (“Jake’s “), as Franchisor and Tenant, as Franchisee (the “Franchise Agreement”). This Contingent Lease Assignment Agreement is entered into in connection with Jake’s approval of the above location as a Wayback Burgers Restaurant and grant of a franchise to Tenant. It is intended to provide Assignee the opportunity to preserve the Premises as a Wayback Burgers Restaurant under circumstances hereinafter set forth, and to assure Landlord that, if Assignee exercises the option herein contained, any defaults of Tenant under the Lease will be cured by Assignee before it takes possession of the Premises.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows.

**ARTICLE 1 – GRANT OF OPTION**

Landlord grants to Assignee an option to lease the Premises, on the terms, covenants and conditions hereinafter set forth (the “Option”) in the event of any or all of the following:

- (i) upon default of Tenant under Lease, (ii) upon termination of the Franchise Agreement, and/or
- (iii) upon non-renewal of the Lease Term, as more particularly described herein.

1.1 Upon Default of Tenant Under Lease. Landlord agrees to furnish Assignee with copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Tenant. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Assignee thirty (30) days advance written notice of such intent, specifying in such notice all defaults that are the cause of the proposed termination. Assignee shall have after the expiration of the period during which Tenant may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days) to cure, at its sole option, any such default. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Assignee written notice thereof, specifying the defaults Tenant has failed to cure and shall offer Assignee the Option to assume the Tenant’s interests in the Lease (the “Offer”). Landlord shall attach to the Offer a complete copy of the Lease, including any amendments thereto.

1.2 Upon Termination of the Franchise Agreement. If the Franchise Agreement is terminated for any reason during the term of the Lease, or any extension thereof, and if Assignee shall desire to exercise the Option, Assignee shall promptly give Landlord written notice thereof.

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Within thirty (30) days after receipt thereof, Landlord shall give Assignee written notice specifying any defaults of Tenant under the Lease and shall provide Assignee with the Offer as provided in 1.1 above.

1.3 Upon Non-Renewal of the Lease Term. If the Lease contains term renewal or extension rights which are allowed to expire by Tenant without exercising said rights, Landlord shall promptly give written notice thereof to Assignee, but in no event later than thirty (30) days following expiration of the term or the renewal deadline provided in the Lease, whichever is sooner, and Assignee shall have the option, for an additional thirty (30) days after receipt thereof, to exercise the Tenant's renewal or extension rights on the same terms and conditions as contained in the Lease. If Assignee elects to exercise such right to renew or extend the term of the Lease, Assignee shall so notify Landlord in writing, whereupon Landlord shall promptly execute and deliver to Assignee an acceptance of Assignee as assignee of Tenant and shall deliver possession of the Premises to Assignee at the commencement of the extended or renewed term of the Lease.

1.4 Assignee's Acceptance of the Offer. In the event Landlord delivers the Offer to Assignee in the manner provided for herein, Assignee shall exercise the Option if at all, by written notice to Landlord and Tenant (the "Acceptance") within thirty (30) days after receipt of the Offer from Landlord, provided, however, that Assignee shall have no duty or obligation to exercise the Option, and shall have no duty or liability for failing to exercise the Option. If neither Tenant nor Assignee cures all defaults within said time periods (or such longer cure period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and exercise all of its other post-termination rights as set forth in the Lease, and the Offer shall be null and void, and Assignee shall have no right to succeed to Tenant's interest in the Lease.

## ARTICLE 2 – TENANT'S COVENANTS

If Tenant fails to timely cure any defaults under the Lease, or in the event of termination of the Franchise Agreement, Tenant shall, within ten (10) days after written demand by Assignee, assign all of its right, title and interest in and to the Lease to Assignee. If Tenant fails to do so within said ten (10) days, Tenant hereby designates Assignee as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's rights thereunder. Landlord hereby consents to such assignment, without the imposition of any assignment fee or similar charge, and agrees that if Assignee takes possession of the Premises and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, subject to Assignee executing an assumption of the Lease in the form attached hereto as Exhibit A, and curing all defaults of Tenant under the Lease before taking possession of the Premises. Tenant further agrees to promptly and peaceably vacate the Premises and remove its personal property, at the written request of Assignee. Any property not so removed by Tenant within ten (10) days following receipt of such written notice shall be deemed abandoned by Tenant.

2.1 Tenant agrees that termination of the Franchise Agreement and failure of Tenant to assign its interests in the Lease to Assignee as set forth herein shall be a default under the Lease which will entitle, but not obligate, Landlord to employ legal remedies available in summary process or otherwise, to evict Tenant from the Premises.

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Landlord Tenant Assignee

2.2 Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment thereof to Assignee. Assignee shall be entitled to recover from Tenant all amounts it has paid to Landlord to cure Tenant's defaults under the Lease, including interest and the reasonable costs of collection.

### **ARTICLE 3 – DELIVERY OF POSSESSION OF THE PREMISES**

Upon receipt of the Acceptance from Assignee, or as soon as possible thereafter, Landlord shall evict Tenant from the Premises by diligent pursuit of summary process or by other and appropriate legal remedies, and shall deliver possession of the Premises to Assignee free and clear of the possessory rights of Tenant or any third party ("Possession").

3.1 Assignee shall not be required to cure defaults and/or to begin paying rent until Landlord delivers Possession of the Premises to Assignee. If it becomes necessary for Landlord to pursue legal remedies in order to remove Tenant and deliver Possession of the Premises to Assignee, Assignee shall, upon written request of Landlord, pay into an escrow account with Landlord's attorney, bearing interest at the passbook rate, such amounts as are necessary to cure Tenant's defaults. If Landlord is unable to deliver Possession of the Premises to Assignee within three (3) months after the date Landlord receives the Acceptance, Assignee shall thereafter have the right at any time until Landlord delivers Possession of the Premises to rescind the Acceptance by written notice to Landlord, whereupon all amounts in escrow, including accrued interest, shall be returned to Assignee.

### **ARTICLE 4 – ASSIGNEE'S RIGHTS AND OBLIGATIONS UNDER THE LEASE**

Assignee, upon taking possession of the Premises, shall concurrently cure the defaults specified by Landlord in the Offer and shall execute and deliver to Landlord the assumption of the Tenant's rights and obligations under the Lease as specified in Article 2, above. Assignee shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, except that Assignee shall not be required to assume or be bound by the terms of any amendment or modification to the Lease executed by Tenant without Assignee's prior written approval thereof.

4.1 Assignee, upon assuming Tenant's interests under the Lease may, simultaneously or thereafter, assign such interests, without Landlord's consent, to an affiliated company or a wholly-owned subsidiary of Jake's Franchising LLC, provided that Assignee shall remain liable for the payment of rent and performance of the Tenant's duties and obligations under the Lease only to the date of such assignment, except as set forth in Paragraph 4.2, below.

4.2 Assignee may, at any time after assuming the Tenant's interests under the Lease, without the consent of Landlord, assign without recourse its rights as tenant under the Lease to a franchisee of Jake's Franchising LLC who meets the then-current standards and requirements for franchisees. Upon receipt by Landlord of the assumption agreement pursuant to which the Assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, Assignee shall thereupon be released from all liability as tenant under the Lease, from and after the date of assignment thereof, without any need of a written acknowledgment by Landlord of such release. In such event, this Contingent Assignment Agreement shall remain in force and effect.

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Landlord Tenant Assignee

4.3 Assignee or its assignee may only use the premises for the purpose(s) permitted under the terms of the Lease.

4.4 In the event Assignee shall elect to assume Tenant's rights and obligations under the Lease, Assignee, in addition to any other provision of the Lease, shall also have the right to terminate the Lease at any time, by giving Landlord at least one hundred twenty (120) days written notice. If Assignee shall exercise this right of termination, Assignee shall remove its equipment, trade fixtures and signs from the Premises and shall return the Premises to Landlord, allowing to remain thereon all of Tenant's and/or Assignee's permanent improvements to the Premises.

#### **ARTICLE 5 – DE-IDENTIFICATION AS A WAYBACK BURGERS RESTAURANT**

If the Lease or Franchise Agreement is terminated and Assignee fails to exercise the Option herein contained, Tenant agrees to de-identify the premises as a Wayback Burgers Restaurant and to promptly remove Jake's trademarks and trade dress from the Premises including but not limited to, signs, décor and other items which Assignee reasonably requests be removed as being distinctive and indicative of a Wayback Burgers Restaurant. Assignee may enter upon the Premises without being guilty of trespass or tort to effect such de-identification if Tenant fails to effect de-identification within ten (10) days after receipt of written demand from Assignee, following termination of the Franchise Agreement or Lease. Tenant shall reimburse Assignee for its reasonable costs and expenses in effecting de-identification. Landlord and Tenant shall jointly and severally be obligated to pay Assignee for such costs, if Landlord shares with Tenant, one or more common owners, beneficiaries or shareholders (as the case may be).

5.1 If the Lease or Franchise Agreement is terminated and Assignee fails to exercise the Option hereunder, Tenant and Tenant's principals agree that they shall comply with the post-termination covenants not to compete in the Franchise Agreement and shall not own, operate or have an interest in any business which sells any food products identified in the Franchise Agreement at the Premises for the period set forth in the Franchise Agreement.

#### **ARTICLE 6 – ADDITIONAL PROVISIONS**

Definitions. Any term not defined herein shall have the same meaning found in the Lease or Lease Addendum, as the case may be.

6.1 The Lease Option Agreement shall run with the land and be binding upon the parties hereto and their successors, assigns, executors and administrators and representatives. The rights and obligations herein contained shall continue, notwithstanding changes in the persons or entity that may hold any leasehold or ownership in the land, building or Premises.

6.2 Assignee may assign its right under this Agreement, without the consent of Landlord, in connection with any transfer of its rights to an affiliate or a wholly owned subsidiary of Jake's.

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6.3 At the request of Landlord or Tenant, Assignee's rights hereunder may be subordinated to the lien of any mortgage or deed of trust hereinafter placed upon the Premises, provided that the mortgagee or trustee shall agree in writing not to disturb Assignee's right to exercise the Option and assume the Lease as set forth herein.

6.4 Any party hereto may record this Agreement or a memorandum hereof. Any party hereto may seek equitable relief or injunctive relief including, without limitation, specific performance for the actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for in this Agreement or by law.

6.5 Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, by overnight delivery by a nationally recognized courier service, or by placement in the United States Mail by registered or certified mail, return receipt request, postage prepaid. All notices and demands required to be delivered hereunder will be deemed so delivered when actually received by addressee, and must be addressed to the party to be notified at the following addresses unless and until a different address has been designated by written notice to the other parties.

Notices to Landlord shall be sent to the following address:

Attention:

With a copy to:

Notices to Tenant shall be sent to the following addresses:

Attention:

With a copy to: The Premises

Notices to Assignee shall be sent to the following address:

**JAKE'S FRANCHISING LLC**  
716 South Main Street  
Cheshire, CT 06410  
Attention: John Eucalitto

With a copy to: The Premises

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

LANDLORD:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TENANT:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

WITNESS: \_\_\_\_\_

**JAKE'S FRANCHISING LLC**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

WITNESS: \_\_\_\_\_

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

**Exhibit A to Contingent Lease Assignment Agreement**  
**ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT**

**ASSIGNMENT AND ASSUMPTION** made by (the “Assignor”), JAKE’S FRANCHISING LLC (the “Assignee”), and (the “Landlord”).

1. **Assignment.** Assignor hereby assigns to Assignee all of Assignor’s right, title and interest in and with respect to a certain Lease Agreement, dated between as Landlord and as Tenant, including any amendments thereto made with the knowledge and consent of Assignee, (the “Lease”).
2. **Assumption.** Assignee hereby assumes all the terms and conditions of the Lease, and agrees to perform and comply with all of the terms of the Lease as fully and to the same extent as if originally named as Tenant in the Lease.
3. **Landlord’s Consent.** Landlord hereby acknowledges and consents to this Assignment and Assumption of the Lease.
4. **Benefit.** This Assignment and Assumption is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
5. **Release.** Assignor hereby releases and discharges Jake’s Franchising LLC and Jake’s Hamburgers, Inc., and their administrators, successors and assigns from all actions, causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, contracts, controversies, agreements promises, damages, judgments, claims and demands, known or unknown, whatsoever in law, admiralty or equity which against them Assignor or Assignor’s heirs, executors, administrators, successors and assigns ever had, now have or hereinafter can, shall or may have for, upon or by any reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Assignment.

**IN WITNESS WHEREOF**, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ASSIGNEE

**JAKE’S FRANCHISING LLC**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LANDLORD:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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Landlord Tenant Assignee

**Exhibit 2 to Lease Addendum**

**RIDER TO LEASE**

1. **CONFLICTS.** In the event of any inconsistency between the provisions of this Rider and any other portion of this Lease, the provisions of this Rider shall prevail.

2. **DEFINITIONS.** Any term not defined herein shall have the same meaning found in the Lease.

3. **COOPERATION AND LANDLORD DEFAULT.**

(a) Landlord agrees to execute and deliver upon the request of Tenant any applications required by any governmental authority having jurisdiction thereover to enable Tenant to make alterations or installations in and to the Premises and to erect and maintain any signs in, on or about the Premises and any documents to acknowledge ownership of any equipment lessor or any primary lien of any equipment financier, provided that any fees, charges and expenses required in connection therewith be borne solely by Tenant.

(b) Wherever by the terms of this Lease it is specifically provided that Landlord's consent or approval be required or is otherwise requested by Tenant, Landlord covenants that it will not unreasonably withhold, condition or delay any such consent or approval.

(c) Except where otherwise provided for herein, Landlord shall be in default of this Lease for any failure of Landlord to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Landlord, where such failure shall continue for a period of thirty (30) days after written notice thereof from Tenant to Landlord; provided, however, that if the nature of Landlord's default is such that more than thirty (30) days are reasonably required for its cure, then Landlord shall not be deemed to be in default if Landlord commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) If the default by Landlord has not been cured within the time limits prescribed herein, Tenant may, along with any other remedies available at law or in equity, terminate the Lease as a result of Landlord's default, or cure the default and offset any amount paid by Tenant to cure such default, plus interest at eighteen percent (18%) per annum (provided, however, that such interest rate shall not exceed the maximum rate allowed by law) against any minimum or additional Rent as it becomes due.

4. **INFORMATION.** Landlord represents and warrants that, as of the date this Rider becomes effective, (a) pursuant to any exclusive use agreements, if any, granted by Landlord to any other tenant operating in the Building and/or Shopping Center, the Premises may be operated as a Wayback Burgers Restaurant for the retail sale of Jake's authorized products; (b) Landlord is the fee owner of the property containing the Premises and the building or Shopping Center of which the Premises are a part; (c) Landlord has the right to make this Lease upon the terms and for the term as set forth herein; and (d) Landlord has granted no exclusive right to sell any of the menu items offered by Jake's, including but not limited to, hamburgers, hot dogs, chicken

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sandwiches, french fries, or milkshakes of any type or kind whatsoever to any other tenant of the Building and/or Shopping Center. In the event of Landlord's breach of the representations and warranties as set forth herein, in addition to all other rights and remedies of Tenant pursuant to the Lease or by law, Landlord agrees to indemnify and hold harmless Tenant for all loss, cost, expense and damage (including reasonable attorneys fees) incurred as a result thereof.

5. USE.

(a) Tenant may sell all authorized Wayback Burgers Restaurant products as required by the Jake's Franchising LLC, its successors and assigns, including but not limited to any co-branded products.

(b) Landlord agrees that throughout the term of this Lease, and any renewals and extensions of the term of this Lease, Landlord will not allow the sale of hamburgers, hot dogs, chicken sandwiches, french fries, or milkshakes, of any type or kind whatsoever (the "Exclusive Use"). Therefore, Landlord shall not lease, permit any assignment or sublet of any lease in the Building and/or Shopping Center, or otherwise permit any tenant to sell hamburgers, hot dogs, chicken sandwiches, french fries, or milkshakes, of any type or kind whatsoever in any portion of the Shopping Center (including any pad sites or out parcels partially or fully owned by Landlord, their successors and assigns, or any entity of which the Landlord has a financial interest in, or is a member, officer, director or employee of) or Building of which the Premises are a part, including free standing units, whether presently existing or created hereafter.

(c) In the event of a violation of subsection (b) above after any applicable notice and cure period, Tenant shall have the right to exercise any available right or remedy hereunder or allowed by law or in equity, including, but not limited to the right to terminate the Lease if the Exclusive Use continues to be violated by such other tenant for a period three (3) consecutive months, provided that Tenant provides Landlord with notice of such violation. During any period of such violation of Tenant's Exclusive Use, so long as Tenant is operating its business in the Premises, Tenant's fixed minimum annual rent shall be reduced by fifty percent (50%) commencing with the first day of the month after such notice of violation of Tenant's Exclusive Use and such abatement shall continue until the earliest to occur of the following: (i) the effective date of this Lease is terminated; (ii) the effective date the violating Tenant's lease is terminated; or (iii) the date such Tenant ceases to violate Tenant's Exclusive Use.

6. ASSIGNMENT/SUBLETTING. Provided that the Premises continues to be operated as a Wayback Burgers Restaurant by a bona fide franchisee of Jake's Franchising LLC, Tenant, its successors, assigns, or sublessees may assign the within Lease and/or sublet the Premises, in whole or in part, together with the Security Deposit thereunder, without Landlord's consent, on the following terms and conditions:

(a) the assignee or sublessee is a bona fide Jake's Franchising LLC franchisee/licensee or affiliated company and there will be delivered to Landlord a duplicate original of the duly executed instrument of assignment, sublease, or sub-sublease and all related documents. In the event of an assignment of the Lease, by the terms of any such assignment, the assignee shall assume and undertake the performance of all of the terms of the Lease;

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Landlord Tenant Assignee

(b) no assignment, sublease or sub-sublease etc. shall in any way relieve, modify or extinguish the liability of any such assignor, sublessor or sub-sublessor etc., as the case may be, or any of their predecessors in interest unless specifically agreed to in writing by all applicable parties; and

(c) no fee or any other consideration shall be payable in connection with the assignment of the Lease or the subletting of the Premises if for Wayback Burger Restaurant use.

7. CORPORATE INDICIA. Landlord does hereby consent to the installation by Tenant of such designs, interior decorations and trade fixtures as are customary in connection with the operation of a Wayback Burger Restaurant, provided the same are permitted by law.

8. RENOVATIONS. Tenant may make all non-structural, cosmetic renovations under \$5,000.00 without Landlord's consent. Landlord agrees not to unreasonably withhold or delay its consent to any other alteration or renovation.

9. EXCULPATION.

(a) **LANDLORD ACKNOWLEDGES BEING INFORMED OF THE FOLLOWING FACTS: (i) TENANT IS A FRANCHISEE OF JAKE'S FRANCHISING LLC. JAKE'S FRANCHISING LLC MAY, AFTER EXERCISING ITS OPTION TO ASSUME THE LEASE, ASSIGN THE LEASE TO AN AFFILIATE OR SUBSIDIARY ENTITY, OR ASSIGN THE LEASE TO ANOTHER FRANCHISEE/LICENSEE OF JAKE'S FRANCHISING LLC. (ii) THAT THE SOLE AND EXCLUSIVE PERSON OR ENTITY AGAINST WHICH LANDLORD MAY SEEK DAMAGES OR ANY REMEDIES UNDER THIS OR ANY OTHER DOCUMENT IN WHICH LANDLORD AND TENANT ARE PARTIES, WHETHER FOR UNPAID RENT AND ASSOCIATED DAMAGES, CLAIMS OF UNJUST ENRICHMENT, CLAIMS OF UNFAIR TRADE PRACTICES, OR ANY OTHER THEORY OF RECOVERY OF ANY KIND OR NATURE, IS TENANT AND NOT JAKE'S FRANCHISING LLC.**

(b) **LANDLORD AGREES THAT THE LIABILITY OF TENANT HEREUNDER SHALL BE LIMITED TO TENANT'S ASSETS, IF ANY. TENANT'S STOCKHOLDERS IF A CORPORATION OR MEMBERS IF AN L.L.C., SHALL NOT BE LIABLE DIRECTLY OR INDIRECTLY FOR ANY OBLIGATION OF TENANT, AND LANDLORD AGREES NOT TO COMMENCE ANY LEGAL PROCEEDINGS AGAINST TENANT'S STOCKHOLDERS OR MEMBERS, OR JAKE'S FRANCHISING LLC AND ITS MEMBERS. JAKE'S FRANCHISING LLC STOCKHOLDERS OR MEMBERS AND TENANT'S STOCKHOLDERS OR MEMBERS, SHALL BE DEEMED THIRD PARTY BENEFICIARIES OF THIS PROVISION WHICH SHALL INURE TO THEIR BENEFIT. SUCH EXCULPATION OF LIABILITY SHALL BE ABSOLUTE AND WITHOUT ANY EXCEPTION WHATSOEVER.**

(c) **NOTHING IN THIS LEASE SHALL BE DEEMED TO EXEMPT LANDLORD FROM LIABILITY FOR DAMAGE OR INJURIES TO PERSONS OR PROPERTY CAUSED BY OR RESULTING FROM THE ACTS, OMISSIONS OR**

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**NEGLIGENCE OF LANDLORD, ITS AGENTS, SERVANTS, EMPLOYEES, INVITEES OR LICENSEES.**

10. INTERFERENCE. Notwithstanding the provisions of any part of this Lease, Landlord shall not (a) interfere with the visibility, ingress or egress of the Premises, (b) disrupt Tenant's business, (c) reduce the usable area of the Premises, (d) reduce the number of parking spaces that currently exist in the Shopping Center, or (e) expose any pipes, conduits, utility lines or wires in the Premises. In the event of a violation of this paragraph after any applicable notice and cure period, the fixed minimum rent payable pursuant to this Lease shall be reduced in the same proportion as Tenant's gross sales are reduced as a result of Landlord's violation of this paragraph.

11. NOTICES. All notices and communications of whatever nature which Landlord may render pursuant to the terms of this Lease shall be delivered to Tenant by personal delivery, by overnight delivery by a nationally recognized courier service, or by registered or certified mail, return receipt request, postage prepaid. All notices and demands required to be delivered hereunder will be deemed so delivered when actually received by addressee, and must be addressed to the party to be notified at the following addresses unless and until a different address has been designated by written notice to the other parties.

Attention:

With a copy to: JAKE'S FRANCHISING LLC  
716 South Main Street  
Cheshire, CT 06410  
Attention: John Eucalitto

With a copy to: The Premises

12. TENANT DEFAULT.

(a) Landlord shall not exercise any rights or invoke any remedies under this Lease upon the happening of any default unless notice of such default is delivered to Tenant as provided herein and thirty (30) days shall have elapsed subsequent to the receipt of such notice and such default be not cured or commenced to be cured within such time, unless the circumstances of such default require quicker compliance pursuant to a particular municipal or governmental directive referable thereto. The time period herein provided may run contemporaneously with any other time period provided for in this Lease.

(b) Provided Tenant is in compliance with all other provisions of this Lease, including the payment of all rent and additional rent (after notice and time to cure), (i) Landlord agrees that it will not invoke any of the remedies set forth in this Lease in the event of bankruptcy or insolvency, and (ii) Tenant will not be joined as a party defendant in any action or proceeding for the purpose of terminating Tenant's interest and estate under the Lease.

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Landlord Tenant Assignee

(c) No rentals shall be accelerated prior to their due date, however, nothing contained herein shall be deemed to limit any other right or remedy of the Landlord in the event of default as set forth in this Lease.

(d) Tenant shall not be deemed to be in default of the terms and conditions of this Lease nor shall Tenant be charged any penalty, monetary or otherwise, as a result of (a) any temporary closing arising from renovations or repairs to the Premises, or (b) force majeure events.

13. UTILITIES. In the event the disruption of any utility service shall render the Premises untenantable for a period in excess of three (3) consecutive days, then the fixed minimum annual rent, all items of additional rent and any other charges payable pursuant to this Lease shall abate in full from the commencement of such three (3) day period until such time as the Premises are again tenantable.

14. HAZARDOUS MATERIALS.

(a) Landlord represents and warrants that (i) there are no hazardous or potentially hazardous materials in or about the Premises and/or the building or Shopping Center of which the Premises are a part, including but not limited to radon, radiation, asbestos, asbestos containing materials, chlorofluorocarbons, PCB's and PCB containing materials (collectively, "Hazardous Materials"), and (ii) if any governmental authority requires that remedial action be taken with regard to any Hazardous Materials, it will be Landlord's responsibility to promptly take all such remedial action, unless such Hazardous Materials were placed on the Premises by Tenant.

(b) In the event of a breach of the representations and warranties as set forth in subparagraph (a) above, in addition to all other rights and remedies, Tenant may take such remedial action as is necessary at the sole cost and expense of Landlord and Tenant shall have the right to fund any such costs and offset such amounts funded against any fixed minimum annual rent, items of additional rent or any other charges due under the Lease and Landlord further agrees to indemnify and hold harmless Tenant for all loss, cost, expense and damage (including reasonable attorneys fees) incurred as a result thereof.

15. LANDLORD'S WORK.

(a) Landlord represents and warrants that upon delivery of vacant possession of the Leased Premises to Tenant, with all of Landlord's work as provided herein, if any, duly completed, the building or Shopping Center of which the Leased Premises are a part, the Leased Premises, and all systems serving the Leased Premises, including but not limited to the HVAC, plumbing, sewer, sprinkler and electrical systems, will be in good working order and condition, in compliance with all laws and building codes, including but not limited to the Federal Americans with Disabilities Act and those pertaining to the reduction, abatement or elimination of Hazardous Materials, and that the roof will be free of leaks. All work to be performed by Landlord to the Leased Premises and/or the building or Shopping Center of which the Leased Premises are a part, shall be timely completed in a good and workmanlike manner in accordance with all applicable laws, rules, regulations and requirements of any governmental or municipal department having jurisdiction thereunder. Upon Landlord's completion of its work as aforesaid, Landlord shall deliver to Tenant all required approvals and "sign offs" regarding Landlord's work as may be

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

required by such governmental or municipal department having jurisdiction thereunder. Landlord represents that the HVAC, plumbing, sewer, sprinkler and electrical systems will be in good working order and condition for a period of six (6) months after the commencement of the term of the Lease.

(b) In the event Landlord is unable to fund or complete any work, construction allowances and/or negotiated improvements to the Leased Premises and/or the building or shopping center of which the Leased Premises are a part, in addition to all other rights and remedies Tenant may have pursuant to this Lease or by law, Tenant shall have the additional right to fund any such costs and offset such amounts funded against any fixed minimum annual rent, items of additional rent or other charges due under the Lease, together with interest thereon from the date Tenant would have been reimbursed until the date the rent offsets effect that result.

16. COMMON AREA MAINTENANCE COSTS. Common area maintenance costs, if any, shall not include depreciation or amortization of any buildings or equipment, interest on and amortization of debts, financing or refinancing costs, leasing commissions, legal expenses related to making or enforcing other leases, mortgages, ground rents or increases, Landlord's executive salaries, costs of goods and services provided disproportionately to any tenant(s), costs of tenant improvements made specifically for certain tenants of the building or Shopping Center, costs above market price for goods and services provided by entities related to Landlord, advertising and promotional expenses, inheritance, franchise, gains or income taxes, costs of remedial action for Hazardous Materials, costs of conversion of any HVAC systems utilizing chlorofluorocarbons, costs of curing violations of any laws and other requirements of any public authorities existing on the date hereof and any fines or penalties payable with respect thereto, costs of constructing, expanding and improving the buildings, Shopping Center, common areas and common facilities, and any other costs, capital improvements or replacements properly chargeable to capital account under generally accepted accounting principles.

17. REAL ESTATE TAX EXCLUSIONS. Notwithstanding anything contained herein to the contrary, Real Property Taxes shall not include (i) taxes on unimproved parcels of land; (ii) impositions to pay for on-site or off-site improvements required by any governmental authority as a condition to the development, operation, expansion or renovation of the Shopping Center or any part thereof; (iii) penalties and interest resulting from Landlord's delinquency in the payment thereof; (iv) any succession, transfer, gift, capital levy, or corporation tax levied against Landlord; (v) any real estate transfer tax, mortgage lien tax, documentary stamp tax, recording fees or the like, and (vi) reassessments due to a change in ownership or renovation of the Shopping Center.

18. MERCHANT'S ASSOCIATION. Tenant shall not be required to join a merchant's association or contribute to a marketing or promotional fund.

19. TERMINATION. If (a) vacant possession of the Leased Premises is not delivered to Tenant with all of Landlord's work as provided herein, if any, duly completed within one hundred twenty (120) days from the date of this Lease, or (b) at any time during the Term of this Lease, less than seventy percent (70%) of the gross leaseable space in the Shopping Center or building of which the Leased Premises is a part is fully occupied and open for business, then in either of such events, Tenant shall have the right to cancel this Lease anytime thereafter upon thirty (30) days written notice to Landlord, in which event the Landlord shall promptly return to the

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

Tenant the security deposit and any other sums which may be due the Tenant upon the natural expiration of this Lease.

20. DAMAGE/DESTRUCTION.

(a) In the event (i) all or any part of the Leased Premises are damaged or destroyed by fire or other casualty, and as a result, the Leased Premises or any part thereof are rendered unusable for Tenant's business, or (ii) if the damage or destruction occurs in the last three years of the then existing Term of the Lease, Tenant may terminate the Lease upon sixty (60) days' notice of termination to Landlord given within ninety (90) days after the date of such damage or destruction, and on such date provided in the notice, this Lease shall terminate and all rent and additional rent and other charges shall be paid up to the date of such damage or destruction.

(b) In the event all or any part of the Leased Premises are damaged or destroyed by fire or other casualty and the Lease is not terminated as provided in (a) above or if the Leased Premises or any part thereof is not rendered unusable for Tenant's business, this Lease shall continue in full force and effect and Landlord shall promptly repair, restore and rebuild the Leased Premises to its condition at the time immediately prior to the occurrence of the loss, and all rent and additional rent and other sums shall abate in proportion and to the extent that the Leased Premises or any part thereof is so rendered unusable for Tenant's business. Any such abatement shall continue until ninety (90) days after Tenant receives notice from Landlord that the Leased Premises or that part thereof is ready for re-occupancy.

21. RADIUS RESTRICTION. Tenant shall not be subject to a radius restriction against opening additional restaurants.

22. LANDLORD INDEMNITY. Except for the act, omission or negligence of Tenant or its agents, Landlord shall indemnify and hold harmless Tenant, its shareholders, officers, directors, members, agents, contractors, employees, and invitees, from and against any and all claims arising from Landlord's use or ownership of the Shopping Center, or from activity, work or things done permitted or suffered by Landlord in or about the common areas of the Shopping Center and shall further indemnify and hold harmless Tenant from and against any and all claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease, or arising from any act, omission or negligence of the Landlord, or any of Landlord's agents, contractors, or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case of action or proceeding be brought against Tenant by reason of any such claim, Landlord, upon written notice from Tenant, shall defend the same at Landlord's expense.

23. CONDEMNATION. If the entire Leased Premises or a portion of the Leased Premises is condemned and the remainder of the Leased Premises is not reasonably usable by Tenant for Tenant's purposes pursuant to the terms of this Lease, then this Lease shall terminate as of the date of such taking. If a portion of the Leased Premises is condemned and the remainder of the Leased Premises is still reasonably usable by Tenant for Tenant's purposes pursuant to the terms of this Lease, then this Lease shall continue in full force and effect except that Landlord shall restore the Leased Premises to a single architectural unit and all rent and additional rent shall

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
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be adjusted pro rata as to that portion condemned. In the event of condemnation, nothing shall prevent Tenant from receiving any sums awarded on account of Tenant's damages and for or on account of any cost or loss to which Tenant may incur, including but not limited to, Tenant's moving expenses and loss of business, profits, leasehold interest, leasehold improvements, inventory and trade fixtures.

24. FORCE MAJEURE. Landlord and Tenant shall be excused for the period of delay in the performance of any of their respective obligations hereunder, excepting monetary obligations hereunder, and shall not be considered in default, when prevented from so performing due to a labor strike, riot, war, fire, flood or other casualty, or Acts of God so extensive as to prevent Tenant from conducting business or preventing Tenant or Landlord from complying with their obligations under the Lease.

ASSIGNOR:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ASSIGNEE

**JAKE'S FRANCHISING LLC**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LANDLORD:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Initials \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Landlord Tenant Assignee

**EXHIBIT G TO  
WAYBACK BURGERS  
FRANCHISE AGREEMENT**

**ONLY FOR FRANCHISEES WHO OBTAIN SBA FINANCING**

THIS ADDENDUM (Addendum) is made and entered into on \_\_\_\_\_, 20\_\_, by Jake's Franchising LLC located at 716 South Main Street, Cheshire, CT 06410 (Franchisor), and \_\_\_\_\_, located at \_\_\_\_\_ (Franchisee).

**Recitals.** Franchisor and Franchisee entered into a Franchise (or License) Agreement on \_\_\_\_\_, 20\_\_, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at \_\_\_\_\_ designated by Franchisor as Unit # \_\_\_\_\_ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Notwithstanding the language in Section 7.16, Franchisor cannot establish maximum, minimum or other pricing requirements (pricing requirements) with respect to this franchisee unless the pricing requirements have been established in a franchise agreement that has been reviewed and approved by the SBA and listed on the Franchise Registry.
- Section 14.5 of the Franchise Agreement provides that the Franchisor (or any Third Party Assignee of the Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when the franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that the Franchisor (nor any Third Party Assignee of the Franchisor) will not exercise the option for any partial sale of the franchisee's business. The Franchisor (Third Party Assignee of the Franchisor) may not become a partial owner of any SBA financed franchises.
- If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 14.5 and Section 16.9 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

- Under Section 22 of the franchise agreement any SBA financed franchise lender will be granted a lien on the business assets of the franchisee to the extent required in its loan authorization.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

**Jake's Franchising LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: John Eucalitto

Print Name:

Title: President

Title:

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit B**

**Development Agreement**

# **WAYBACK BURGERS**

## **DEVELOPMENT AGREEMENT**

**WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

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EXHIBIT A – DEVELOPMENT FEE; DEVELOPMENT AREA; DEVELOPMENT SCHEDULE

EXHIBIT B – CURRENT FORM OF FRANCHISE AGREEMENT

EXHIBIT C – DISCLOSURE OF PRINCIPALS

EXHIBIT D – GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

EXHIBIT E – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

This Development Agreement (“Agreement”), is made and entered into on \_\_\_\_\_ 20\_\_, by and between Jake’s Franchising, LLC, a Delaware limited liability company with its principal place of business at 716 South Main Street, Cheshire, CT 06410 (“Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Developer”).

**RECITALS:**

**WHEREAS**, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Wayback Burgers Restaurants, which currently feature and offer for sale to the public award-winning hamburgers and old-fashioned, hand-dipped milkshakes in several select flavors (including, without limitation, chocolate, vanilla, strawberry, black & white, banana and malted), distinctive chicken sandwiches, hot dogs, cheese dogs, salads and merchandise (including, without limitation, T-shirts and hats), and an approved, limited menu of side orders and drinks, including, without limitation, potato chips, french fries, cheese fries, onion rings, fountain sodas, draft beer and wine, under the trade name “Wayback Burgers” (the “System”), which Franchisor may change from time to time;

**WHEREAS**, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior designs, décor, color scheme, fixtures, and furnishings; standards and specifications for the preparation of products in public view; standards and specifications for the production of made-to-order products; uniform standards; specifications (use of fresh ground beef, never frozen) and procedures for operations and eat-in, call-in, take out and delivery food services; training and assistance, and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

**WHEREAS**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the marks “WAYBACK BURGERS” and “BEST BURGERS UNDER THE BUN” with accompanying hamburger logo, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (collectively, the “Proprietary Marks”);

**WHEREAS**, Developer wishes to obtain certain development rights to open and operate Wayback Burgers restaurants under the System, to be identified with the Proprietary Marks in the territory described in this Agreement.

**NOW, THEREFORE**, the parties, in consideration of the mutual covenants and commitments herein contained, hereby agree as follows:

**1. GRANT**

1.1 Grant of Development Rights. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the non-exclusive right, and Developer hereby undertakes the obligation, to establish and operate \_\_\_\_\_ (\_\_\_\_\_) Wayback Burgers restaurants under the Proprietary Marks and the System (the “Restaurants”), and to use the System solely in connection therewith at specific locations to be designated in separate Wayback Burgers franchise agreements (the “Franchise Agreements”) executed by Developer as provided in Section 3.1 hereof, and pursuant to the development schedule set forth in Exhibit A attached hereto (the “Development Schedule”). Each Restaurant developed hereunder shall be located in the geographic area described in Exhibit A attached hereto (the “Development Area”).

1.2 Franchise Agreements. Each Restaurant developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer and Franchisor in accordance with Section 3.1 hereof.

1.3 Non-Exclusive Development Area. Developer acknowledges and agrees that the development rights granted herein are non-exclusive and that Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

1.3.1 To establish and operate, and license others to establish and operate, a Wayback Burgers restaurant under the System and the Proprietary Marks at any location outside the Development Area;

1.3.2 To establish and operate, and license others to establish and operate, a Wayback Burgers restaurant under the System and the Proprietary Marks at any location within the Development Area, subject to Developer’s right of first refusal under Section 1.4 hereof;

1.3.3 To sell to or solicit customers located in the Development Area and to allow others to sell to or solicit customers in the Development Area;

1.3.4 To acquire and operate any business or restaurant of any kind at any location (notwithstanding its proximity to any Restaurant developed hereunder) whether located within or outside the Development Area;

1.3.5 To purchase, or be purchased by, or merge or combine with, competing businesses, wherever located;

1.3.6 To provide dissimilar services anywhere;

1.3.7 To serve national accounts and implement other multi-area marketing programs, which may allow Franchisor or others to solicit or sell customers anywhere;

1.3.8 To sell products and services over the Internet or sell products or services anywhere through any channel of distribution, other than the fixed location type of business; and

1.3.9 To establish, operate, own, or franchise any business, including competitive businesses, and sell and produce any products or services anywhere, and using any channel of distribution.

1.4 Developer's Right of First Refusal. During the term of this Agreement, Developer shall have a right of first refusal to establish, own and operate any Wayback Burgers restaurant that Franchisor proposes to have located within the Development Area if Developer is in compliance with all other terms and conditions in this Agreement and any executed Franchise Agreement. Franchisor shall give Developer written notice of Franchisor's intent to establish, own and operate, or license another to establish, own and operate, a Wayback Burgers restaurant within the Development Area, and Developer shall have fifteen (15) days to exercise its right of first refusal under this Section 1.4 by written notice to Franchisor. Within fifteen (15) days after providing such written notice to Franchisor, Developer shall enter into Franchisor's then-current form of franchise agreement being offered to new franchisees of the System generally, the terms of which may be different from the Franchise Agreement attached hereto as Exhibit B; provided, however, the initial franchise fee shall be twenty thousand dollars (\$20,000) for each such Wayback Burgers restaurant. Developer's ownership and operation of such Wayback Burgers restaurant shall be on the terms and conditions then being offered to new franchisees of the System generally, which may vary in form and substance from the terms, conditions and economics set forth in this Agreement or any Franchise Agreement executed by Developer hereunder. Any Wayback Burgers restaurant opened by Developer pursuant to this Section 1.4 shall be credited towards Developer's development obligations hereunder. If Developer fails to exercise its right of first refusal or enter into Franchisor's then-current form of franchise agreement within the time periods set forth in this Section 1.4, then Franchisor shall have the right to establish, own and operate, or license another to establish, own and operate, the Wayback Burgers restaurant in the Development Area. If Franchisor's written notice to Developer of Franchisor's intent to locate a Wayback Burgers restaurant within the Development Area identifies a specific site or vicinity in which the proposed Wayback Burgers restaurant will be located, then Developer, upon exercising its right of first refusal hereunder, shall be obligated to locate the Wayback Burgers restaurant at, or within three (3) miles of, such site or vicinity. If Developer fails to comply with such requirement, then Franchisor shall have the right to establish, own and operate, or license another to establish, own and operate, a Wayback Burgers restaurant in such site or vicinity without providing Developer any additional right of first refusal hereunder.

1.5 Limitation of Rights. Developer acknowledges and agrees that this Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner Franchisor's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

## **2. DEVELOPMENT FEE**

2.1 Development Fee. In consideration of the development rights granted herein, Developer shall pay to Franchisor, upon execution of this Agreement, the development fee set forth in Exhibit A attached hereto (the “Development Fee”), receipt of which is hereby acknowledged by Franchisor. The Development Fee shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

2.2 Initial Franchise Fee Credit. Except as otherwise provided herein, Franchisor shall credit thirty-five thousand (\$35,000) against the Initial Franchise Fee payable under the first Franchise Agreement executed hereunder, and twenty thousand dollars (\$20,000) against the Initial Franchise Fee payable under each subsequent Franchise Agreement to be executed hereunder, which credit shall be made upon Developer’s execution of each such Franchise Agreement.

## **3. DEVELOPMENT OBLIGATIONS**

3.1 Execution of Franchise Agreements. In exercising its development rights and fulfilling its development obligations under this Agreement, Developer shall execute a Franchise Agreement for each Restaurant at a site approved by Franchisor in the Development Area as hereinafter provided. The Franchise Agreement for the first Restaurant developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit B and shall be executed concurrently with this Agreement. The Franchise Agreement for each Restaurant developed hereunder shall be the then-current form of Franchise Agreement being used for new Restaurants, generally, by Franchisor at the time each such Franchise Agreement is executed, the terms of which agreement may be different from the Franchise Agreement attached hereto as Exhibit B; provided, however, the Initial Franchise Fee shall be twenty thousand dollars (\$20,000) for the second and each subsequent Restaurant. At the time Developer submits to Franchisor Franchisor’s fully executed then-current form of Franchise Agreement for each Restaurant developed under this Agreement, Developer shall pay to Franchisor the Initial Franchise Fee in accordance with this Section 3.1, less any credit applicable pursuant to Section 2.2 hereof.

3.2 Site Approval. Prior to Developer’s acquisition by lease or purchase of any site for a Restaurant to be developed hereunder, Developer shall submit to Franchisor such information or materials as Franchisor may reasonably require for Franchisor’s approval of the site, including a letter of intent or other evidence satisfactory to Franchisor that confirms Developer’s favorable prospects for obtaining the proposed site and written assurance that the proposed site has no conditions or restrictions on restaurant usage. Recognizing that time is of the essence, Developer agrees that Developer must submit to Franchisor (in accordance with Section 9 herein) a proposed site, together with the information and materials required by this Section 3.2, for Franchisor’s approval within ninety (90) days after executing a Franchise Agreement for a Restaurant. Franchisor shall have thirty (30) days after receipt of such information and materials from Developer to approve or disapprove, in Franchisor’s sole

discretion, the site as a location for the Restaurant. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

3.3 Approval and Assignment of Lease. If Developer will occupy the premises of a Restaurant under a lease, Developer, shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the form reasonably specified by Franchisor and (2) submit the lease to Franchisor for its prior written approval. Franchisor's approval of the lease may be conditioned upon the inclusion in the lease such terms and conditions as Franchisor may reasonably require, including, without limitation:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than twenty (20) years;

b. That the lessor consents to Developer's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Restaurant;

c. That the use of the premises be restricted solely to the operation of the Restaurant;

d. That Developer be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

e. That lessor provide to Franchisor copies of any and all notices of default given to Developer under the lease;

f. That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Developer's rights under the lease terms, including the right to assign or sublease.

3.4 Delivery of Lease. Developer shall furnish Franchisor with a copy of any executed lease for a Restaurant within five (5) days after execution thereof.

3.5 Adherence to Development Schedule. Recognizing that time is of the essence, Developer agrees to develop, open and operate in the Development Area the number of Restaurants designated herein by the dates described in the Development Schedule and Section 1.1 of this Agreement. Developer's failure to do so shall constitute a material default of this Agreement for which Franchisor shall have the right to all remedies described in Section 6.2 hereof.

#### **4. TERM**

4.1 Term. Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the Restaurants required by the Development Schedule.

#### **5. DEVELOPER'S OBLIGATIONS**

5.1 If Developer is a corporation, it shall comply with the following requirements:

5.1.1 Developer shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to developing and operating the Restaurants;

5.1.2 Copies of Developer's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

5.1.3 Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Development Agreement with Jake's Franchising, LLC dated \_\_\_\_\_. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 5.2.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934; and

5.1.4 Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Developer and shall furnish the list to Franchisor upon request.

5.2 If Developer or any successor or assignee of Developer is a partnership, it shall comply with the following requirements:

5.2.1 Developer shall be newly organized and shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

5.2.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Development Agreement; and

5.2.3 Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Developer.

5.3 If Developer or any successor to or assignee of Developer is a limited liability company, it shall comply with the following requirements:

5.3.1 Developer must be newly organized and the articles of incorporation must at all times provide that Developer's activities are confined exclusively to developing and operating the Restaurants;

5.3.2 Developer shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other governing documents as Franchisor may reasonably request, and any amendments thereto;

5.3.3 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Development Agreement; and

5.3.4 Developer shall prepare and furnish to Franchisor, upon request, a list of all members in Developer or parties that hold any ownership interest in Developer.

5.4 If Developer is a corporation, partnership or limited liability company, or if any successor to or assignee of Developer is a partnership or limited liability company, then Developer shall execute the Disclosure of Principals form attached hereto as Exhibit C, and all of Developer's principals shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit C.

5.5 Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.6 Developer shall comply with all of the other terms, conditions and obligations of Developer under this Agreement.

## **6. DEFAULT AND TERMINATION**

6.1 Automatic Termination. Developer shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate, without notice to Developer, if Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and consented to by Developer; if Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any of Developer's Restaurants shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 Franchisor's Rights Upon Developer's Default. If Developer fails to comply with or to perform any of the terms, conditions or obligations of this Agreement, including the development obligations described in Sections 1.1 and 3.5 hereof, or any Franchise Agreement or any other agreement between Developer or any of its affiliates and Franchisor, its affiliates or subsidiaries, or makes or attempts to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, Franchisor shall have the right, in its sole discretion:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice;

6.2.2 To terminate Developer's right of first refusal under Section 1.4 hereof, and thereafter to establish and operate, and license others to establish and operate, Restaurants within the Development Area without notice to Developer;

6.2.3 To terminate the credit for any or all Restaurants granted in Section 2.2 hereof;

6.2.4 To reduce the number of Restaurants which Developer has the right to develop pursuant to Section 1.1 hereof; and

6.2.5 To reduce the size of the Development Area for which Developer is granted a right of first refusal under Section 1.4 hereof.

6.3 Obligations Upon Termination or Expiration. Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Restaurants for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Franchisor shall have the right to establish and operate, and to license others to establish and operate, Restaurants under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer.

6.4 Cross-Default. A default under any Franchise Agreement or any other Development Agreement between the parties hereto shall constitute a default under this Agreement. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto. Default under this Agreement shall constitute a default under any other Development Agreement between the parties hereto.

6.5 No Exclusive Right or Remedy. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

## 7. TRANSFERS

7.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement, and assign or delegate all or any part of its rights or obligations under this Agreement, to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of the assignment. Developer shall execute such documents of attornment or other documents as Franchisor may request.

7.2 Developer's Conditional Right to Transfer. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted this franchise in reliance on Developer's (or, if Developer is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Developer or in the Restaurants developed hereunder, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect interest in Developer, or in all or substantially all of the assets of the Restaurants developed hereunder without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 7.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 6.2 of this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity.

7.3 Conditions of Transfer. Developer shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Developer, or in all or substantially all of the assets of the Restaurants developed hereunder, at least ninety (90) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

7.3.1 That all of Developer's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

7.3.2 That Developer is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Developer and Franchisor or its affiliates;

7.3.3 That the transferor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

7.3.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

7.3.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) (a) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Developer's obligations under this Agreement, (b) guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor; and/or (c) execute, for a term ending on the expiration date of this Agreement, Franchisor's then-current form of development agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, except that the Development Schedule thereunder shall be the same as in this Agreement;

7.3.6 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to develop the Restaurants; has adequate financial resources and capital to develop the Restaurants; and has not operated a business in competition with Franchisor;

7.3.7 That transferor remain liable for all of the obligations of transferor prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

7.3.8 That each Restaurant which has opened and been approved for operation by Franchisor is in full compliance with all the conditions and terms of the Franchise Agreements for such Restaurant;

7.3.9 That Developer shall pay to Franchisor a transfer fee of fifty percent (50%) of the then current franchise fee for each restaurant being transferred; provided, however, in the case of a transfer to a corporation or limited liability company formed by Developer for the convenience of ownership (as determined by Franchisor in its sole discretion), Developer shall reimburse Franchisor for its actual out of pocket costs and expenses (including, without limitation, any legal fees) incurred from the transfer, in lieu of the transfer fee; and

7.3.10 That the transferor shall have first offered to sell such interest to Franchisor pursuant to Section 7.6 hereof.

7.4 Familial Transfer. Notwithstanding Sections 7.3.7 and 7.3.10, in the event of a transfer of an ownership interest by a direct or indirect owner of Development Agreement rights to a spouse or adult child of such owner or to a trust, estate or beneficiary of such deceased owner, there will be no requirement for the transferee to execute the Franchisor's then-current form of development agreement, or other ancillary agreements, and there shall be no transfer fee for such transfer. The transferor shall be obligated in such instances to reimburse Franchisor for Franchisor's reasonable out-of-pocket costs and expenses, including but not limited to reasonable attorneys' fees, incurred with respect to such transfer. The transferee shall execute an updated Disclosure of Principals in the form attached hereto as Exhibit C, shall be obligated and bound by all of the provisions of the transferred Development Agreement, including but not limited to the Confidentiality and Non-Competition Agreements, and Franchisor reserves the right to require such parties as it may reasonably require to sign a new Guarantee, Indemnification, and Acknowledgement in the form attached hereto as Exhibit D.

7.5 No Security Interest. Developer shall not grant a security interest in this Agreement or in any of the assets of any Restaurant developed hereunder without the express written consent of Franchisor. If Franchisor consents to such security interest, such consent shall be conditioned on, among other things, the secured party's agreement that in the event of any default by Developer under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Developer, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Developer's default shall be void. In the event Franchisor cures any such default of Developer, Developer shall reimburse Franchisor all amounts paid by Franchisor to cure the default, plus all costs and expenses incurred by Franchisor to cure such default, and Developer shall be deemed in default of this Agreement.

7.6 Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Developer, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Developer shall notify Franchisor and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 7.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are not for a cash sum, and are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

7.7 Death or Mental Incapacity. Upon the death, physical or mental incapacity of Developer or any person with an interest in Developer, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death or incapacity. For purposes of this Section 7.7, "physical or mental incapacity" exists if Franchisor determines that the usual participation of such person in the Developer or the Restaurants developed hereunder is for any reason curtailed for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer, except that there will be no requirement for the transferee to execute the Franchisor's then-current form of Development Agreement, Franchise Agreement or other ancillary agreements, and there will be no transfer fee. The transferor must reimburse Franchisor's reasonable out-of-pocket costs and expenses,

including attorneys' fees, incurred with respect to the transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 7, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within six (6) months, Franchisor may terminate this Agreement, pursuant to Section 6 hereof.

7.8 Non-waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Developer, or in all or substantially all of the assets of the Restaurants developed hereunder shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## **8. COVENANTS**

8.1 Best Efforts. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer (or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by Franchisor) shall devote full time, energy, and best efforts to fulfilling Developer's obligations under this Agreement, including the development of the Restaurants pursuant to the Development Schedule.

8.2 Operating Manuals. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, all Restaurants shall be operated in accordance with the standards, methods, policies, and procedures specified in Franchisor's confidential operating manuals (the "Manuals"). If Franchisor, in its sole discretion, permits Developer to use or access a copy of the Manuals prior to Developer's execution of a Franchise Agreement, any such use by Developer shall be a loan by Franchisor to Developer of the Manuals and:

8.2.1 Developer shall treat the Manuals and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential pursuant to Section 8.3 below;

8.2.2 Developer shall not copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make the same available to any unauthorized person;

8.2.3 The Manuals shall remain the sole property of Franchisor and shall be kept in a secure place by Developer;

8.2.4 Developer shall ensure that the Manuals are kept current at all times; and

8.2.5 Upon executing its first Franchise Agreement, Developer shall retain the Manuals pursuant to the terms and conditions of such Franchise Agreement.

8.3 Confidential Information. Developer shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business contemplated hereunder, including, without limitation, the Manuals, recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising which may be communicated to Developer or of which Developer may be apprised by virtue of Developer's operation under the terms of this Agreement ("Confidential Information"). Developer shall divulge such Confidential Information only to such of its employees as must have access to it in order to comply with its obligations hereunder. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

8.4 In-Term Covenant. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable, specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.4.1 Divert or attempt to divert any present or prospective business or customer of Developer's Restaurants or any Wayback Burgers restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System; or

8.4.2 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Wayback Burgers restaurant; or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business. The prohibitions in this Section 8.4 shall not apply to interests in or activities performed in connection with a Restaurant developed hereunder.

8.5 Post-Term Covenant. Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 7 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.5, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in (as owner or otherwise) any business that: (a)(i) is the same as, or substantially similar to, a Wayback Burgers restaurant; or (ii) offers to sell or sells any products, merchandise, or services which are the same as, or substantially similar to, any of the products,

merchandise, or services offered by a Wayback Burgers restaurant where the sale of such menu items or food products constitutes ten percent (10%) or more of the gross sales of such retail business; and (b) is, or is intended to be, located within:

8.5.1 The Development Area;

8.5.2 The county or municipality in which a Restaurant developed hereunder is located;

8.5.3 Twenty-five (25) miles of a Restaurant developed hereunder; or

8.5.4 Twenty-five (25) miles of any business operating under the Proprietary Marks; provided, however, that Sections 8.4.3 and 8.5 shall not apply to the operation by Developer of any business under the System which may be franchised by Franchisor to Developer under a written Franchise Agreement.

8.6 No Application to Equity Securities. Section 8.5 shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.7 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer 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 resulting covenant were separately stated in and made a part of this Section 8.

8.8 Reduction of Scope of Covenants. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.3 and 8.4 in this Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.9 No Defense. Developer expressly acknowledges that the existence of any claims which Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8.

8.10 Irreparable Injury. Developer acknowledges that Developer's violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Developer accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Developer in violation of the terms of this Section 8.

8.11 Confidentiality and Non-Compete Agreements. At Franchisor's request, Developer shall require Developer's manager, assistant manager, shift leaders, and other such personnel having access to any of Franchisor's Confidential Information to execute non-

competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Developer. Such covenants shall be in the form attached hereto as Exhibit E.

**9. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery including, without limitation, private delivery or courier service, but which shall not include electronic communication, such as e-mail, 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:            Jake’s Franchising, LLC  
                                                 716 South Main Street  
                                                 Cheshire, CT 06410  
                                                 Attn: Mr. John Eucalitto

Notices to Developer:            \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

**10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

10.1 Independent Contractor. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which Franchisor reserves the right to specify.

10.2 No Authority to Contract. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor’s behalf, or to incur any debt or other obligation in Franchisor’s name; and, that Franchisor shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Developer in Developer’s operations hereunder, or any claim or judgment arising therefrom against Franchisor or Developer.

10.3 Indemnification. Developer shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of,

or in connection with Developer's operations hereunder, Developer's operation of the Restaurants, or Developer's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Developer in which Franchisor is not a party, Developer shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Developer acknowledges and agrees that Developer's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

## **11. APPROVALS AND WAIVERS**

11.1 Approval and Consent. Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make timely written request to Franchisor therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

11.2 No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer 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 by Developer shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer 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 right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

## **12. SEVERABILITY AND CONSTRUCTION**

12.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid

jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 No Rights or Remedies Conferred. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 Promises and Covenants. Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 Captions and Headings. All captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration or termination of this Agreement, including but not limited to Sections 8, 10.3, 14, and 15.

### **13. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein, and the exhibits hereto, if any, constitute the entire, full, and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersede any and all prior agreements. However, nothing in this Agreement or related agreements is intended to disclaim any representation that we may have made in the latest franchise disclosure document that we delivered to you prior to signing the Agreement. Except as set forth in Section 8 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing.

### **14. APPLICABLE LAW AND DISPUTE RESOLUTION**

14.1 Applicable Law. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the State of Connecticut. In the event of any conflict of law, the laws of Connecticut shall prevail, without regard to the application of Connecticut conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Connecticut and if Developer is located outside of Connecticut and such provision would be enforceable under the laws of the state in which Developer is located, then such provision shall be interpreted and construed under the laws of

that state. This choice of laws will not affect the scope of any state statute that by its terms is inapplicable to this Agreement, and nothing in this Agreement will extend the scope of application of any statute.

14.2 Mediation. Except as otherwise provided herein, if a dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Mediation Rules, before resorting to arbitration, litigation, or some other dispute resolution procedure. Such mediation shall take place before a sole mediator in the county of Franchisor’s principal place of business at a location to be determined by Franchisor in its sole discretion. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisor and Developer. The parties hereto agree that mediation shall not be required with respect to: (a) any claim or dispute involving any payment obligation of Developer that is more than forty five (45) days past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor’s confidential information; (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks; (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement; (e) any claim or dispute involving a non-curable default; (f) any claim or dispute involving Developer’s failure to comply with Franchisor’s System standards; or (g) any action by Franchisor to enforce the covenants set forth in Section 8 of this Agreement.

14.3 Arbitration. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement, shall be settled by arbitration administered by the AAA in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator and will be conducted in the county of our principal place of business at a location to be determined by Franchisor in its sole discretion, and Developer agrees not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys’ fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Developer. This agreement to arbitrate shall survive any termination or expiration of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, class treatment, or in any other manner, any person or party other than Franchisor and Developer and any person in privity with, or claiming through, in the right of, or on behalf of, Franchisor or Developer, unless both parties consent in writing. Franchisor has the absolute right to refuse such consent.

14.4 Jurisdiction and Venue. Any action that is not otherwise subject to mediation or arbitration under Sections 14.2 and 14.3 (including any challenge of an arbitral award granted hereunder), whether or not arising out of, or relating to, this Agreement, brought by Developer (or any principal thereof) against Franchisor shall be brought in the judicial district in which

Franchisor has, at the time of commencement of such action, its principal place of business. Franchisor shall have the right to commence an action against Developer in any court of competent jurisdiction. Developer hereby waives all objections to personal jurisdiction or venue for purposes of this Section 14.4 and agrees that nothing in this Section 14.4 shall be deemed to prevent Franchisor from removing an action from state court to federal court.

14.5 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 14.2 and 14.3 above) shall bar Franchisor's right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

14.7 Limitation of Claims. Developer agrees that any and all claims by Developer against Franchisor arising out of, or relating to, this Agreement may not be commenced by Developer unless brought before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires or is terminated for any reason. Developer agrees that any claim or action not brought within the periods required under this Section 14.7 shall forever be barred as a claim, counterclaim, defense, or set off.

14.8 Developer's Costs and Expenses. Except as expressly provided by Sections 14.2 and 14.3 hereof, Developer shall pay all expenses, including attorneys' fees and costs, incurred by Franchisor, its affiliates, and its successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

## **15. WAIVER OF RIGHTS**

15.1 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. FRANCHISOR AND DEVELOPER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

15.1.1 FRANCHISOR AND DEVELOPER BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY; AND

15.1.2 FRANCHISOR AND DEVELOPER BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRANCHISOR SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

## 16. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

16.1 Independent Investigation. Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent businessman, or if Developer is a corporation, partnership or limited liability company, its owners as independent businessmen. Franchisor expressly disclaims the making of, and Developer expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Developer also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Developer's independent investigation of the business contemplated hereunder.

16.2 Acknowledgment of Receipt. Developer acknowledges that Developer has received a copy of the complete Development Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that it has received Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. **NO STATEMENT WAS MADE, WHETHER ORAL, WRITTEN, OR OTHERWISE, THAT CONTRADICTS THE FRANCHISE DISCLOSURE DOCUMENT.**

16.3 No Conflicting Agreements. Developer represents and warrants that it is not a party to or subject to any agreement that might conflict with the terms of this Agreement or prevent Developer from fully performing its obligations under this Agreement, and Developer agrees not to enter into any such agreement.

16.4 Compliance With Anti-Terrorism Laws. Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time-to-time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac). Accordingly, Developer represents and warrants to Franchisor that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is a Specially Designated National or Blocked Person, and that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

16.5 Acknowledgment of Understanding; Opportunity to Consult. Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that Franchisor has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

**WITNESS/ATTEST:**

\_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_

Name: \_\_\_\_\_

**WITNESS/ATTEST:**

\_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_

Name: \_\_\_\_\_

**WITNESS/ATTEST:**

\_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_

Name: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

**JAKE'S FRANCHISING, LLC**

\_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT A TO  
WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

**DEVELOPMENT FEE; DEVELOPMENT AREA; DEVELOPMENT SCHEDULE**

1. Pursuant to Section 2.1 of the Development Agreement, Developer shall pay Franchisor a non-refundable development fee of \$\_\_\_\_\_ (the "Development Fee").

2. Each Restaurant developed under this Development Agreement shall be located in the following area (the "Development Area"):

---

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3. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below (the "Development Schedule"). The Development Schedule shall be satisfied when each Restaurant is opened and in operation under a signed Franchise Agreement by the date indicated below.

<b>By (Date)</b>	<b>Cumulative number of restaurants Developer must open and in operation, (exclusive of the initial Franchise Agreement)</b>
_____, 20__	_____
_____, 20__	_____
_____, 20__	_____
_____, 20__	_____
_____, 20__	_____

Developer's Initials: \_\_\_\_\_

Franchisor's Initials: \_\_\_\_\_

**EXHIBIT B TO  
WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

**CURRENT FORM OF FRANCHISE AGREEMENT**

**(See attached.)**

**EXHIBIT C TO  
WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

**DISCLOSURE OF PRINCIPALS**  
**(To be complete if Developer is a Corporation,  
Partnership, or Limited Liability Company Only)**

1. Date: \_\_\_\_\_

2. Developer Contact. The following individual is a shareholder, member, or partner of Developer and is the principal person to be contacted on all matters relating to the Development Agreement:

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Daytime Telephone No.: \_\_\_\_\_

Evening Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

3. Developer Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members (“Owners”) of Developer and the percentage interest of each individual:

<u>Name</u>	<u>Position</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXHIBIT D TO  
WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

**GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT**

As an inducement to Jake’s Franchising, LLC (“Franchisor”) to execute the Development Agreement between Franchisor and \_\_\_\_\_ (“Developer”) dated \_\_\_\_\_, 20\_\_ (the “Agreement”), the undersigned (the “Guarantors”), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Developer’s obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment required of Developer under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Developer, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section

14 of the Agreement. The Guarantors agree that the dispute resolution and attorney fee provisions in Sections 14 and 15 of the Agreement are hereby incorporated into this Guarantee by reference, and references to “Developer” and the “Development Agreement” therein shall be deemed to apply to “Guarantors” and this “Guarantee,” respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), which shall not include electronic communication, such as e-mail, 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:            Jake’s Franchising, LLC  
                                                 716 South Main Street  
                                                 Cheshire, CT 06410  
                                                 Attn: Mr. John Eucalitto

Notices to Guarantor(s):        \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 \_\_\_\_\_  
                                                 Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

**WITNESS:**

**GUARANTORS**

\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
  
\_\_\_\_\_  
Name: \_\_\_\_\_  
  
\_\_\_\_\_  
Name: \_\_\_\_\_

**EXHIBIT E TO  
WAYBACK BURGERS  
DEVELOPMENT AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the “Developer”), and One Dollar, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. Jake’s Franchising, LLC. (the “Franchisor”), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Wayback Burgers Restaurants, which feature and offer for sale to the public award-winning hamburgers and old-fashioned, hand-dipped milkshakes in several select flavors (including, without limitation, chocolate, vanilla, strawberry, black & white, banana and malted), distinctive chicken sandwiches, hot dogs, cheese dogs, and merchandise (including, without limitation, T-shirts and hats), and an approved, limited menu of side orders and drinks, including, without limitation, potato chips, french fries, cheese fries, fountain sodas, draft beer and wine, under the trade name “Wayback Burgers” (the “System”) which Franchisor may change from time to time.

2. As an employee of the Developer, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Developer, such as information relating to recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising of the Franchisor and the System related to the establishment and operation of Wayback Burgers Restaurants which are beyond the present skills and experience possessed by me. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Developer.

3. I will hold in strict confidence all information designated by the Franchisor or the Developer as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of the Developer. My undertaking not to disclose confidential information is a condition of my position with the Developer, and continues even after I cease to be in that position.

4. While in my position with the Developer, I will not do anything which may injure the Developer or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Wayback Burgers Restaurant to any competitor, by direct or indirect inducement or otherwise; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s marks and the System.

5. While in my position with the Developer, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) is the same as, or substantially similar to, a Wayback Burgers restaurant; or (b) offers to sell or sells any products, merchandise, or services offered by

a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business. Provided, however, that this Paragraph 5 will not apply to my current position with the Developer.

6. For two (2) years after I cease to be in my position with the Developer, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (i)(a) is the same as, or substantially similar to, a Wayback Burgers restaurant, or (b) offers to sell or sells any products, merchandise, or services offered by a Wayback Burgers restaurant where the sale of such products, merchandise, or services constitutes ten percent (10%) or more of the gross sales of such retail business.; and (ii) is, or is intended to be, located at or within: (1) the Developer's Territory, the boundaries of which I acknowledge have been described to me; (2) the county or municipality in which the Developer's Wayback Burgers Restaurants are located; (3) twenty-five (25) miles of the Developer's Wayback Burgers Restaurants; or (4) twenty-five (25) miles of any business operating under the Franchisor's marks.

7. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Franchisor and the Developer irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Developer may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Developer all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Developer, any claim I have against the Franchisor or the Developer is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. I EXPRESSLY WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY OR AGAINST ME. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

8. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

9. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the State of Connecticut. This choice of laws will not affect the scope of any state statute that by its terms is inapplicable to this Agreement and nothing in this Agreement will extend the scope of application of any statute. The only way this Agreement can be changed is in a writing signed by both the Developer and me.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY DEVELOPER**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit C**

**Walmart Sublease**

**JAKE’S WAYBACK BURGERS  
SUBLEASE AGREEMENT**

This SUBLEASE AGREEMENT (“Sublease”), is made and entered into on \_\_\_\_\_ 20\_\_, (the “Effective Date”) by and between JAKE’S FRANCHISING, LLC, a Delaware limited liability company with its principal place of business at 716 South Main Street, Cheshire, CT 06410 (“Sublessor”), and \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Sublessee”).

**RECITALS:**

**WHEREAS**, Sublessor is the franchisor of Jake’s Wayback Burgers Restaurants that operate under the trade name “Jake’s Wayback Burgers” or “Wayback Burgers”;

**WHEREAS**, Sublessee has entered into a franchise agreement with Sublessor dated \_\_\_\_\_ 20\_\_ (the “Franchise Agreement”), granting Sublessee the right to establish and operate a Jake’s Wayback Burgers Restaurant (the “Restaurant”) as a franchisee of the System;

**WHEREAS**, pursuant to a certain Master Lease Agreement and certain attachments and appendices incorporated into the Master Lease Agreement by reference (“Master Lease Agreement” or “Master Lease”) dated on or about January 22, 2015, between WAL-MART STORES EAST, LP, a Delaware limited partnership, SAM’S EAST, INC., an Arkansas corporation, WAL-MART STORES, INC., a Delaware corporation, SAM’S WEST, INC., an Arkansas corporation, WAL-MART LOUISIANA, LLC, a Delaware limited liability, company, WAL-MART STORES TEXAS, LLC, a Delaware limited liability company, WAL-MART STORES ARKANSAS, LLC, an Arkansas limited liability company, WAL-MART PUERTO RICO, INC., a Puerto Rico corporation (collectively or individually (as applicable), “Landlord”) and Sublessor as Tenant, Landlord has agreed to lease to Sublessor space within one or more of Landlord’s discount retail stores nationwide to operate Wayback Burger restaurants;

**WHEREAS**, Sublessee, to operate the Restaurant, desires to sublet space in the Store described in \_\_\_\_\_ from Sublessor in accordance with the terms of this Sublease and the Master Lease Agreement for the term of this Sublease (“Subleased Premises”); and

WHEREAS, Sublessor desires to sublease such Subleased Premises to Sublessee on the terms and conditions contained herein and in the Master Lease Agreement.

**ARTICLE I**  
**GENERAL PROVISIONS**

1.1 **Definitions.**

- A. “**ACH**” means the electronic process whereby the Sublessor debits the bank account of Sublessee for payments owed to the Sublessor by Sublessee using the automated clearinghouse payment system.
- B. “**Affiliate**” means a corporation related to Sublessee by shareholdings or any other means of control, a subsidiary of Sublessee, Sublessee’s parent company or a sibling company of Sublessee, in each case known to Sublessor on the Effective Date.
- C. “**Appendix-1**” means an appendix to this Sublease, incorporated into this Sublease when fully signed by Sublessor and Sublessee, which provides obligations of Sublessor and Sublessee specific to Sublessee’s Permitted Uses (as designated in Appendix-1) contemplated by Sublessor and Sublessee at the time this Sublease was entered into.
- D. “**Attachment A**” means an attachment to this Sublease, incorporated into this Sublease when fully signed by Sublessee and by the particular Sublessor with authority to lease the Subleased Premises identified in Attachment A. The Attachment A identifies the Store in which the Subleased Premises is located, the size of the Subleased Premises, the anticipated Delivery Window, the anticipated Delivery Date, the anticipated Rent Commencement Date, the Base Rent and the Percentage Rent, as applicable; and any Extension Option(s).
- E. “**Attachment A-1**” means an attachment to this Sublease, incorporated into this Sublease upon the full execution of Attachment A, depicting the location of the Subleased Premises within the Store.
- F. “**Base Rent**” means the amount, if any, set forth as such in Attachment A.

- G. **“Commencement Notice”** means an attachment to this Sublease, incorporated into this Sublease at the time of delivery by Sublessor of the Commencement Notice to Sublessee in accordance with Section 19.10 below, which identifies the actual Rent Commencement Date and the actual Delivery Date with respect to the applicable Subleased Premises.
- H. **“Common Area”** means the public access areas of the Store, including, but not limited to, the parking areas, driveways, sidewalks, entrances, and exits in the Store and between the Store and the Subleased Premises.
- I. **“Common Area Maintenance Fee”** means the amount, if any, set forth as such in Attachment A.
- J. **“Delivery Date”** means the date on which Sublessor delivers possession of the applicable Subleased Premises to Sublessee.
- K. **“Delivery Window”** means the span of time in which Sublessor may deliver possession of the Subleased Premises to Sublessee.
- L. **“Due Date”** means the date designated by Sublessor in Attachment A, unless this day falls on New Year’s Day, Memorial Day, Independence Day (US), Labor Day, Thanksgiving, or Christmas, in which case the Due Date means the following business day.
- M. **“Expiration Date”** means 11:59 p.m. (local time as to the applicable Subleased Premises) on the last day of the month in which the applicable anniversary date (based upon the number of years in the Lease Term as specified in Attachment A) of the Rent Commencement Date, designated in Attachment A, falls. However, if the anniversary date falls between July 1<sup>st</sup> and December 31<sup>st</sup> of a given year, then the Expiration Date extends to 11:59 p.m. (local time as to the applicable Subleased Premises) on January 31<sup>st</sup> of the following year. In case of cancellation or termination of this Sublease with respect to a particular Subleased Premises, the Expiration Date becomes the date on which this Sublease is cancelled or terminated with respect to such Subleased Premises.
- N. **“Extension Option”** means the option, if any, of the Sublessor and Sublessee to extend the Lease Term for each Subleased Premises, as set forth in Attachment A.
- O. **“Grand Opening”** means the first day on which a Store opens for business to the public.

- P. **“Hazardous Substance”** means:
- (i) any hazardous material, hazardous waste, hazardous substance, toxic substance, biomedical waste, infectious waste, medical waste, or toxic waste identified by any federal or state law; chemical, dust, mixture, medical device, pharmaceutical, or common material capable of causing harm; or solid, liquid, contained gas, sludge, pollutant, asbestos, petroleum product, polychlorinated biphenyls, unused or returned consumer product, or other material, any of which, during the term of this Sublease, become regulated as a hazardous material, hazardous waste, hazardous substance, toxic waste, or toxic substance; or
  - (ii) any solid, liquid, contained gas, sludge, pollutant, asbestos, polychlorinated biphenyls, or other material that, during the term of this Sublease, becomes prohibited or requires special handling or treatment under any applicable law or regulation, including common law.
- Q. **“Hours of Operation”** means the hours that the Subleased Premises shall be open as set forth in Attachment A of this Sublease.
- R. **“Improvements”** means any addition, alteration, construction, finish, or improvement to the Subleased Premises; any attachment (including, but not limited to, attachment through the use of drilling) of a permanent fixture, permanent furniture, or permanent equipment; and includes, but is not limited to, completing the interior walls, partitioning(s), floor covering, ceiling work, utilities, painting, finish work, restroom facilities, signage (pursuant to Section 2.6 below), and any other thing necessary for Sublessee to obtain a certificate of occupancy for the Subleased Premises and operate the same as designated in Paragraph 1 of Appendix-1, Permitted Uses.
- S. **“Insurance Reimbursement Fee”** means the amount, if any, set forth as such in Attachment A.
- T. **“Key Money”** means the amount, if any, set forth as such in Attachment A as a one-time, non-refundable fee for the right to operate the Subleased Premises within the Store

- U. **“Lease Term”** means, for each Subleased Premises, the period commencing on the Rent Commencement Date and ending on the Expiration Date. In the event that the Lease Term of the applicable Subleased Premises extends, any reference to the term “Lease Term” includes the period by which the Lease Term extends.
- V. **“Master Lease”** means the Master Lease Agreement between Landlord and Sublessor and any amendment, appendix, attachment, and exhibit attached to and incorporated into the Master Lease. A copy of the Master Lease Agreement is attached to this Sublease as Attachment B.
- W. **“Percentage Rent”** means the amount, if any, determined as set forth in Attachment A.
- X. **“Rent”** means Base Rent, Percentage Rent, to the extent described in Attachment A, plus any additional or other rent, interest, tax, or other sum this Sublease obligates Sublessee to pay Sublessor, including, without limitation, the Common Area Maintenance Fee, Insurance Reimbursement Fee, the Utility Reimbursement Fee and the Leased Improvement Charge, as applicable.
- Y. **“Rent Commencement Date”** means:
  - (1) the Grand Opening, as memorialized in the applicable Commencement Notice and specified in Attachment A, if the Subleased Premises is located in a new, relocated, or expanded Store; or
  - (2) The day specified in Attachment A, if the Subleased Premises is located in a Store currently in operation that has not or will not be relocated or expanded between the time that the Attachment A is executed and the Rent Commencement Date.
- Z. **“Restriction”** means any easement, covenant, condition, law, regulation, land use or other restriction, rule, or other matter binding upon the Subleased Premises, Sublessor or Sublessee or any combination thereof, which acts to prohibit or materially restrict the use of the Subleased Premises as contemplated by this Sublease including, without limitation, the ability of Sublessor to lease to Sublessee or Sublessee’s ability to operate the Subleased Premises as designated in Paragraph 1 of Appendix-1, Permitted Uses. By way of example, and not of limitation, if

Sublessor is required to obtain the consent of a third party prior to leasing space to the Sublessee in a particular Store, the requirement of consent is a Restriction.

- AA. **“Store”** or **“Stores”** means one or more of the “Wal-Mart” or “Sam’s Club” retail facilities operated by Landlord.
- BB. **“Sublease”** means this Sublease between Sublessor and Sublessee and any amendment, appendix, attachment, and exhibit attached to and incorporated into this Sublease. This Sublease shall be subject and subordinate to the Master Lease and Sublessee agrees to be bound by all the terms, covenants, and conditions of the Master Lease.
- CC. **“Subleased Premises”** means the area of a Store leased to Sublessee by Sublessor subject to the terms and conditions of this Sublease, as identified in Attachment A and further depicted on Attachment A-1.
- DD. **“Subleased Premises Improvement Charge”** means the amount, if any, set forth as such in Attachment A as a one-time, non-refundable charge for Sublessor’s construction of the Subleased Premises to White Box condition.
- EE. **“Sublessee’s Pro Rata Share”** means the product of a fraction derived from time to time by dividing the gross square foot area of the subject Subleased Premises for the period in question by the gross square foot area of the Store containing such Subleased Premises for the same period.
- FF. **“Trade Fixtures”** means any attached or unattached, moveable or non-moveable, fixture, furniture, or equipment unique to Sublessee’s business, the installation and removal of which requires no cutting, drilling, or other defacing of the Subleased Premises.
- GG. **“Utility Reimbursement Fee”** means the amount, if any, set forth as such in Attachment A.
- HH. **“White Box”** means the interior condition of the Subleased Premises with sprinklers, sheetrock walls, ceiling grid, HVAC installed, electrical service to the Subleased Premises, security gate, acoustic ceiling tile, lighting and electrical outlets, and access to water and sewer.

- 1.2 **Sublessor's Entry into the Agreement.** If, during the term of this Sublease, it is determined that any Restriction on the use of the Subleased Premises exists, Sublessor may terminate this Sublease as to the affected Subleased Premises and the Sublease and applicable Attachment A will be null and void as to such Subleased Premises without further action by Sublessor or Sublessee. Neither Sublessor nor Sublessee will be liable to the other for any damages, loss, or liability in connection with the termination of this Sublease as to the affected Subleased Premises.
- 1.3 **Landlord's Overlease.** If Landlord is itself a lessee of a Store in which a Subleased Premises is located, so that this Sublease as to the particular Subleased Premises is actually a sublease, Landlord or Sublessor will provide to Sublessee, upon Sublessee's reasonable request, a copy of the overlease under which Landlord holds the Subleased Premises as lessee. Sublessee accepts this Sublease subject to all the terms and conditions of such overlease and covenants that it will do no act or thing that would constitute a violation of the overlease.
- 1.4 **Granting Language.** Upon the full execution of Attachment A, Sublessor subleases to Sublessee and Sublessee rents from Sublessor (subject and subordinate to any mortgage, deed of trust, other lien and any other matters of record presently existing or hereafter placed upon the applicable Subleased Premises, the Common Areas, the Store, or any combination thereof) the Subleased Premises identified in Attachment A and further depicted in Attachment A-1 to have and to hold subject to the terms of this Sublease, by which the parties intend to be legally bound as to the applicable Subleased Premises upon the execution by each appropriate party of both this Sublease and Attachment A.
- 1.5 **Sublease Subordinate to Master Lease Agreement.** Sublessee hereby acknowledges that it has read and is familiar with the provisions of the Master Lease Agreement and agrees that this Sublease is in all respects subject and subordinate to the terms, covenants and conditions of the Master Lease Agreement and to all matters to which the Master Lease Agreement is subject and subordinate. In addition, this Sublease shall also be subject to and Sublessee accepts this Sublease is also subject to any amendments, modifications or supplements to the Master Lease Agreement hereafter made, provided that Sublessor shall not enter into any amendment, modification or supplement that would prevent or materially adversely affect the use by Sublessee of the Subleased Premises in accordance with the terms hereof.

**ARTICLE II**  
**CONSTRUCTION AND ACCEPTANCE OF THE SUBLEASED PREMISES**

**2.1 Sublessor's Obligation to Deliver Possession on the Delivery Date.**

- A. Sublessor shall use commercially reasonable efforts to deliver the applicable Subleased Premises to Sublessee in the condition and during the Delivery Window specified in Attachment A.
- (1) Unless otherwise agreed to in Attachment A, Sublessor shall notify Sublessee, in writing and no later than five (5) days prior to the first day of the Delivery Window, of the status of the construction of the applicable Subleased Premises and of the anticipated Delivery Date within the Delivery Window on which Sublessor estimates it will deliver possession of the applicable Subleased Premises to Sublessee.
  - (2) Sublessor, at any time prior to notifying Sublessee of the anticipated Delivery Date, may revise the Delivery Window.
  - (3) Sublessor may revise the anticipated Delivery Date at any time after Sublessor notifies Sublessee of the anticipated Delivery Date, in accordance with this Article II, but in no event may Sublessor revise the anticipated Delivery Date with less than two (2) days' notice.
- B. If Sublessor is unable, through the use of commercially reasonable efforts, to deliver possession of the applicable Subleased Premises to Sublessee on the anticipated Delivery Date or within the Delivery Window specified in Attachment A, subject in all events to causes beyond Sublessor's reasonable control, Sublessor's delay in delivering possession of the Subleased Premises will not constitute a breach of this Lease and Sublessee waives any right or remedy it may have, at law or in equity, because of the delay in performance. If Sublessor and Sublessee mutually agree that delivery of possession is unfeasible within a commercially reasonable amount of time after the Delivery Window specified in Attachment A, the parties, without liability, may terminate this Sublease as to the applicable Subleased Premises.

## 2.2 **Sublessee's Right of Entry.**

- A. Prior to the Delivery Date, Sublessee may enter the Subleased Premises only to inspect and measure the Subleased Premises to ready the Subleased Premises for opening on the Rent Commencement Date.
- B. Sublessee may enter the Subleased Premises in accordance with the preceding paragraph only if:
  - (1) Sublessor and Sublessee have previously signed an Attachment A for the Subleased Premises;
  - (2) Sublessee does not interfere with Sublessor's performance of its obligations under Section 2.1 above, or with the transaction of Sublessor's business or the business of any of Sublessor's other Sublessees; and
  - (3) The Subleased Premises is not currently in the possession of another Sublessee.
- C. If any work or other action done by, or on behalf of, Sublessee results in a stoppage of Sublessor's work, Sublessee will immediately stop work until such time as the parties mutually agree Sublessee's work can re-commence without materially interfering with Sublessor's obligations under Section 2.1 above, which time may not be any later than the Delivery Date. Any failure by Sublessee to comply with the provisions of this Section 2.2C is a material breach.

## 2.3 **Acceptance of the Subleased Premises.**

- A. Sublessor makes no representations, covenants, or warranties of any kind or character whatsoever, express or implied, with respect to:
  - (1) The quality, condition, or title of the applicable Subleased Premises;
  - (2) The suitability of the applicable Subleased Premises for any activity and use that the Sublessee may conduct in that Subleased Premises according to this Sublease;
  - (3) Compliance of the applicable Subleased Premises with any applicable law;

- (4) The habitability, merchantability, or fitness for a particular purpose of the applicable Subleased Premises;
  - (5) The environmental condition of the applicable Subleased Premises;  
or
  - (6) Whether Sublessee's anticipated or actual use of the Subleased Premises complies with the applicable land use restrictions or private limitations.
- B. Sublessee shall accept possession of the applicable Subleased Premises when delivered by Sublessor, even if Sublessor is unable to deliver possession during the Delivery Window or on the anticipated Delivery Date, unless this Sublease as to the applicable Subleased Premises has been terminated according to Section 2.1.B above.
- C. **SUBLESSEE WAIVES ALL RIGHTS WITH RESPECT TO ANY DEFECT IN THE SUBLEASED PREMISES OR OTHER CONDITIONS OF THE SUBLEASED PREMISES, AND IF SUBLESSEE FAILS TO NOTIFY SUBLESSOR OF ANY DEFECT AT LEAST FORTY-FIVE (45) DAYS AFTER THE DATE OF DELIVERY, SUBLESSEE CONCLUSIVELY ACCEPTS THE SUBLEASED PREMISES "AS IS" AND WITH ALL FAULTS.**
- D. **SUBLESSEE WAIVES ALL RIGHTS AGAINST SUBLESSOR WITH RESPECT TO ANY LIMITATION OR RESTRICTION ON ITS USE OF THE SUBLEASED PREMISES AS A RESULT OF ANY APPLICABLE LAW, RULE, OR REGULATION INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS OR PRIVATE LIMITATIONS.**

2.4 **Sublessee's Obligations to Prepare the Subleased Premises to Open for Business.**

- A. Sublessee shall complete all Improvements and install all Trade Fixtures in accordance with this Section 2.4 and in accordance with the plans and specifications previously approved by Sublessor in a timely manner, and shall open the Subleased Premises on the applicable Rent Commencement Date.
- B. Sublessee shall submit to Sublessor and obtain Sublessor's approval of the floor plans and specifications and layouts of the Subleased Premises, including dimensions, elevations, Improvements, intended colors, interior

plans, Trade Fixtures and plans and specifications for any proposed rooftop or other mechanical equipment, such approval not to be unreasonably withheld, conditioned or delayed. In addition, once the Sublessee's Improvements within the Subleased Premises are complete, Sublessee shall provide Sublessor with photographs of the completed work for its files. This should include as-built plans if they differ from those submitted for initial approval. Photographs should include a front view of the space to include the bulkhead, interior photos of the space and interior offices/rooms, any special improvements like special millwork/cabinetry, and photos of the exterior signage. Such completion documentation is to be provided to Sublessor and the Walmart Project Manager or Leasing team within five (5) days of Grand Opening.

- (1) Sublessee shall obtain Sublessor's approval of the floor plans and layouts of the Subleased Premises prior to seeking and obtaining any permits, licenses, certifications, or other documents necessary to complete the Improvements in the Subleased Premises and install Trade Fixtures in the Subleased Premises in accordance with this Sublease.
- (2) Sublessee may not vary from or add to the previously approved plans and specifications and layouts without Sublessor's prior, written consent, which Sublessor may not unreasonably withhold or delay. Sublessor's approval of Sublessee's plans and specifications is solely based on Sublessor's review. Sublessor's approval of the plans and specifications and layouts does not represent government approval or suitability of the plans and specifications and layouts for Sublessee's intended purposes.
- (3) All Trade Fixtures and Improvements installed must be of high quality materials and workmanship, comparable to or better than the storefront, improvements and trade fixtures used by other retailers in the vicinity of the Store and, specifically, used at Sublessee's most recent prototype and must be conducted and installed in a good and workmanlike manner in accordance with all applicable laws and in accordance with obligations and requirements of this Sublease including, but not limited to, insurance, licensing, and regulatory compliance requirements.
- (4) Prior to any roof penetrations caused by Sublessee's Improvements, Sublessee shall obtain from Landlord's Leasing Operations

Department the contact information for the contractor approved to work on Landlord's roof.

- (5) If Sublessee's rooftop heating, ventilating, and air conditioning unit, or other rooftop equipment, requires steel supports in addition to the steel framing erected by Landlord, then Sublessee will pay the cost of labor and materials for the installation thereof.
  - (6) Mechanical equipment on the roof will be placed within the area designated on Landlord's structural drawings.
  - (7) Sublessee will provide screening or other type of cover for such mechanical equipment to prevent visibility by the public and subject to approval of Landlord, Sublessor and the local governmental authorities. If Landlord, Sublessor or any governmental authorities require a project standard equipment screen, Sublessee will use and pay for same.
- E. Sublessee shall construct Improvements and install Trade Fixtures without interfering with other construction in progress at the Store or with the transaction of Landlord's business or the business of any of Landlord's other lessees. Sublessee shall repair any damage that results from cutting, drilling or other defacing of the Subleased Premises. Additionally, for any Subleased Premises for which Improvements are being conducted or Trade Fixtures installed in a Store already open to the public for business, Sublessee, prior to commencing Improvements or installing Trade Fixtures, shall erect a dust wall across the entrance to the Store from the Subleased Premises. The dust wall required above must keep dust out of the Store and must minimize any noise or other disruption of Store operations but may not be plastic or canvas, and must be maintained in place throughout the construction.
- F. If Sublessor requests, Sublessee will secure a bond or other security reasonably satisfactory to Sublessor against any liens, loss, liability, or damage to persons or property related to the Improvements.
- G. If Sublessee fails to open the applicable Subleased Premises on the Rent Commencement Date, subject to events beyond Sublessee's reasonable control, including Sublessor's material interference or default under this Sublease, Sublessor may charge Sublessee liquidated damages of ten thousand dollars (\$10,000) and additional liquidated damages of three

hundred dollars (\$300) a day for each day, including the Rent Commencement Date, which the Subleased Premises remains unopened as required by the terms of this Sublease. By way of example, and not as a limitation thereof, material interference may occur if Sublessor fails to deliver possession to Sublessee of the applicable Subleased Premises with sufficient time before the Rent Commencement Date for Sublessee to fulfill its obligations under this Article II. Sublessee will pay any liquidated damages it owes to Sublessor within twenty (20) days after Sublessee receives an invoice from Sublessor for the liquidated damages. Sublessor and Sublessee acknowledge that it would be impracticable to fix the actual damages suffered by Sublessor as a result of Sublessee's failure to open the Subleased Premises on the Rent Commencement Date, according to this paragraph, and that the amount of liquidated damages described above represents fair and reasonable compensation to Sublessor for this failure. If the Subleased Premises remains unopened for more than three (3) consecutive days following the Rent Commencement Date, Sublessee will materially breach this Sublease.

2.5 **Sublessee's Contractors.** Sublessee's contractors must be licensed, carry worker's compensation coverage as required by law, and comply with all applicable laws including, but not limited to, obtaining any required permit, survey (including, without limitation, any asbestos survey), license, or other documentation necessary to perform the construction work in connection with this Sublease. At Sublessor's request, Sublessee will provide Sublessor with a list of all contractors and subcontractors Sublessee is using.

2.6 **Signs.**

A. Notwithstanding anything to the contrary set forth in this Sublease or any applicable Attachment A or Appendix 1, Sublessee may not install on the exterior of any Store any sign, light, decoration, painting, awning, canopy, or any other identifying mark or like item (collectively, "Signs"). If, however, during the Term of this Sublease or any extensions thereof, Landlord amends its signage policy (as may be amended from time to time as determined in Landlord's sole discretion) to allow Sublessees to install exterior signage, Sublessor shall permit Sublessee to install an exterior sign in accordance with Landlord's specifications. Sublessee understands that Landlord may amend such policy from time to time (as determined in its sole discretion) and that Sublessee may be required to subsequently remove such exterior signage upon demand from Landlord

or Sublessor. Sublessee agrees to promptly remove such exterior signage (at Sublessee's sole costs) if requested to do so by Sublessor

- B. Sublessee may, with the prior, written consent of Sublessor, which consent will not be unreasonably withheld, conditioned or delayed, and in accordance with Section 2.6.C, install a Sign on the exterior bulkhead of the applicable Subleased Premises, which is inside the Store in which a Subleased Premises is located, with Sublessee's trade name identified in Appendix 1 to this Sublease and Sublessee's logo.
- C. Sublessee may not install any Sign containing images or words that may offend the ordinary, reasonable person including, but not limited to, words or images that are cloaked in other words or images, phrases with double meanings, and words or images commonly considered to be vulgar, swear, or curse words. If Sublessee's business or trade name violates this provision, Sublessee may not use the name in any signage in or around the Subleased Premises.

2.7 **Sublessor's Right of Re Entry.** After the Delivery Date and before the Rent Commencement Date, Sublessor may reenter the applicable Subleased Premises to continue any portion of Sublessor's work not yet complete. During this period of reentry, Sublessor may not unreasonably interfere with any work required under Section 2.4 being performed by Sublessee or on behalf of Sublessee.

2.8 **Certificate of Occupancy.** Sublessee shall fax a copy of the Certificate of Occupancy within two (2) calendar days after receiving it to Landlord's **Project Management at (479) 204-2263** and send a copy to Sublessor by pdf or fax at the same time.

### ARTICLE III

#### **BINDING EFFECT OF ATTACHMENTS A AND A-1, COMMENCEMENT NOTICE LEASE TERM AND EXTENSION**

3.1 **Effective Date of Sublease.** This Sublease is effective and binds Sublessor and Sublessee as of the Effective Date. This Sublease terminates in its entirety upon the termination, for whatever reason, of Attachment A signed by Sublessor and Sublessee that attaches to this Sublease and which is incorporated into this Sublease.

- 3.2 **Binding Effect of Attachment A.** This Sublease governs the Subleased Premises for which Sublessor and Sublessee execute an Attachment A. Once signed by both Sublessor and Sublessee, Attachment A and A-1 attaches to and incorporates into this Sublease binding both Sublessor and Sublessee to the terms and conditions in both this Sublease and Attachments A and A-1.
- 3.3 **Commencement Notice.** Within forty-five (45) days following the actual Rent Commencement Date of the applicable Subleased Premises, Sublessor will deliver the Commencement Notice to Sublessee. The Commencement Notice is for informational purposes only and does not modify the terms of this Sublease. If Sublessee does not receive the Commencement Notice within that time, Sublessee will notify Sublessor, in writing or verbally. Any delay in delivery of the Commencement Notice is not a breach of this Sublease.
- 3.4 **Lease Term of a Specific Subleased Premises.** The Lease Term for each Subleased Premises commences on the Rent Commencement Date respecting such Subleased Premises and continues until the Expiration Date respecting such Subleased Premises.
- 3.5 **Extension of the Lease Term.** The Lease Term for the applicable Subleased Premises may extend, subject to the terms and conditions of this Sublease, as designated in Attachment A.

#### **ARTICLE IV** **RENT, SECURITY & TAXES**

- 4.1 **Rent.** Sublessee's obligation under this Sublease to pay Rent, in lawful money of the United States and without, for any reason, deduction or offset, begins on the Rent Commencement Date. Sublessee shall pay Rent to Sublessor for each Subleased Premises for which Sublessor and Sublessee execute Attachment A in accordance with the terms of this Sublease and Attachment A.
- 4.2 **Base Rent Payments.**
- A. Sublessee shall pay Base Rent, as set forth in Attachment A, to Sublessor in advance, without offset, notice, or demand, in equal weekly installments with each weekly installment due by the Due Date. If the Rent Commencement Date occurs other than on the first day of the month, the Base Rent for that month equals one-thirtieth (1/30th) of the normal rent installment for each day starting on the Rent Commencement Date and continuing through midnight on the last day of that month. If the

Rent Commencement Date occurs other than the first day of the month, the Base Rent for the final month equals one-thirtieth (1/30th) of the normal rent installment for each day starting on the Rent Commencement Date anniversary and continuing through midnight on the Expiration Date.

- B. Sublessor may require Sublessee to pay Base Rent on a quarterly basis rather than weekly if Sublessee fails to pay Base Rent within ten (10) days of the Due Date for two (2) consecutive months. The quarter will commence on the first day of the month following the month that Sublessor notifies Sublessee in writing of this election.

4.3 **Percentage Rent Payments.** Sublessee shall pay Sublessor Percentage Rent, if any, without offset, notice, or demand to the extent required in Attachment A.

4.4 **Common Area Maintenance, Utility Reimbursement Fees, and Insurance Reimbursement Fees.** To the extent required in Attachment A, Sublessee shall pay, as additional Rent, the Common Area Maintenance Fee, the Utility Reimbursement Fee, and the Insurance Reimbursement Fee to Sublessor without offset, notice, or demand on a weekly basis by the Due Date, to be paid with Sublessee's payment of Base Rent.

4.5 **Subleased Premises Improvement Charge.**

- A. If the Subleased Premises for which an Attachment A is signed and attached to the Sublease by Sublessor and Sublessee is located in a newly constructed Store (including any Attachment A that is signed and attached to the Sublease by Sublessor and Sublessee upon a Store Relocation), Sublessee shall pay Sublessor the Subleased Premises Improvement Charge as described in Attachment A. Sublessee shall submit the Subleased Premises Improvement Charge along with payment of the first month's Base Rent.

- B. No Subleased Premises Improvement Charge will be assessed against Sublessee for a Subleased Premises in an existing Store or for a Subleased Premises permanently or temporarily relocated in connection with Store Renovations.

4.6 **Key Money.** Sublessee shall pay Sublessor Key Money as described in Attachment A. Sublessee shall submit the Key Money along with payment of the first month's Base Rent.

#### 4.7 **Interest on Late Payments.**

- A. Sublessee shall pay to Sublessor interest on any balance of Rent unpaid more than ten (10) days following the Due Date at the prorated rate, based on a thirty (30) day month, of the lesser of:
  - (1) Five percent (5%) per annum, or
  - (2) The maximum amount allowed by law.
- B. Any interest due under this provision is additional Rent, and Sublessee shall pay it in full no later than the day on which it pays the unpaid balance of Rent unless demanded earlier by Sublessor. Interest will not accrue on any unpaid balance of Rent if:
  - (1) The unpaid balance is due to an error or problem with the automatic debit, if Sublessee is paying Rent through an automated clearinghouse account, and
  - (2) The error or problem was not due to the intentional or negligent act of Sublessee.

#### 4.8 **Security Deposit.**

- A. Sublessee shall deliver to Sublessor, no later than ten (10) days following Sublessee signing Attachment A, an amount equal to the sum designated in Attachment A, as security for the faithful performance and observance of the terms and conditions of this Sublease by Sublessee and its agents, employees, and representatives (the "Security").
- B. Sublessee may provide Security in the form of a security deposit or a duly executed surety bond from a reputable company satisfactory to Sublessor and in full force and effect when delivered to Sublessor.
- C. Sublessor may apply, retain, or use (at its sole option) the whole or any part of the Security to the extent required for payment of:
  - (1) Rent;
  - (2) Other sums that Sublessee is obligated to pay Sublessor under this Sublease;

- (3) Sums that Sublessor may expend or may be required to expend by reason of Sublessee's breach of this Sublease;
  - (4) Loss or damage that Sublessor suffers by reason of Sublessee's breach of this Sublease including, but not limited to, any damages incurred by Sublessor or deficiency resulting from the re-letting of the Subleased Premises, whether such damages or deficiency accrues before or after summary proceedings or other reentry by Sublessor; or
  - (5) Costs Sublessor incurs in connection with the cleaning or repair of the Subleased Premises after the expiration or earlier termination of this Sublease as to the applicable Subleased Premises.
- D. Sublessor is not obligated to apply, retain, or use the Security, and any payment of the security deposit in no way relieves Sublessee of its obligations under this Sublease to pay Rent or other charges.
  - E. Sublessor's right to bring an action or special proceeding to recover damages, or otherwise obtain possession of the applicable Subleased Premises, before or after Sublessor's delivery of notice to Sublessee of the termination of this Sublease as to the applicable Subleased Premises for non-payment of Rent, or for any other reason, is not affected because Sublessor holds the Security.
  - F. The Security does not limit Sublessor's available rights and remedies under this Sublease, at law, or in equity nor is it a payment of liquidated damages.
  - G. Sublessee, no more than fifteen (15) days following Sublessor's notice to Sublessee, shall replace the Security when payments by the Security equal or exceed the sum of the security deposit. Failure to timely replace the Security is a material breach of this Sublease.
  - H. Except as required by applicable law, Sublessor is not required to keep security deposits separate from Sublessor's own funds and may commingle security deposits with its own funds.
  - I. If Sublessee fully and faithfully complies with all the terms and conditions of this Sublease, Sublessor will return to Sublessee any part of the security deposit that Sublessor does not apply, retain, or use in accordance with this Section no later than forty-five (45) days following Sublessee fully

discharging all of its obligations under this Sublease, unless applicable law requires a shorter or extended time.

4.9 **Taxes.**

- A. Sublessor shall initially pay all General Taxes levied, during each fiscal tax year, against the Store, the Common Area, or both, subject to Sublessee's reimbursement obligations set forth below. "General Taxes" mean all general real estate taxes, general and special assessments; parking surcharges, fees, and other governmental charges and any costs Sublessor incurs contesting any of the above.
- B. In addition to Sublessee's reimbursement obligations set forth below and any other obligations of Sublessee under this Sublease, Sublessee shall pay all taxes and assessments:
- (1) Levied against any improvements located within or upon any Subleased Premises, and any of Sublessee's inventory, personal property, and Trade Fixtures;
  - (2) Assessed, imposed, or levied against Sublessor in relation to either Sublessor's interest in this Sublease or the Rent or other charges required under this Sublease including, but not limited to, increases or additional, special, regular, unforeseen, foreseen, extraordinary, or ordinary, taxes and assessments, whether occurring wholly or partially during the Lease Term of the specific Subleased Premises from which the taxes or assessments arise;
  - (3) For increases, that are billed or assessed during the Lease Term that are attributable to Sublessee's Improvements or occupancy of the Subleased Premises; and
  - (4) Imposed against Sublessor because of Sublessor's interest in this Sublease as a substitute, or in lieu of, in whole or in part, for any general taxes or other real estate tax or assessment.
- C. Sublessee shall reimburse Sublessor, upon demand, for Sublessee's Pro Rata Share of general taxes assessed or levied during the Lease Term, as prorated to account for any period of partial occupancy of the applicable Subleased Premises, and for any other tax, assessment, or excise that was imposed, assessed, or levied against Sublessor that Sublessor paid but for which Sublessee is primarily liable under this Sublease.

**ARTICLE V**  
**UTILITIES**

- 5.1 **Utilities.** Except as otherwise provided in this Sublease or Attachment A, Landlord shall pay for all public utilities furnished to the Subleased Premises and shall reasonably cool, heat, and light and provide water and sanitary sewerage services to the building in which the Subleased Premises is located. Neither Landlord nor Sublessor is liable for any interruption whatsoever to the public utilities, the lighting, the cooling, the heating, the water, or the sanitary sewerage services if any of the preceding are interrupted:
- A. Due to equipment failure, fire, accident, strike, acts of God, or other causes beyond the reasonable control of Landlord or Sublessor; or
  - B. In connection with Store Renovations or to repair the Store or the Subleased Premises.
- 5.2 **Telephone Service.** Sublessee shall pay for telephone service in the Subleased Premises. **The use of a cordless phone within a Subleased Premises is strictly prohibited.**

**ARTICLE VI**  
**USE AND OPERATION**

- 6.1 **Use.** Sublessee shall use the Subleased Premises as designated in Section 1 of Appendix 1, Permitted Uses, subject to applicable legal requirements, and for no other purpose without the prior, written consent of Sublessor.
- 6.2 **Continuous Operation.**
- A. Sublessee, other than as expressly permitted by this Sublease, and during the applicable Lease Term, shall operate the Subleased Premises continuously during the Hours of Operation designated in Attachment A in accordance with the Permitted Uses designated in Appendix 1 and the terms and provisions of this Sublease.
  - B. Sublessee, other than as expressly permitted by this Sublease, shall not vacate the applicable Subleased Premises during the applicable Lease Term or cease operations in the Subleased Premises and shall conduct its business, at a minimum, in an efficient, first-rate, and reputable manner.

- C. Other than closing the Subleased Premises to repair, update, and upgrade the Trade Fixtures, the Improvements, and the Subleased Premises in accordance with Section 7.3.B below, Sublessee may close the applicable Subleased Premises for repair or renovation only with the prior, written consent of Sublessor, which Sublessor may not unreasonably withhold, condition or delay.
- D. Failure to comply with this provision or any representation by Sublessee that during the applicable Lease Term the Sublessee, or one of its Sublessees, will not comply with this provision or will vacate the applicable Subleased Premises materially breaches this Sublease. In addition to (and not in lieu of) any remedies that Sublessor may have under this Sublease for a breach of this section, Sublessor may charge Sublessee, in addition to rent, liquidated damages of three hundred dollars (\$300) a day for each day, which the applicable Subleased Premises remains closed and not operating, excluding any reasonable period for renovation or repair of the Subleased Premises approved by Sublessor or during any reasonable period in which the Subleased Premises remain closed and not operating due to acts or omissions of Sublessor which require closure of the Subleased Premises.

6.3 **Hours of Operation.** Sublessee shall post its Hours of Operation in a conspicuous location within the Subleased Premises, subject to and in accordance with the requirements set forth in Article II (Construction and Acceptance of the Subleased Premises), Section 2.6 above.

6.4 **Trade Name.** During the term of this Sublease, Sublessee shall conduct its business under the name designated as Sublessee's Trade Name in Appendix 1 and under no other name without the prior written consent of Sublessor, which, consent shall not be unreasonably withheld, conditioned or delayed.

- A. Sublessee acknowledges that Sublessor relied on Sublessee's business reputation and associated trade name as a significant material inducement in Sublessor's decision to execute this Sublease, and therefore, Sublessee hereby warrants that Sublessee has the right to use the trade name and all logos, trade dress, slogans, and all other identifying marks used by Sublessee at the Subleased Premises.
- B. Failure to comply with this Section 6.4 is a material breach of this Sublease.

6.5 **Customer Service.**

- A. Sublessee shall operate the Subleased Premises in conformity with Landlord's reputation as the operator of discount retail stores dedicated to customer satisfaction and prompt quality customer service featuring a broad assortment of quality merchandise at low, competitive prices.
- B. Sublessee, at its sole cost and expense, shall post, in a conspicuous location that customers can see when the Subleased Premises is open and when the Subleased Premises is closed, a telephone number and an address for customers to contact. The telephone number must be either toll free or a number local to the Subleased Premises.

6.6 **Window Display Lights.** Sublessee shall keep, during the Hours of Operation, any display windows in the Subleased Premises neat and attractive.

6.7 **Mail & Deliveries.** Sublessor does not guaranty any mail or deliveries to the Subleased Premises and recommends Sublessee arrange to receive mail or deliveries at an alternate location. Any mail or deliveries to and from the Subleased Premises must be done only at such times and in the areas and through the entrances designated for such purpose by Sublessor. Any mail or delivery left with the Store is done at Sublessee's sole risk. All property kept, stored, or maintained on the Subleased Premises by Sublessee is at Sublessee's sole risk.

6.8 **Sublessee's Advertising, Promotion, and Media Inquiries.**

- A. Sublessee may use Landlord's name only to the extent Landlord's Leasing Operations Department approves and only as a location reference.
- B. Sublessee may not promote its services within the Store using Landlord's in-store public address system.
- C. Sublessee may not post any Signs outside of the Subleased Premises, except as provided in Section 2.6.B above, or post any handmade signs inside or outside of the Subleased Premises.
- D. Sublessee's promotions related to the Subleased Premises must be conducted in a professional manner by trained individuals.

- E. Sublessee may not release or cause to be released any statement to the press or otherwise containing Landlord's name or representing any relationship whatsoever to Landlord, without the prior, written approval of the Wal-Mart Leasing Operations Department.
  - F. Sublessee agrees that it will not, within the Subleased Premises or anywhere else in the Store, advertise, market, or promote any Competing Business. For purposes of this paragraph, "Competing Business" means any retail business involved in the sale of any products or services sold from within the Store or by any affiliate, parent company, or subsidiary of Landlord.
- 6.9 **Restrictive Covenants.** Sublessee shall comply with and observe any easement, covenant, or restriction that affects or applies to the Subleased Premises and the Common Area.
- 6.10 **Restrictions on Sublessee's Activities.** In addition to any easement, covenant, or restriction that affects or applies to the Subleased Premises or the Common Area, Sublessee, shall not:
- A. Use the sidewalk adjacent to or any other space outside the Subleased Premises for display, sale, or any other similar undertaking.
  - B. Use a loudspeaker system that may be heard from outside the Subleased Premises; place or permit any radio, television, loudspeaker, or amplifier on the roof, inside the Subleased Premises, or anywhere that the radio, television, loudspeaker, or amplifier can be seen or heard from outside of the Subleased Premises; or solicit or distribute any handbills or other advertising in the parking lot, Store, or Common Areas, unless otherwise protected by law.
  - C. Use the plumbing facilities of the Subleased Premises or the Store for any purpose other than that for which they were constructed. Neither Sublessee, nor the invitees of Sublessee, may use the plumbing facilities of the Subleased Premises to dispose of any foreign substances. The expense of any breakage, stoppage, or damage resulting from a breach of this Section will be borne by Sublessee.

- D. Place on any floor a load that exceeds the load per square foot that the floor was designed to carry. Sublessee may only install, operate, and maintain heavy equipment in the Subleased Premises if installed in such manner as to achieve a proper distribution of weight.
- E. Use any forklift, truck, tow truck, or any other machine or equipment in the Store, in the Common Areas, or on any of the underlying ground, unless necessary to complete Sublessee's obligations under the Master Lease Agreement or this Sublease.
- F. Use the Subleased Premises to conduct illegal business or for illegal purposes or for any purpose that may increase the premium cost of or invalidate any insurance policy carried on the Subleased Premises, Common Areas, or the Store. If insurance premiums for insurance policies carried on the Subleased Premises, Common Areas, or the Store increase in connection with Sublessee's use of the Subleased Premises, Sublessee will reimburse Sublessor for the increase.
- G. Unreasonably interfere with Landlord's business or the business of another Tenant or Sublessee of Landlord or act in such a way that reasonably may be expected to injure Landlord's or Sublessor's business relationship including, but not limited to, acting in any way that diminishes the access to or the visibility of any portion of the Store or any other Sublessee's premises or that impedes the free circulation of customer traffic within the Store.
- H. Receive, retain, or store in the Subleased Premises any "Controlled Substances" except for any Controlled Substances included in an emergency medical kit. For the purposes of this Sublease, "controlled substances" means materials containing any quantity of a substance with a stimulant, depressant or hallucinogenic effect on the higher functions of the central nervous system, and having the tendency to promote abuse or physiological or psychological dependence, as designated in state and federal controlled substance schedules including, but not limited to, those listed in Schedules I through V of the Controlled Substances Act, 21 U.S.C. §812, as may be amended from time to time. Failure to comply with this Section is a material breach.
- I. Within the Subleased Premises, receive, retain, store, or use any firearm, tear gas, mace, pepper spray, dye pack, or any item similar to a firearm, tear gas, or dye pack.

- 6.11 **Encumbrances and Liens.** Sublessee may not cause any encumbrance to attach to or upon the Subleased Premises, the Store, the Common Area, the land underlying any of the foregoing, or Sublessee's interest in this Sublease because of any act or omission of Sublessee, its contractors, agents, employees, or representatives. Failure to discharge or bond/insure over any encumbrance within fifteen (15) business days following its filing is a material breach. In addition to any right or remedy Sublessor may have for the material breach, Sublessor may bond or pay the encumbrance for Sublessee's account without inquiring into the validity of the encumbrance. If Sublessor elects to pay the encumbrance, Sublessee will reimburse Sublessor, upon demand by Sublessor, the amount Sublessor paid, plus an additional ten percent (10%) administrative fee, plus interest. Interest will accrue at the lesser of one percent (1%) and five percent (5%) per annum or the maximum amount allowed by law beginning on the day Sublessor bonds or pays the encumbrance and continuing until Sublessee reimburses Sublessor the entire amount Sublessor paid, plus the administrative fee and any interest accrued.
- 6.12 **Performance Covenants.** Commencing on the second anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter during the Lease Term, Sublessee shall satisfy the performance covenants set forth in Attachment A for the Subleased Premises subject to this Sublease (the "Performance Covenants"). If Sublessee fails to satisfy the Performance Covenants set forth in Attachment A for the Subleased Premises, Landlord or Sublessee may terminate this Sublease and Attachment A for the Subleased Premises by providing the other party seventy-five (75) days written notice of its election to terminate. If Sublessee chooses to exercise its right granted in the preceding sentence, Sublessee shall pay Sublessor a sum equal to (insert amount here). Other than said fee, the parties shall be released from any and all obligations hereunder with regard to the applicable Subleased Premises from and as of the effective date of the termination of the Sublease with respect to thereto, other than existing obligations and those which survive termination in accordance with the terms hereof.

**ARTICLE VII**  
**REPAIRS & MAINTENANCE**

**7.1 Repairs by Landlord.**

- A. Subject to the provisions of Article XI (Casualty) and Article XII (Condemnation & Eminent Domain), Landlord shall maintain the Store in good order and make all necessary repairs in the Subleased Premises to the foundation, gutter, spouts, exterior walls, interior load-bearing walls, door, door closure devices, exterior openings, gates, and gate closure devices and to the roof and HVAC, except as provided in Section 7.2 below. Sublessee shall notify Sublessor by email and Wal-Mart Maintenance of any necessary or requested repairs by calling the Wal-Mart Maintenance Hotline at (479) 273-4747 or any other communication medium utilized by Wal-Mart to process the reporting of repairs. Sublessee must have the work order number provided by the Wal-Mart Maintenance Hotline at the time the repair is reported in order to check on the status of the repair.
- B. Sublessee shall reimburse Sublessor for any repairs necessitated by the intentional acts or negligence of Sublessee or its agent, customer, employee, or representative. Any reimbursement required in the preceding sentence must be made no later than twenty (20) calendar days after Sublessor's written demand for reimbursement from Sublessee.
- C. Landlord does not breach its obligations under Section 7.1.A of the Master Lease until a reasonable amount of time passes after Sublessee notifies Sublessor and Wal-Mart Maintenance, according to Section 7.1.A above, of the needed repair, except in the case of an emergency which will require Landlord to commence repairs within twenty-four (24) hours of such Sublessee notification to Wal-Mart Maintenance. Rent will not abate during this time or while any repairs are being made, and neither Landlord nor Sublessor will be liable to Sublessee or Sublessee due to loss or interruption of Sublessee's business because of the prosecution of the repair except in the case of Landlord's or Sublessor's gross negligence or intentional misconduct.
- D. Notwithstanding the foregoing, in the event of an emergency, which threatens to damage any of Sublessee's Improvements or Trade Fixtures or interrupts Sublessee's ability to operate its business in the Subleased Premises, Sublessee shall notify Sublessor and Wal-Mart Maintenance

immediately and, upon the consent of Sublessor or Wal-Mart Maintenance, Sublessee will have the right to make immediate repairs. In such case, Landlord will reimburse Sublessee for the reasonable cost of such repairs within thirty (30) days of Landlord's receipt of Sublessee's written request for reimbursement, along with invoices and such other supporting documentation as Landlord may reasonably require.

## 7.2 **Sublessee's Repairs, Maintenance, Handling Hazardous Substances.**

- A. Except those items to be maintained by Landlord pursuant to the terms of this Sublease and the Master Lease, Sublessee, at its sole cost and expense, shall maintain the Subleased Premises in compliance with applicable law and in good order and condition, ordinary wear and tear excepted. Sublessee shall effect, at Sublessee's sole cost and expense and according to applicable law, all repairs to the Subleased Premises (except for those specifically enumerated in Section 7.1 above) that are commercially necessary or desirable to maintain the Subleased Premises in a safe, dry, and leasable condition including, without limitation, repairs to:
- (1) Any portion of the pipes, lines, ducts, wires, or conduits, used solely by Sublessee;
  - (2) Plate glass, windows, doorframes, and special storefronts that serve Sublessee solely;
  - (3) Molding, locks and hardware, lighting, plumbing, Trade Fixtures, Signs, and interior painting and treatment; and
  - (4) Any Improvements or Trade Fixtures installed in the Subleased Premises, including any rooftop heating, ventilation, or air-conditioning unit or other rooftop equipment. Any repairs to the rooftop heating, ventilating, and air-conditioning unit or other rooftop equipment must be made by a Landlord or Sublessor approved contractor.
- B. Sublessee, at no expense to Landlord or Sublessor, shall handle, manage, store, transport, and dispose of all Hazardous Substances created by Sublessee, its Sublessees, agents, employees or representatives in any process, action, or inaction in connection with the Subleased Premises and in accordance with all applicable federal, state and local laws and regulations. Sublessee shall not use any of Landlord's property or

equipment in using, handling, managing, storing, transporting, and disposing of Hazardous Substances. Evidence of Sublessee's compliance with all applicable federal, state and local laws concerning the use, handling, management, storage, transportation, and disposal of Hazardous Substances must be provided to Sublessor upon Sublessor's request.

C. Sublessee, at no expense to Landlord or Sublessor, shall maintain the Subleased Premises in a clean and sanitary condition, free from debris or offensive odor, and in compliance with all laws affecting the Subleased Premises, Sublessee's use of the Subleased Premises, or Sublessee's business.

- (1) Sublessee shall not allow the accumulation or burning of any rubbish or garbage in, on, or about the Subleased Premises and shall keep all entrances, doors, or loading areas in the Subleased Premises or immediately adjoining the Subleased Premises free from trash, litter, or other obstruction.
- (2) Sublessee shall bear the expense of garbage and rubbish collection and disposal. If Landlord's Leasing Operations Department permits Sublessee to use any part of the Store (other than the Subleased Premises), Common Area, or land underlying the foregoing to store garbage and refuse generated by Sublessee's use of the Subleased Premises, Sublessee, at the expense of Sublessee or its Sublessee, will keep all such garbage and refuse in the location designated by Landlord and in the kind of container, including the use of interior refrigerated garbage containers and compactors, Landlord or Sublessor specifies in their commercially reasonable opinion.
- (3) Sublessee will maintain air pressure in the Subleased Premises necessary to keep offensive odors from emanating from the Subleased Premises.
- (4) Any odor producing function of Sublessee's operations must be mechanically vented to the exterior of the Store and the Subleased Premises to eliminate the dissipation of such odors into the Store or into the interior or exterior of any other Sublessee's space. Exhaust hoods may not project above the roof deck higher than that allowed by local governmental authorities or code requirements.

- (5) At Sublessor's written request, Sublessee will install any equipment or procedures necessary to comply with Section 7.2.C.(3) and Section 7.2.C.(4). If Sublessee fails to comply with Sublessor's request, within fifteen (15) days after receiving notice, Sublessor may take remedial action for Sublessee, and Sublessee will pay, as additional Rent, the cost of such remedial action plus an administrative charge of ten percent (10%) of the cost thereof.
- D. If Sublessee fails to commence, and thereafter pursue diligently any repairs required by this Section 7.2 within seven (7) days of receiving notice from Landlord or Sublessor of the repair, Landlord or Sublessor may repair the Subleased Premises as necessary to maintain it in a good, clean, safe, dry, and tenantable condition. If Landlord or Sublessor makes such repair, Sublessee will reimburse Sublessor for their costs, plus an additional twenty percent (20%) administrative fee when Sublessee pays the next month's Rent.

### 7.3 **Store Relocation, Renovation and Closing.**

- A. Landlord, from time to time, may relocate the Store to another physical address (a "Store Relocation"). In the event of a Store Relocation, Sublessor, in its reasonable discretion, may terminate this Sublease and related Attachment A as to the Subleased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the Subleased Premises, Sublessor will reimburse Sublessee for the unamortized portion of the cost of Sublessee's initial Improvements to the particular Subleased Premises, calculated on a straight line depreciation basis over five (5) years, not to exceed fifty thousand dollars (\$50,000) (the "Unamortized Improvement Costs"). Sublessor will not be liable for any other cost or expense of Sublessee ceasing operations in the applicable Subleased Premises. Sublessor and Sublessee may mutually agree to enter into a new Attachment A for the new location of the Store or any other Store. If Sublessor and Sublessee enter into a new Attachment A for the new location of the Store or any other Store, Sublessee will bear all costs and expenses incurred in relocating to the new location of the Store or to any other Store. Sublessee will also repair, update, and upgrade all Trade Fixtures and Improvements to the Subleased Premises and ready the newly located Subleased Premises to be open for business to the public for the Store's Grand Opening as required by this Sublease. Sublessor must

first approve all repairs, updates, and upgrades to the Subleased Premises, such approval not to be unreasonably withheld.

B. Landlord, from time to time, may remodel, re-arrange, renovate, or expand (collectively and individually "Store Renovations") the Store, without relocating the Store to another physical address. During Store Renovations, Sublessee will repair, update, and upgrade the Trade Fixtures, the Improvements and the Subleased Premises unless Sublessee repaired, updated, and upgraded the Trade Fixtures, the Improvements and the Subleased Premises within the three (3) consecutive preceding years. All repairs, updates, and upgrades Sublessee contemplates must be previously approved by Sublessor, which approval will not be unreasonably withheld, conditioned or delayed.

(1) In connection with any Store Renovations, Sublessor may temporarily or permanently relocate Sublessee to another location within the Store that is of like size and configuration as the Subleased Premises and is in a reasonable condition from which Sublessee may operate if Landlord or Sublessor, in their commercially reasonable judgment, determines the relocation necessary to complete Store Renovations. Sublessor will bear the cost of moving Sublessee's Trade Fixtures in the event of a temporary relocation, but Sublessor is not responsible for any expense associated with Sublessee's repairs, updates, and upgrades of the relocated Subleased Premises, whether the relocation is temporary or permanent. If the relocation is of a permanent nature and Sublessee reasonably determines that the new location will materially impair its operations in the applicable Subleased Premises or is not of like size and configuration as the original Subleased Premises, Sublessee may terminate this Sublease as to the applicable Subleased Premises by providing written notice to Sublessor. If the relocation is temporary and Sublessee reasonably determines that the new location of the Subleased Premises will materially impair its business or that the Store Renovations are materially impairing its operations in the Subleased Premises, Sublessee may, with Sublessor's written consent, not to be unreasonably withheld, conditioned or delayed, close the applicable Subleased Premises until Sublessor and Sublessee agree that the Store Renovations no longer impair the operations of the applicable Subleased Premises.

- (2) If, in connection with the Store Renovations, Landlord closes the Store for more than three (3) consecutive days, Sublessee may, with Sublessor's written consent, not to be unreasonably withheld, conditioned or delayed, either close the applicable Subleased Premises while the Store is closed in connection with the Store Renovations and conduct the repairs, updates, and upgrades of the Subleased Premises as required by this Section 7.3.B or terminate this Sublease as to the applicable Subleased Premises.
  - (3) If, in connection with Landlord's Store Renovations, Sublessor determines (in its sole discretion) that there will not be space available for Sublessee upon completion of the Store Renovations, Sublessor, may terminate this Sublease and related Attachment A as to the applicable Subleased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Subleased Premises, Sublessor will reimburse Sublessee for the unamortized portion of the cost of Sublessee's initial Improvements to the particular Subleased Premises, calculated on a straight line depreciation basis over five years, not to exceed fifty thousand dollars (\$50,000). Sublessor will not be liable for any other cost or expense of Sublessee ceasing operations in the applicable Subleased Premises.
- C. If the Subleased Premises closes in accordance with this Section 7.3, Rent due during the time in which the Subleased Premises is closed will abate. The Subleased Premises must re-open once the Store Renovations and the operations of the Subleased Premises no longer materially impair each other, as determined by mutual agreement of the parties.
- D. If a Store in which the applicable Subleased Premises is located permanently ceases to be open for business to the public, and not as a part of a relocation as contemplated by Section 7.3.A above (a "Store Closing"), this Sublease as to the applicable Subleased Premises will terminate on a date mutually agreed to by Sublessor and Sublessee, but at no time may such date extend past the actual Store Closing date. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Subleased Premises, Sublessor will reimburse Sublessee for the unamortized portion of the cost of Sublessee's initial Improvements to the particular Subleased Premises, calculated on a straight line depreciation basis over five (5) years, not to exceed fifty thousand dollars (\$50,000).

Sublessor will not be liable for any other cost or expense of Sublessee ceasing operations in the applicable Subleased Premises.

**ARTICLE VIII**  
**COMPLIANCE WITH LAW & OTHER REQUIREMENTS**

8.1 **Rules and Regulations.** Sublessee shall observe all rules and regulations established from time to time by Landlord or Sublessor upon notice to Sublessee, through publication in the Landlord/Tenant Handbook or otherwise, including, but not limited to:

- A. Sublessee, and any agent, employee, or representative of Sublessee, should remove immediately from the Store any merchandise purchased from Landlord.
  - (1) Sublessee and its agents, employees, or representatives may not bring into the Subleased Premises any merchandise purchased from Landlord unless the merchandise is purchased for use by Sublessee, and its agents, employees, or representatives, in the operation of its business in the Subleased Premises or unless the merchandise is purchased for immediate consumption by Sublessee, or its agents, employees, or representatives.
  - (2) Sublessee and its agents, employees, or representatives must keep a receipt for the merchandise purchased with the merchandise at all times while the merchandise is in either the Subleased Premises or the Store.
  - (3) No merchandise for which Sublessee or its agents, employees, or representative has not paid may be removed from the Store or brought into the Subleased Premises.
  - (4) Any purchase by Sublessee and its agents, employees, or representatives is subject to search according to Landlord's security procedures applicable to other customers of Landlord. Anyone removing, or involved in the removal of, merchandise, either from the Store or into the Subleased Premises, without first paying for the merchandise may be evicted from the Store or all of Landlord's property, may be treated as a shoplifter, or both. Shoplifters may be subject to prosecution.

- B. Sublessee and any of its agents, employees, or representatives shall conduct themselves while in the Store or in the Subleased Premises in a professional and courteous manner, appropriately attired, trained, and groomed, and in accordance with commercially reasonable standards in Sublessee's industry.
- C. Sublessee and its agents, employees, or representatives shall abide by Landlord's and Sublessor's procedures in responding to media inquiries as such inquiries relate to the Subleased Premises, Landlord, or any relationship between Sublessee and Sublessor and Sublessee and Landlord.

## 8.2 **Compliance.**

- A. Sublessee, in its use, occupancy and operation of the Subleased Premises, shall comply with all federal, state, and local laws, rules, orders, directives, and regulations.
- B. Sublessor has absolutely no responsibility, obligation, or liability for Sublessee's hiring and other employment practices. Sublessee warrants and represents that it has a policy to:
  - (1) Comply in all respects with all immigration laws and regulations;
  - (2) Properly maintain all records required by the United States Citizenship and Immigration Services (the "USCIS") including, without limitation, the completion and maintenance of the Form I-9 for each party's employees;
  - (3) Respond in a timely fashion to any inspection requests related to such I-9 Forms;
  - (4) Cooperate fully in all respects with any audit, inquiry, inspection, or investigation the USCIS may conduct of such party or any of Sublessee's employees;
  - (5) Conduct annual audit of the I-9 Forms for its employees;
  - (6) Promptly correct any defects or deficiencies the audit reveals; and
  - (7) Require all subcontractors performing any work for Sublessee to comply with the covenants set forth in this Section 8.2.B.

- C. Sublessee shall comply with the provisions of the Americans with Disabilities Act ("ADA") as it relates to its operation of the Subleased Premises.
- (1) If, after Sublessor delivers to Sublessee the applicable Subleased Premises, the presence of any ADA violation on the applicable Subleased Premises requires remedial work on the Subleased Premises and such ADA violation was not caused by Sublessor's actions or failure to act as required with respect to Store (other than the Subleased Premises), Sublessee will promptly take all actions at its sole expense as are required by any federal, state, or local government agency or political subdivision to comply with the ADA; provided that Sublessor's consent to such actions is first obtained, which consent Sublessor may not unreasonably withhold, condition or delay.
  - (2) In addition to Sublessee's obligations under Article XIII (Indemnity and Liability), Sublessee shall indemnify, defend and hold harmless the Indemnitees from any Claim including, without limitation, diminution in value of the Subleased Premises, damages for the loss or restriction of use of rentable or usable space or of any amenity of the Subleased Premises, damages arising from any adverse impact on marketing of space of the Subleased Premises, and sums paid in settlement of claims, attorney's fees, consultation fees and expert fees arising during or after the applicable Lease Term as a result of such violation. Sublessee's obligations in the preceding sentence include, without limitation, costs incurred in connection with any investigation of site conditions or any remedial work required by any federal, state, or local government agency or political subdivision because of any ADA violation present on or about the Subleased Premises not caused by Sublessor's actions or failure to act as required with respect to the Store (other than the Subleased Premises).
  - (3) If, after Sublessor delivers to Sublessee the applicable Subleased Premises, the presence of any ADA violation exists in the Store (other than the Subleased Premises) which requires remedial work on the Subleased Premises, Sublessor, at its sole cost and expense, will take all necessary actions required by any federal, state or local

government agency or political subdivision to comply with the ADA.

D. Sublessee represents and warrants that it is not:

- (1) A person or entity designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at <http://www.ustreas.gov/offices/enforcement/ofac/sdn>, with which a U.S. person or entity cannot deal or otherwise engage in business transactions;
- (2) A person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with such Sublessee;
- (3) Either wholly or partly owned or wholly or partly controlled by any person or entity on the SDN List, including, without limitation, by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List;
- (4) A person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or
- (5) A person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Sublease would be prohibited under U.S. law.

E. Sublessee shall inquire diligently into and screen the qualifications of each employee, agent, or representative operating out of the Subleased Premises, and no one that may pose a reasonably ascertainable risk to the safety or property of Wal-Mart or its affiliates or subsidiaries, associates, customers, or business invitees are permitted on Wal-Mart property. For purposes of this paragraph, "inquire diligently into and screen" means conducting a criminal background check in accordance with federal and state law, properly checking references, and using such other methods to determine qualifications that a reasonable and prudent employer might utilize under the circumstances. In addition, "risk"

means any propensity to engage in violence, sex crimes, fraud, theft, vandalism, or any other conduct likely to result in harm to a person or property. Failure to comply with this provision constitutes a material breach of this Sublease.

- F. Sublessee represents and warrants that it currently maintains information protection practices and procedures (“Information Security Program”) that complies with industry best practice and applicable legal requirements relating to the privacy, confidentiality or security of any personally identifiable information (“PII”).
- (1) Sublessee agrees to immediately notify Sublessor by phone or e-mail and Wal-Mart’s Emergency Operations Center by phone (479) 271-1001 of any reasonably suspected or actual loss of PII or breach or compromise of its Information Security Program to the extent such loss, breach or compromise relates in any way to Sublessee’s operation of the Subleased Premises and has or may result in the loss or unauthorized access, disclosure, use or acquisition of PII, including hard copy records (a “Data Incident”).
  - (2) While the initial phone notice may be in summary form, a comprehensive written notice should be given within forty-eight (48) hours to Sublessor and Wal-Mart’s Chief Privacy Officer, 702 SW 8<sup>th</sup> Street, Bentonville, AR, and its Chief Information Security Officer, 805 Moberly Lane, Bentonville, AR. The notice shall summarize in reasonable detail the nature and scope of the Data Incident and the corrective action already taken or to be taken by Sublessee. Sublessee shall promptly take all necessary and advisable corrective actions, and shall cooperate fully with Sublessor in all reasonable efforts to mitigate any adverse effects to Landlord or Sublessor of the Data Incident.
  - (3) Sublessee acknowledges that it is solely responsible for the confidentiality and security of PII in its possession, custody or control to the extent associated in any way with Sublessee’s operation of the Subleased Premises.
- G. Sublessee shall maintain the warranties and representations Sublessee made under this Sublease, in full force and effect throughout the term of this Sublease.

H. Any failure by Sublessee to comply with its obligations under this Section 8.2 is a material breach.

8.3 **Right of Removal.** Sublessee acknowledges and agrees that Landlord or Sublessor, in their sole judgment and discretion, may deny entry to or remove from its premises any Sublessee or any agent, employee, or representative of Sublessee, who violates any of Landlord's or Sublessor's rules or regulations.

## **ARTICLE IX**

### **RIGHT TO ACCESS & COMMON AREAS**

9.1 **Right to Access.** Landlord and Sublessor may enter the Subleased Premises:

A. Upon reasonable notice to Sublessee (except in the case of emergency, in which case no notice will be required) to either inspect the Subleased Premises, enforce any of Landlord's rules and regulations or enforce the terms and conditions of this Sublease;

B. Upon reasonable notice to Sublessee, either to effect repairs it is obligated to perform or to add, alter, improve, repair, or otherwise construct or maintain any part of the Store adjacent to the Subleased Premises; and

C. With twenty-four (24) hours' advance notice to Sublessee to show the Subleased Premises to a prospective lender, lessee, or purchaser.

9.2 **"For Rent" or "For Lease."** Sublessor may post "For Rent" or "For Lease" signs on the Subleased Premises during the last ninety (90) days of the Leased Term if, in accordance with this Sublease, Sublessor and Sublessee do not extend the Lease Term.

9.3 **Sublessee's Right to Access.**

A. Sublessee, its Sublessee, and the agent, customer, employee, or representative of each, has a limited right, during the Hours of Operation listed in Attachment A and immediately before and immediately after the Hours of Operation, to enter upon the Common Areas of the Store in order to conduct business in the Subleased Premises.

B. Except as set forth in Article II (Construction and Acceptance of the Subleased Premises) and Article VII (Repairs and Maintenance), Sublessee has no rights or obligations related to the rooftop of the Subleased Premises.

- C. Sublessee, with Landlord's and Sublessor's prior consent, which will not be unreasonably withheld, conditioned or delayed, may enter Landlord's property for the limited purpose of servicing, maintaining, and otherwise performing its obligations in connection with this Sublease at times the Store is not open to the public for business if Sublessee, in no way, provides its services to the public during that time.
- 9.4 **Parking.** Sublessee and its agents, employees, and representatives, while working in the Subleased Premises, may park their motor vehicles in spaces designated by Landlord. Landlord may tow or cause to be towed, at the expense of the owner of the motor vehicle, any motor vehicle owned by Sublessee, or its agents, employees, and representatives that is parked in any area of Landlord's property other than the parking area designated. Neither Landlord nor Sublessee will be liable to Sublessee or its agents, employees or representatives for any damage to or theft of their motor vehicles or any personal property contained in their motor vehicles.
- 9.5 **Landlord's Liability.** If Landlord or Sublessor enters the Subleased Premises according to the provisions of this Sublease, neither Landlord nor Sublessor is liable to Sublessee for any loss, liability, or damages resulting from Landlord's entry except to the extent such losses, liabilities or damages arise from Landlord's or Sublessor's gross negligence or willful misconduct. If Landlord or Sublessor enters the Subleased Premises during the Hours of Operation, Landlord and Sublessor will use commercially reasonable efforts not to interfere with Sublessee's business, and neither Landlord nor Sublessor will be liable to Sublessee for any loss, including lost profits, for any resulting business interruption, except for losses, other than lost profits, to the extent such interruption arises from Landlord's or Sublessor's gross negligence or willful misconduct.
- 9.6 **Common Areas.** Despite the preceding Sections, Landlord may close or prohibit the use of any Common Area, in part or in whole; may change the location or appearance of the Common Area; or may erect additional structures in the Common Area, provided such changes do not materially impact access to the Subleased Premises.

**ARTICLE X**  
**TRANSFER OF INTEREST, SUBORDINATION & ATTORNMENT**

- 10.1 **Transfer of Sublessee's Interest.** During the term of this Sublease, Sublessee may not, without the prior written consent of Sublessor, which Sublessor may withhold in its sole discretion, take any of the following actions (individually and collectively, a "Transfer"):
- A. transfer, encumber, pledge, or sublease, its interest in this Sublease, either in its entirety or as to a particular Subleased Premises other than to an Affiliate;
  - B. permit any transfer of its interest in this Sublease by operation of law other than a transfer by operation of law to an Affiliate;
  - C. permit any person or entity other than Sublessee to use the Subleased Premises;
  - D. cause or permit Sublessee's dissolution, merger, or consolidation, other than a merger;
  - E. transfer, at any time during the term of this Sublease, more than an aggregate of fifty percent (50%) of Sublessee's voting shares or more than fifty percent (50%) of the value of Sublessee's unencumbered assets (as of the date of the transfer);
  - F. transfer, at any time during the term of this Sublease, any part or all of Sublessee's shares of stock resulting in the majority owner(s) of said shares of stock as of the day Sublessee signs this Sublease no longer maintaining effective voting control of Sublessee.
- 10.2 **Effect of Unauthorized Transfer.** Subject to the exceptions in Section 10.1, any Transfer or attempted Transfer without Sublessor's prior written consent will be void, will not confer any rights upon any third person, and will constitute a material breach of this Sublease.
- 10.3 **Requesting Sublessor's Consent.**
- A. Any request for Sublessor's consent pursuant to this Article X must be in writing and include:

- (1) The proposed effective date of the Transfer, which should not be less than thirty (30) days nor more than one hundred eighty (180) days in advance of the notice;
  - (2) All of the terms, including the consideration, of the proposed Transfer, the name and address of the proposed transferee, and a copy of all documentation pertaining to the proposed Transfer; and
  - (3) The current audited financial statements of the proposed transferee or any other financial statements that would enable Sublessor to determine the financial responsibility, character, and reputation of the proposed transferee.
- B. Sublessee shall provide any additional information Sublessor reasonably requests in connection with the proposed Transfer.

#### 10.4 **Effect of Consent.**

- A. If Sublessor consents to any Transfer, that consent is not effective until and unless:
- (1) Sublessor receives a copy of the assignment effecting the Transfer, in a form approved by Sublessor in its sole discretion; and
  - (2) The transferee delivers to Sublessor a written agreement, in form and substance satisfactory to Sublessor in its sole discretion, by which the transferee assumes all of the obligations and liabilities of Sublessee under this Sublease.
- B. Any consent by Sublessor to a Transfer does not constitute a waiver by Sublessor of any prohibition against any future Transfers.
- C. No Transfer relieves Sublessee of any obligations under this Sublease.

#### 10.5 **Transfer Premium.**

- A. For the purposes of this provision, "Transfer Premium" means all Rent or other consideration payable by the Transferee in any monthly period that is in excess of the Rent payable by Sublessee under this Sublease in the same monthly period.

- B. Sublessee promptly, without notice or demand, shall pay Sublessor fifty percent (50%) of any Transfer Premium Sublessee receives in connection with a Transfer.
- C. Sublessee shall pay Sublessor, in a form satisfactory to Sublessor, any part of the Transfer Premium Sublessee receives in a non-cash form.
- D. In lieu of accepting any payment from Sublessee of a Transfer Premium, Sublessor may elect, upon sixty (60) days' written notice, to increase the Rent due under this Sublease as to the transferred Subleased Premises by an amount equal to Sublessor's share of the monthly amount of the Transfer Premium.
- E. Sublessor and its authorized representatives have the right to conduct an audit, relating to any Transfer Premium, of Sublessee at Sublessee's place of business during Sublessee's regular work hours and with reasonable notice. If the audit establishes that Sublessee underpaid Sublessor's percentage of the Transfer Premium, Sublessee, within twenty (20) days following receipt of written demand, will pay the deficiency and Sublessor's costs of such audit. If the deficiency is greater than five percent (5%), Sublessor may terminate this Sublease as to the transferred Subleased Premises. If the audit establishes that Sublessee overpaid Sublessor's percentage of the Transfer Premium, Sublessor, within twenty (20) days following receipt of written demand by Sublessee, will reimburse Sublessee the amount of the overage.
- F. This provision does not apply to:
  - (1) Any Transfer between Affiliates,
  - (2) Payments made by a transferee for Sublessee's customer deposits, or
  - (3) Sublessee's furniture, fixtures, and equipment.

#### 10.6 **Transfer of Landlord's Interest.**

- A. Sublessee acknowledges and agrees that Landlord may transfer all or a part of its interest in the Store, the Common Areas, or the Subleased Premises to a parent, subsidiary, or affiliated corporation of Landlord without prior consent or notice to Sublessee.

- B. If Sublessor transfers its interest as to the Subleased Premises and the transferee assumes all of Sublessor's future obligations under this Sublease, Sublessee acknowledges and agrees that Sublessor will be released from any further obligations under this Sublease as to the transferred interest from and after the date of such transfer. Sublessee agrees to look solely to Sublessor's transferee for performance of obligations thereafter arising under this Sublease. Sublessor will transfer to the transferee any Security given by Sublessee according to Article IV (Rent Security & Taxes), Section 4.8 (Security Deposit), and Sublessor will be discharged from any further obligation relating to the Security.
- 10.7 **Subordination.** Landlord may elect that this Sublease, as to a particular Subleased Premises, be subordinate to or paramount to the lien of any mortgage. Landlord's right to elect is self-operative, and no further instrument will be required. If Landlord requests, Sublessee will do one or both of the following:
- A. Confirm in writing and in a recordable form that this Sublease, as to a particular Subleased Premises, is subordinate to or paramount to (as Sublessor elects) the lien of any mortgage; and
- B. Execute an instrument making this Sublease, as to the particular Subleased Premises, subordinate or paramount (as Landlord may elect) to the lien of any mortgage, in a form as may be required by any applicable mortgagee.
- 10.8 **Attornment.** Sublessee may not disaffirm any of its obligations under this Sublease if Landlord or Sublessor transfers its interest in a particular Subleased Premises to a successor. Landlord or Sublessor's successor and Sublessee will attorn to and be bound by the terms, covenants, and conditions of this Sublease as to the affected Subleased Premises for the balance of the Lease Term.
- 10.9 **Non-Disturbance.** Notwithstanding anything in this Article X to the contrary, provided Sublessee is not in default under this Sublease following any applicable notice and cure period, Sublessor shall not disturb Sublessee's occupancy of the Subleased Premises. In addition, Sublessor shall use commercially reasonable efforts to obtain non-disturbance agreements from any future mortgagees of Sublessor.

**ARTICLE XI**  
**CASUALTY**

- 11.1 **Fire or Other Casualty.** Sublessee shall promptly notify Sublessor, in writing, of any damage caused to a Subleased Premises by casualty.
- 11.2 **Election to Rebuild.**
- A. Landlord or Sublessor may elect to repair and restore structural damage to a Subleased Premises damaged by casualty and Sublessor shall notify Sublessee of its election in writing within forty-five (45) days after Sublessor receives notice of the casualty damage.
  - B. If Landlord or Sublessor does not elect to repair and restore structural damage to a Subleased Premises damaged by casualty, this Sublease as to the applicable Subleased Premises will terminate.
  - C. If Landlord or Sublessor elects to repair the structural damage to a Subleased Premises damaged by casualty, Sublessor, after notifying Sublessee of the election, will diligently undertake the appropriate measures necessary to complete the repairs to the applicable Subleased Premises in a commercially reasonable amount of time. Sublessor will return the applicable Subleased Premises to Sublessee in substantially the same condition the applicable Subleased Premises was in on the Delivery Date. Sublessee will then complete the build out of the applicable Subleased Premises with commercially reasonable diligence and return the applicable Subleased Premises to substantially the same condition the applicable Subleased Premises was in immediately prior to the casualty.
- 11.3 **Rent Abatement.** If Landlord or Sublessor elects to repair the structural damage to a Subleased Premises damaged by casualty, Sublessor may abate Rent due on the applicable Subleased Premises to the extent that the:
- A. Applicable Subleased Premises is closed for repair, or
  - B. Sublessee's operations within the Subleased Premises are impaired by the structural damage and subsequent repairs.

**ARTICLE XII**  
**CONDEMNATION & EMINENT DOMAIN**

- 12.1 **Total or Substantial Taking.** If a Taking of a Subleased Premises, or a Store in which exists a Subleased Premises, occurs, this Sublease will terminate automatically as of the date of the Taking. For purposes of this Sublease, "Taking" means any government action that deprives, directly interferes with, or substantially disturbs the use and enjoyment of the Subleased Premises, any of which may occur because of either the exercise of the power of eminent domain or condemnation or resulting from a purchase in lieu thereof.
- 12.2 **Partial Taking.** If a Taking of only a portion of the Subleased Premises, or of a Store in which exists a Subleased Premises, occurs, Sublessor may either:
- A. Terminate this Sublease, without liability; or
  - B. Reduce the Base Rent in proportion to the area of the Subleased Premises affected by the Taking until such time that portion of the Store or the Subleased Premises is restored.
- 12.3 **Temporary Use.** If a Taking of the Subleased Premises occurs for temporary use, this Sublease will continue in full force and effect as to the applicable Subleased Premises. Sublessee will continue to comply with its obligations under this Sublease, and any appendix, amendment, or attachment hereto; to the extent, compliance is possible because of the Taking for temporary use. If, during the temporary Taking, Sublessee is unable, based on a commercially reasonable standard, to operate its business from the Subleased Premises such that Sublessee reasonably is unable to open the Subleased Premises for business, Sublessor will reduce Sublessee's Rent in proportion with the number of days the Subleased Premises is closed during the temporary Taking.
- 12.4 **Compensation.** Except as provided below, any compensation, arising out of the Taking of a Subleased Premises belongs to and is the property of Sublessor without any participation by Sublessee. Sublessee hereby assigns to Sublessor any share of any compensation arising out of the Taking of a Subleased Premises that may be awarded to Sublessee and waives any rights it may have with respect to the loss of its leasehold estate; provided, however, that Sublessee shall have the right to any compensation award relating specifically to the Improvements or Trade Fixtures installed by Sublessee.

**ARTICLE XIII**  
**INDEMNITY AND LIABILITY**

13.1 **Definitions.** For the purposes of this Sublease:

- A. "Claim" means any action, cause of action, claim, or any other assertion of a legal right; damages including, but not limited to, consequential, future, incidental, liquidated, special, and punitive damages; diminution in value; fines; judgments; liabilities; losses including, but not limited to, economic loss and lost profits; and regulatory actions, sanctions, or settlement payments.
- B. "Indemnitee" means:
  - (1) Landlord, its subsidiaries, affiliates, officers, directors, employees, and agents,
  - (2) Any lessor of Landlord or other party to an agreement with Landlord related to Landlord's purchase, lease, or use of the Store or the underlying land, which Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises; and
  - (3) Sublessor, its subsidiaries, affiliates, officers, directors, employees, and agents.
- C. "Indemnified Claim" means a Claim for which Sublessee is obligated to indemnify, defend, and hold harmless the Indemnitees.

13.2 **Indemnification.** Sublessee shall indemnify, defend, and hold harmless the Indemnitees against any Claim, even if the Claim is groundless, fraudulent, false, or raised or asserted by a third party, including a government entity, in connection with or resulting from:

- A. Any actual or alleged breach of this Agreement by Sublessee, or any of its agents, employees, or representatives;
- B. Any actual or alleged negligence or willful misconduct by Sublessee, or its respective agents, employees, representatives, subcontractors, or customers, at or related to the Subleased Premises;

- C. An investigation of the Indemnitees concerning the alleged improper management, handling, storage, disposal, or transportation of Hazardous Substances, any of which Sublessee is responsible for under this Agreement and the actual or alleged improper use, handling, management, storage, transportation, and disposal of Hazardous Substances by Sublessee, or any of its agents, employees, or representatives;
- D. Any Data Incident; and
- E. Indemnitees' actual or alleged passive negligence, secondary liability, vicarious liability, strict liability, or breach of a statutory or non-delegable duty, related, directly or indirectly, to any matter covered under this Agreement.

13.3 **Scope of Indemnity**. Sublessee's obligations under this Article XIII:

- A. Are independent of, and not limited by, any of Sublessee's obligations under Article XIV (Insurance) below, even if damages or benefits are payable under worker's compensation or other statutes or if Sublessee breaches its obligations under Article XIV (Insurance) below.
- B. Survive the termination or expiration of this Agreement until applicable law fully and finally bars all Claims against Sublessee. ALL OBLIGATIONS UNDER THIS SECTION WILL BE ENFORCED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW FOR THE BENEFIT OF THE INDEMNITEES. In the event that applicable law affects the validity or enforceability of this Section, that applicable law will operate to amend this Section to the minimum extent necessary to bring the provisions of this Section into conformity with the applicable law. This Section, as modified, will continue in full force and effect.
- C. Applies unless and until a final judicial decision, from which there is no further right to appeal, determined that the Indemnitees are not entitled to be indemnified, defended, and held harmless under this Agreement.

13.4 **Defense of Claim.**

- A. On receiving notice, from whatever source, of the Indemnified Claim, Sublessee shall:
- (1) Promptly notify Landlord and Sublessor of the assertion, filing, or service of any Indemnified Claim of which Sublessee becomes aware; and
  - (2) Immediately take all appropriate actions necessary to protect and defend the Indemnitees regarding the Indemnified Claim.
- B. Sublessee shall cause the counsel selected by the Indemnitees to defend the Indemnitees with respect to the Indemnified Claim at Sublessee's sole cost and expense, and to acknowledge receipt of, to accept, and to represent Indemnitees' interest regarding the Indemnified Claim in accordance with "Wal-Mart's Indemnity Counsel Guidelines."
- C. If, in its sole discretion, the Indemnitees determine that a conflict of interest exists between the Indemnitees and the indemnifying counsel or that the indemnifying counsel is not pursuing a defense for the Indemnitees that is in the Indemnitees' best interests, the Indemnitees may request Sublessee replace the indemnifying counsel.
- (1) Sublessee shall not unreasonably withhold its consent to replace the indemnifying counsel and will replace the indemnifying counsel timely or cause the indemnifying counsel to be replaced timely.
  - (2) If Sublessee unreasonably withholds consent or the indemnifying counsel is not timely replaced after the Indemnitees requested, the Indemnitees may replace the indemnifying counsel, and Sublessee will reimburse the Indemnitees any costs incurred by the Indemnitees in replacing the counsel.

13.5 **Waiver.** Sublessee waives any right, at law or in equity, to indemnity or contribution from the Indemnitees.

13.6 **Non-Liability of Landlord and Sublessor.**

- A. Landlord and Sublessor will not be liable to Sublessee or its agents, employees, representatives, or customers and Sublessee will not be liable to Landlord, for any Claim relating to the negligence or willful

misconduct of any of Landlord's customers, invitees, or other lessees or sublessees or any customers or invitees of Landlord's other lessees and sublessees.

B. Except to the extent that any of the following result from Landlord's or Sublessor's gross negligence or willful misconduct, Landlord and Sublessor will not be liable to Sublessee for any Claim relating to the condition of the Store, the Common Areas, or the Subleased Premises in connection with disrepair or defect in any:

- (1) Structural element of the Subleased Premises;
- (2) Trade Fixtures, Improvements, wiring, or any of Sublessee's installations;
- (3) Backup of drains constructed or installed by Sublessee; or
- (4) Gas, water, steam, electricity, grease, or oil, leaking, escaping, or flowing, from any equipment, pipes, drains, wiring, Trade Fixtures, or Improvements installed or maintained by Sublessee.

13.7 **Guaranty**. If Sublessee is a corporation, partnership or limited liability company, or if any successor to or assignee of Sublessee is a partnership or limited liability company, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Attachment C.

13.8 **Breach of Article XIII**. Any failure by Sublessor to comply with this Article XIII is a material breach of this Sublease, which does not relieve Sublessor of its obligations under this Article XIII.

#### **ARTICLE XIV** **INSURANCE**

14.1 **Insurance Required**. Sublessee shall procure and maintain, at Sublessee's own expense, the insurance policies described in the attached Appendix 2. All insurance policies required by this Sublease must be obtained from an insurance company with a rating of A+ or better and a financial Size Category rating of VII or better as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies ("Insurer"), unless self-insured as discussed in Section 14.3 below.

## 14.2 Requirements.

- A. Sublessee bears the responsibility of insuring for fire and all risks, including risk of flood, earthquake, and terrorism, associated with the merchandise, Trade Fixtures, and Improvements related to the operation of the Subleased Premises. At no time is Landlord liable for any Damage or Injury to Sublessee's business property, Improvements, betterments, or Trade Fixtures or other property of Sublessee within any of the Subleased Premises due to fire or any other risk covered under a Causes of Loss – Special Form Insurance Policy or due to flood, earthquake, or terrorism.
- B. Sublessee shall submit to Landlord and Sublessor a Certificate of Insurance for each insurance policy required under this Article XIV and the attached Appendix 2 naming "Wal-Mart Stores, Inc., Attn: Asset Management, 2001 S.E. 10<sup>th</sup> Street, Bentonville, AR 72716-5525" as the Certificate Holder. Additionally, each Certificate of Insurance must:
- (1) Be submitted to Landlord at the address provided in the preceding sentence;
  - (2) Show the name and address of the Insurer;
  - (3) Show the policy number and date(s) of coverage for each policy procured by Sublessee in satisfaction of its obligations under this Sublease;
  - (4) Include the name, address, telephone number, and signature of the authorized person providing the Certificate of Insurance;
  - (5) Verify the insurance coverage required in this Article XIV and Appendix 2;
  - (6) Where permitted by law, list as Additional Insureds Wal-Mart Stores, Inc., its Subsidiaries and its Affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party that Landlord has a contractual obligation to indemnify in relation to Sublessee's use of the applicable Subleased Premises;
  - (7) Verify that Insurer waives subrogation in favor of Landlord and Landlord's affiliates and subsidiaries;

- (8) Verify the insurance policies are primary, non-contributory, and not in excess of any insurance the Additional Insured has available to it; and
- (9) Where permitted by law, provide coverage for punitive damages.

14.3 **[Reserved.]**

14.4 **Mutual Waiver of Subrogation.** Sublessor and Sublessee each hereby release the other from all liability or responsibility to the other or to any other party claiming through or under them by way of subrogation or otherwise or for any loss or damage to property caused by casualty that is customarily insured under a Causes of Loss – Special Form insurance policy or that is due to flood, earthquake, or terrorism. This mutual waiver applies only to Damage or Injury to Sublessee’s business property, Improvements, betterments, or Trade Fixtures within any of the Subleased Premises occurring during the time when Sublessee’s business property, Improvements, betterments, or Trade Fixtures within any of the Subleased Premises are covered under a Causes of Loss – Special Form insurance policy or are due to flood, earthquake, or terrorism for which Sublessee has insurance coverage.

14.5 **Breach.** Failure to procure and maintain the insurance required under this Article XIV and the attached Appendix 2 constitutes a material breach of this Sublease. Sublessee shall indemnify, defend, and hold harmless the Indemnatee against Indemnified Claim that the required insurance would have covered but for Sublessee’s breach.

14.6 **Insurance Obligation is in Addition to Other Obligations.** Sublessee’s obligations under this Article XIV and the attached Appendix-2 are in addition to, not in lieu of, Sublessee’s other obligations, including Sublessee’s obligations under Article XIII (Indemnity and Liability), to Sublessor and Landlord under this Sublease.

**ARTICLE XV**  
**CONFIDENTIALITY**

- 15.1 The terms and provisions of this Sublease affect present and future negotiations Sublessor or Sublessee may have with another party. As such, Sublessor and Sublessee, and the agents, employees, representatives, and Sublessee of each, shall each keep the same confidential, disclosing only such information as is required by law or by mutual, written agreement between Sublessor and Sublessee.
- 15.2 Neither Sublessor nor Sublessee shall disclose any information that the other may mark as confidential or proprietary including, but not limited to, lists of available rental space and marketing plans, schedules, sales figures, sales projections, financial statements or other financial information that Sublessor or Sublessee may make available or known to the other party, disclosing only such information as is required by law or by mutual, written agreement between Sublessor and Sublessee.
- 15.3 Failure to comply with this Article XV is a material breach of this Sublease.

**ARTICLE XVI**  
**COVENANT OF QUIET ENJOYMENT**

- 16.1 Sublessor covenants that Sublessee peaceably and quietly may enjoy the Subleased Premises in accordance with, and subject to, the terms of this Sublease and without any interruption or disturbance from Sublessor, provided Sublessee:
- A. Pays Rent and all other charges provided for in this Sublease and any appendix, amendment, or attachment hereto,
  - B. Performs all of its obligations provided for under this Sublease, and
  - C. Observes all of the other provisions of this Sublease.

**ARTICLE XVII**  
**DEFAULT, TERMINATION, SURRENDER, SUBLESSEE'S LIABILITY,**  
**RIGHT OF REENTRY, SUBLESSEE'S WAIVERS, SUBLESSOR'S RIGHT TO**  
**PERFORM, CUMULATIVE RIGHTS**

17.1 **Default.** Each of the following events constitutes a Default of this Sublease:

- A. Sublessee files for Insolvency or is adjudicated Insolvent. For the purposes of this Sublease, "Insolvency" means any petition filed by Sublessee in bankruptcy, for reorganization or arrangement, or for appointment of a receiver or trustee; Sublessee acquiescing to a petition for bankruptcy, reorganization, arrangement, or the appointment of a receiver or trustee by a creditor; or any assignment by Sublessee for the benefit of a creditor.
- B. A petition for Insolvency is filed against Sublessee, to which Sublessee does not acquiesce, and that, within sixty (60) days following the filing, is not dismissed, discontinued, or vacated.
- C. Sublessee's interest in this Sublease, in its entirety or as to a particular Subleased Premises is assigned by operation of law, except to the extent permitted under Article X (Transfer of Interest, Subordination and Attornment) hereof.
- D. Sublessee fails to pay any installment of Rent or any other charge, to which Sublessee is obligated by this Sublease to pay when due and payable, and the failure to pay continues for more than ten (10) days after the date due and such failure occurs more than two (2) times in any twelve (12) month period.
- E. Sublessee breaches any material obligation or covenant under this Sublease.
- F. Sublessee breaches any non-material obligation or covenant under this Sublease more than two (2) times in any twelve (12) month period, and each breach remains uncured thirty (30) days after Sublessee receives written or verbal notice of the breach from Sublessor.
- G. After the Rent Commencement Date, Sublessee fails to open the applicable Subleased Premises according to the Hours of Operation designated in Attachment A more than two (2) times in any twelve (12) month period

without Sublessor's prior, written approval or as otherwise allowed under this Sublease.

- 17.2 **Termination for Default.** Sublessor may terminate this Sublease, in its entirety or as to a particular Subleased Premises, without any liability, if Sublessee Defaults, as defined in Section 17.1 above, or elsewhere in this Sublease, upon seven (7) days prior written notice to Sublessee. However, Sublessor may wait to terminate this Sublease, in its entirety or as to a particular Subleased Premises, until after it re-lets the Subleased Premises in accordance with this Article, and in such event Sublessee shall pay Sublessor all sums due Sublessor under this Sublease up through the date of such termination.
- 17.3 **Condition Upon Surrender at Termination or Expiration.** See Attachment A for the Subleased Premises.
- 17.4 **Landlord's Right of Reentry.** If Sublessee fails to surrender the Subleased Premises in accordance with this Article, Landlord, or Sublessor (as applicable) and their agents, employees, or representatives, without prejudice to any right or remedy available to Landlord under the Master Lease or Sublessor under this Sublease, at law, or in equity and subject to applicable law, may:
- A. Re-enter and repossess the Subleased Premises and do one or more of the following:
- (1) Dispose of any property, Trade Fixtures, or Improvements remaining therein.
  - (2) Re-let the Subleased Premises, and if Sublessor re-lets the Subleased Premises for Rent and other charges equal to or greater than the Rent and other charges for which Sublessee remains liable, Sublessee will be released from further liability under this Sublease.
  - (3) Use all or a portion of the Subleased Premises, in which case the fair market value of the Subleased Premises, or the portion of that Subleased Premises used, will be used in calculating Sublessee's liability described in Section 17.5 below. If the fair market value equals or is greater than the Rent and other charges for which Sublessee remains liable, Sublessee will be released from further liability under this Sublease.
  - (4) Demand full and final settlement, whereupon Sublessee shall pay Sublessor the present value of the total of all future Rent that would

come due under this Sublease but for the termination of this Sublease, plus other charges that may apply under this Sublease, less the fair market value of the particular Subleased Premises. Present value will be calculated at eight percent (8%).

- B. Continue this Sublease in full force and continue to look to Sublessee to perform all Sublessee's obligations under this Sublease, but Sublessor may pursue Sublessee for damages incurred or equitable relief or both.

17.5 **Survival of Sublessee's Liability.** Upon termination of this Sublease, in its entirety or as to the Subleased Premises and without prejudice to any right or remedy available to Sublessor under this Sublease, at law, or in equity and subject to applicable law, Sublessee shall remain liable for

- A. Unpaid Rent and other charges;
- B. Damages for its failure to perform other obligations;
- C. Expenses Sublessor incurs in the course of evicting Sublessee and re-entering the Subleased Premises, including reasonable attorney's fees and court costs; and
- D. Unless Sublessee surrenders the Subleased Premises in accordance with this Article, any cost incurred by Sublessor in returning the Subleased Premises to the same condition in which Sublessee received the Subleased Premises on the Delivery Date, less any revenue received by Sublessor by re-letting the Subleased Premises, less any claim Sublessor successfully makes against the Security required pursuant to Article IV (Rent, Security & Taxes) Section 4.8 above.

17.6 **Sublessee's Waivers.** Sublessor and Sublessee waive any right to trial by jury on all issues in all litigation between Sublessor and Sublessee arising from or relating to this Sublease, and Sublessee, additionally, waives any:

- A. Right to withhold or reduce Sublessee's required payments of Rent and other charges for which Sublessee is obligated under this Sublease;
- B. Statutory requirements of prior, written notice before filing for eviction or for any damages suit for non-payment of Rent;

- C. Claim for damages against Sublessor resulting from Sublessor's re-entry, except for damages arising from Sublessor's gross negligence or willful misconduct;
- D. Rights to bring any counterclaim, proceeding, or other cause of action in relation to dispossession, other than compulsory counterclaims; and
- E. To the extent legally permissible, for itself and all persons claiming by, through, or under it, any right of redemption or for the restoration of the operation of this Sublease under any present or future law in case Sublessee is dispossessed for any cause or in case Sublessor obtains possession of the Subleased Premises as herein provided.

**17.7 Sublessor's Right to Perform for Account of Sublessee.**

- A. If Sublessee Defaults under this Sublease, Sublessor may cure the Default at any time for the account of and at the expense of Sublessee, and Sublessee will reimburse Sublessor for any amount, including reasonable attorney's fees and interest, expended in connection therewith.
- B. If either party seeks enforcement of this Sublease by litigation and prevails, the non-prevailing party will reimburse the prevailing party for its reasonable attorneys' fees and disbursements reasonably incurred in connection with the litigation.
- C. In addition to all other obligations under this Sublease, Sublessee shall pay interest to Sublessor, at the maximum lawful rate, on the amount specified in Sections 17.7.A and 17.7.B above, from the date Sublessor incurs the expense until the day reimbursed.

**17.8 Cumulative Rights.**

- A. Sublessor's and Sublessee's rights and remedies set forth in this Sublease are cumulative and in addition to any other right and remedy now and hereafter available to Sublessor or Sublessee by this Sublease, at law or in equity. Either party may exercise its rights and remedies at any time, in any order, to any extent, or as often as such party deems advisable.
- B. A single or partial exercise of a right or remedy will not preclude a further exercise of that or another right or remedy.

- C. No action, inaction, delay, or omission by either party in exercising a right or remedy exhausts or impairs the same or constitutes a waiver of, or acquiescence to, a breach of this Sublease or Default.
- D. If either party waives a breach of this Sublease or a Default, that waiver does not extend to or affect any other breach of this Sublease or any other Default, nor will it impair any right or remedy with respect thereto.
- E. Acceptance by Sublessor of Rent after Sublessor notifies Sublessee of termination does not waive Sublessor's right to terminate or pursue any other right and remedy available to Sublessor under this Sublease, at law, or in equity.

17.9 **Sublessor's Default.**

- A. Sublessor's failure to perform any of its obligations under this Sublease may constitute a default of this Sublease, in its entirety or as to the particular Subleased Premises affected by Sublessor's failure to perform, if Sublessee notifies Sublessor, in writing, of Sublessor's failure to perform, and Sublessor fails to cure the failure to perform within at least thirty (30) days after Sublessor receives Sublessee's notice, or such longer period of time as may reasonably be necessary to cure the type of alleged breach under the circumstances, provided that Sublessor commences to cure within the initial thirty (30) day period and thereafter diligently pursues completion of such cure. Notice required under this Section must include a description of the particular facts and circumstances alleged giving rise to the alleged breach and the date of commencement of the alleged breach.
- B. If Sublessor defaults on this Sublease, Sublessee, in addition to any other rights or remedies to which it is entitled at law or in equity, may:
  - (1) Treat this Sublease as still in full force and effect continuing to look to Sublessor to perform its obligations under this Sublease but seek damages or equitable relief, or both; or
  - (2) Terminate this Sublease, in its entirety or as to the Subleased Premises, with thirty (30) days' written notice stating the date on which Sublessee will vacate the Subleased Premises. If Sublessee fails to timely vacate the Subleased Premises, Sublessee's notice of termination will be deemed void; the Sublease, in its entirety or as

to the Subleased Premises, will continue in full force and effect and Sublessor will be deemed to have cured any alleged breach.

- C. Regardless of which remedy Sublessee pursues, **SUBLESSOR'S LIABILITY FOR DEFAULT UNDER THIS SUBLEASE, AT LAW OR IN EQUITY, WILL NOT EXCEED AN AMOUNT EQUAL TO ONE (1) YEAR'S RENT PAID BY SUBLESSEE FOR THE LOCATION IN WHICH SUBLESSOR WAS FOUND IN DEFAULT.**

- 17.10 **Force Majeure.** If a force majeure occurs, the time that the force majeure delays performance by either Sublessor or Sublessee will be excluded from the computation of time within which Sublessor, Sublessee, or both, must perform under this Sublease. For purposes of this Sublease, a force majeure is a strike, riot, act of God, shortage of material, war, governmental law, regulation, or restriction, or any other cause of any kind that is beyond the reasonable control of the party owing performance.

#### **ARTICLE XVIII** **HOLDING OVER & ESTOPPEL CERTIFICATES**

- 18.1 **Holding Over.** If Sublessee remains in possession of the Subleased Premises after the expiration of the Lease Term without a new Attachment A or Sublease executed by Sublessor and Sublessee, Sublessee will be a "Holdover Tenant." As a Holdover Tenant, Sublessee will occupy the Subleased Premises on a month-to-month basis with a monthly rental rate equal to the Rent and other charges applicable at the time of the expiration of the Sublease plus fifty percent (50%) of the sum of such amounts. Further, Sublessee will be subject to all conditions, provisions, and obligations of this Sublease as far as the same are applicable to a month-to-month tenancy.
- 18.2 **Estoppel Certificates.** Sublessee, within ten (10) days of Sublessor's request, shall deliver to Sublessor an executed, written statement addressed to the party designated in Sublessor's request and identifying Sublessee and this Sublease and certifying and confirming, in addition to any information or confirmation Sublessor may reasonably require, the following:
- A. That this Sublease is either unmodified since its execution and in full force and effect, or modified since its execution but still in full force and effect as modified;

- B. That Sublessor either is not in default of any of its obligations under this Sublease or is in default, specifying the default;
  - C. Sublessee's obligations and restrictions concerning subordination and attornment; and
  - D. The Lease Term, Rent Commencement Date, and Expiration Date as to the Subleased Premises for which the estoppel certificate applies.
- 18.3 **Agent-in-Fact.** Sublessee's failure to provide an estoppel certificate materially complying with Section 18.2 above is a material breach of this Sublease through which, in addition to any other right or remedy Sublessor may have under this Sublease, at law, or in equity, *Sublessor is hereby irrevocably appointed and authorized as the agent and attorney-in-fact of Sublessee to execute and deliver any such written statement on Sublessee's behalf if Sublessee fails to do so within seven (7) days after receiving a written request from Sublessor.*

**ARTICLE XIX**  
**INTERPRETATION, NOTICES & MISCELLANEOUS**

- 19.1 **Severability.** If a court of proper jurisdiction determines that any provision of this Sublease, or any application of the provision, is invalid or unenforceable, the remainder of this Sublease, or the applications of the provision that are not invalid or unenforceable, will remain in full force and effect to the fullest extent permitted by law.
- 19.2 **Captions.** The captions and headings used throughout this Sublease are for convenience of reference only and do not affect the interpretation of this Sublease.
- 19.3 **Merger.** This Sublease, together with any Attachment A, exhibit, addendum, amendment, or any other document attached to and incorporated into this Sublease, constitutes the entire agreement between Sublessor and Sublessee, a complete allocation of risks between them, and a complete and exclusive statement of the terms and conditions of this Sublease. This Sublease is merged into by and supersedes all prior written or oral agreements, leases, licenses, negotiations, dealings, and understandings, unless specifically provided otherwise in Appendix 1. Except for changes to the Delivery Window and Delivery Date designated in Attachment A, no amendment or other modification of this Sublease will be valid or binding on either Sublessor or Sublessee unless it is reduced to writing and signed by both Sublessor and Sublessee.

- 19.4 **Survival**. The following provisions of this Sublease survive the termination, for whatever reason, of this Sublease: Article XIII (Indemnity and Liability), Article XIV (Insurance), Article XV (Confidentiality), Article XVII (Default, Termination, Surrender & Sublessee's Liability), Article II (Construction and Acceptance of the Subleased Premises) Section 2.4, Article XVIII (Holding Over & Estoppels Certificate) Section 18.1, and Appendix 2.
- 19.5 **Third Party Beneficiaries**. Nothing in this Sublease confers, or intends to confer, any rights upon any person or entity not a party to this Sublease, except for the Indemnitees identified in Article XIII (Indemnity and Liability) Section 13.1.B above, and except for Landlord's rights under the Master Lease or as otherwise specified herein.
- 19.6 **Benefit & Binding Effect**. The terms, provisions, and covenants contained in this Sublease apply to, inure to the benefit of, and are binding on Sublessor and Sublessee and their respective heirs, successors, and assignees.
- 19.7 **Fiduciary Relationship**. This Sublease does not create a fiduciary relationship between Sublessor and Sublessee. Any expenditures, investments, or commitments either party makes in reliance on any present or future business or lease with the other party is done at such party's own risk and without any obligation whatsoever from the other party.
- 19.8 **Sublessor/Sublessee Disputes**. Any disputes solely between Sublessor and Sublessee not involving Landlord shall be governed by the dispute resolution terms of the Franchise Agreement between the parties. If Landlord is a party to any dispute hereunder, the dispute shall be governed by the governing law and jurisdiction and venue provisions of this Sublease as set forth in Sections 19.11 and 19.12 below.
- 19.9 **Independent Contractors**. Nothing contained in this Sublease creates a partnership, joint venture, principal/agent relationship, or any other relationship other than that of landlord/tenant between Sublessor and Sublessee.
- 19.10 **Notice**. Any notice required by this Sublease must be in writing and delivered either by hand; by commercial courier; or by placing notice in the U.S. mail, certified mail, return receipt requested, properly addressed and with sufficient postage.
- A. Notice is deemed received on:
- (1) Delivery if by hand;

- (2) One (1) business day (Monday through Friday) after deposit with a commercial courier, provided deposit is done timely so as to effect next business day delivery, if by commercial courier; or
  - (3) Three (3) business days after placing the notice in the U.S. mail, properly addressed and with sufficient postage for certified mail, return receipt requested.
- B. Notice intended for Sublessee must be sent to the address provided in Appendix 1.
- C. Notice intended for Sublessor must be sent to Jake's Franchising, LLC, 716 South Main Street, Cheshire, CT 06410, Attn: Mr. John Eucalitto.
- D. Notice intended for Landlord must be sent to: Wal-Mart Stores, Inc., Asset Management, 2001 SE 10<sup>th</sup> Street, Bentonville, AR 72716-5525, with a copy to: Wal-Mart Stores, Inc., Wal-Mart Stores Division – Legal, Office of the General Counsel, 702 SW 8<sup>th</sup> Street, Bentonville, AR 72716-0185. Any notices required pursuant to Article VIII (Compliance with Law & Other Requirements), Section 8.2.F must be sent to the addresses provided in that Section.

19.11 **Governing Law.** Except as otherwise provided in Section 19.8 hereof, this Sublease, and any property or tort disputes between Sublessor and Sublessee, will be construed and enforced in accordance with the laws of the State of Arkansas, without regard to the internal law of Arkansas regarding conflicts of law. Neither Sublessor nor Sublessee may raise in connection therewith, and hereby waive, any defenses based on venue, inconvenience of forum, or lack of personal jurisdiction, in any action or suit brought in accordance with the foregoing.

19.12 **Jurisdiction and Venue.** Except as otherwise provided in Section 19.8 hereof, for any suit, action, or legal proceeding, arising from this Sublease or from any property or tort dispute between Sublessor and Sublessee, Sublessor and Sublessee consent and submit to the exclusive jurisdiction and venue of the state courts of Arkansas situated in Benton County, Arkansas or the federal courts situated in the Western District of Arkansas. **Sublessor and Sublessee acknowledge that they have read and understand this clause and willingly agree to its terms.**

19.13 **Attorney's Fees.** Except as otherwise provided in this Sublease, if either party commences an action in a court of law against the other party to enforce the terms of this Sublease, to declare rights under this Sublease, or for any other

reason related to this Sublease, each party will pay its own attorney's fees and costs incurred as a result of that action.

19.14 **Broker's Fees.** Sublessee represents and warrants that it has not consulted or negotiated with any broker or finder with regard to the Subleased Premises. Sublessee covenants and agrees to indemnify and hold harmless Sublessor from any claims for fees or commissions from anyone with whom Sublessee has consulted or negotiated with regard to the Subleased Premises.

19.15 **Counterparts.** This Sublease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. This Sublease may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

IN WITNESS WHEREOF, the parties hereto have duly executed this Sublease in duplicate on the date first above written.

**SUBLESSEE:**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name:

\_\_\_\_\_

Title: \_\_\_\_\_

**SUBLESSOR: JAKE'S FRANCHISING,  
LLC**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name:

\_\_\_\_\_

Title: \_\_\_\_\_

## **ATTACHMENT A**

**Jakes Franchising, LLC** (“Sublessor”) and \_\_\_\_\_ (“Sublessee”) entered into a Sublease Agreement effective \_\_\_\_\_, 20\_\_ (“Sublease”) and now desire to lease the below-described Subleased Premises subject to the terms and conditions of the Sublease, to which this Attachment A attaches and incorporates into upon full execution of this Attachment A by Sublessor and Sublessee (the “Effective Date”). All capitalized terms used in this Attachment A have the meanings set forth in the Sublease unless otherwise specifically stated in this Attachment A.

### **Article I SUBLEASED PREMISES**

The Subleased Premises consists of approximately \_\_\_\_\_ square feet of floor space in the Store commonly referred to as Wal-Mart #\_\_\_\_\_, in the city of \_\_\_\_\_, state of \_\_\_\_\_. The Subleased Premises is further depicted on Attachment A-1, attached hereto.

### **Article II DELIVERY WINDOW**

The Delivery Window is between \_\_\_\_\_, 20\_\_ and \_\_\_\_\_, 20\_\_. This Subleased Premises will be delivered to Sublessee in “As-Is” condition.

### **Article III LEASE TERM, EXTENSION, EXPIRATION AND SURRENDER**

1. Lease Term. The Lease Term for the Subleased Premises shall expire and this Attachment A shall terminate on the fifth (5th) anniversary of the Rent Commencement Date, subject to any extension as described below.
2. Extension Option. Sublessee and Sublessor shall have the option (the “Extension Option”), subject to Sublessor’s consent (which may be withheld in Sublessor’s sole discretion), to extend the Lease Term as to the Subleased Premises for one (1) additional three (3) year period (each, an “Extension Term”), subject to the terms and conditions of the Master Lease, Sublease, and this Attachment A.
3. Notice to Sublessor. Sublessee, at least two hundred forty (240) days prior to the Expiration Date, shall notify Sublessor of its desire to exercise an Extension Option. Such notice must be in writing and Sublessee may not be in Default at the time of such notice or as of the date of the commencement of the Extension Term. In order to be effective, any Extension Term must be consented to by Sublessor and Landlord (as determined in their sole discretion) and evidenced by the signing of a new Attachment A for the Subleased Premises. Any new Attachment A for which an Extension Term is entered into supersedes and replaces any previous Attachment A for the Subleased Premises that Sublessor and Sublessee entered into. Any period for which an Extension Option is not exercised by Sublessee shall be forfeited.

4. Condition Upon Surrender or Termination. Upon the expiration or earlier termination of the Sublease for the Subleased Premises, for whatever reason, Sublessee shall immediately remove all property and the Trade Fixtures from the Subleased Premises. Additionally, Sublessee shall surrender and quit the Subleased Premises, and shall either:
- a. Return the Subleased Premises to a “White Box” condition; or
  - b. In lieu of returning the Subleased Premises to “White Box” condition pay Sublessor the sum of eighteen thousand dollars and 00/100 (\$18,000.00). Said fee shall increase at four percent (4%) per annum from the Rent Commencement Date.
5. Sublessor Buyout Provision. Sublessor may, without cause, terminate this Attachment A, with prior, written notice effective seventy-five (75) days after Sublessee receives such written notice. In the event such termination occurs during the Lease Term, and provided that Sublessee has made improvements during the applicable Lease Term, Sublessor shall reimburse Sublessee for the unamortized portion of the cost of Sublessee’s Improvements to the applicable Subleased Premises, calculated on a straight line depreciation basis over said Lease Term. Proof of such costs shall be provided within fifteen (15) days upon written request by Sublessor. In addition to the unamortized Improvement reimbursement, as consideration for this termination, Sublessor shall pay to Sublessee an additional fee in an amount equal to ten percent (10%) of the unamortized Improvement costs described above. In the event Sublessee has no unamortized Improvement costs, or if the unamortized Improvement costs are less than three months’ Rent, Sublessor shall pay Sublessee an amount equal to three months’ Rent for the buyout right described herein. It is expressly understood and agreed by the parties that the amount specified by the parties is reasonable and Sublessor shall not be liable for any other cost or expense of Sublessee ceasing operations in the applicable Subleased Premises.

#### **Article IV**

#### **RENT COMMENCEMENT DATE, RENT, SECURITY DEPOSIT, OTHER**

1. Rent Commencement Date. The Rent Commencement Date is \_\_\_\_\_, 20\_\_, or the first day Sublessee is open for business, whichever is earlier.
2. Base Rent. There shall be no Base Rent for the Subleased Premises.
3. Percentage Rent. Sublessee shall pay Sublessor weekly, in accordance with the Master Lease and Sublease, a percentage rent based on Sublessee’s weekly Gross Sales, as defined below, according to the following schedule. Percentage Rent is due on or before Thursday of each week for the week ending on the preceding Sunday based on gross sales for such week.

**Rent Table:**

Level	Monthly Gross Sales	Percentage Rent
Level 1	\$ _____ to \$ _____	[ ]% of the monthly Gross Sales
Level 2	\$ _____ to \$ _____	\$ _____ + (the monthly Gross Sales in excess of \$ _____ x [ ]%)
Level 3	\$ _____ to \$ _____	\$ _____ + (the monthly Gross Sales in excess of \$ _____ x [ ]%)
Level 4	\$ _____ to \$ _____	\$ _____ + (the monthly Gross Sales in excess of \$ _____ x [ ]%)
Level 5	\$ _____ and above	\$ _____ + (the monthly Gross Sales in excess of \$ _____ x [ ]%)

Sublessee shall provide annually, no later than the last day of the third month following Sublessee’s fiscal year end, an independent certified accountant's report on Applying Agreed-Upon-Procedures conducted in accordance with the attestation standards (AT Section 201) established by the American Institute of Certified Public Accountants. Said Agreed Upon Procedures shall include a comparison of the Gross Sales base used in the computation of Percentage Rent to the specific general journal for each particular location, consistent with the definition of Gross Sales below, and the computation of Percentage Rent based upon that Gross Sales definition.

“Gross Sales” means the aggregate selling price of all merchandise sold or delivered at or from any part of the Subleased Premises and the charges for all services sold or performed at or from any part of the Subleased Premises or at any other location if the merchandise is taken from the Subleased Premises or the order for services taken at the Subleased Premises. In addition: (i) Gross Sales includes sales and charges for cash or credit, and credit sales shall be included in Gross Sales regardless of collections; (ii) Gross Sales excludes refunds made by Sublessee to its customers for merchandise originally included in Gross Sales but returned to Sublessee; exchanges of merchandise between stores of Sublessee where such exchanges are made solely for the convenient operation of Sublessee’s business; and the amount of any city, county, or state sales tax on sales paid to a taxing authority by Sublessee, but not by any vendor of Sublessee; and (iii) a sale shall be deemed to be made in the Subleased Premises if the merchandise or services are ordered from the Subleased Premises in person, via telephone, facsimile, internet, or other electronic means, or filled at the Subleased Premises, or delivered from the Subleased Premises.

4. Utility Reimbursement Fee/Common Area Maintenance (CAM) fee. Sublessee shall pay Sublessor, as additional Rent, a Common Area Maintenance (CAM) fee /Utility Reimbursement fee according to the following schedule and pursuant to the terms of the Master Lease. The CAM/Utility fee is due on or before the 10<sup>th</sup> of each month in accordance with the Master Lease and Sublease.

**CAM/Utility Table:**

<b>Level</b>	<b>Monthly Gross Sales</b>	<b>CAM/Utility Fee</b>
Level 1	\$ _____ to \$ _____	\$[ ] per month
Level 2	\$ _____ to \$ _____	\$[ ] per month
Level 3	\$ _____ and above	[ ]%

5. **Subleased Premises Improvement Charge.** Sublessee shall pay Sublessor, as additional Rent, a Leasehold Improvement Charge of \_\_\_\_\_ (\$\_\_\_\_), pursuant to the terms of the Master Lease and Sublease.
  
6. **Key Money.** Sublessee shall pay Sublessor, as additional Rent, Key Money in the amount of zero (\$0), pursuant to the terms of the Master Lease and Sublease.
  
7. **Security.** Sublessee shall provide Sublessor with a Security in the amount of \_\_\_\_\_ (\$\_\_\_\_), subject to and in accordance with the terms of the Master Lease and Sublease.
  
8. **Insurance Reimbursement Fee.** Sublessee shall pay Sublessor, as additional Rent, an Insurance Reimbursement Fee in the amount of \_\_\_\_\_ (\$\_\_\_\_) per month, \_\_\_\_\_ (\$\_\_\_\_) per square foot per week), pursuant to the terms of the Master Lease and Sublease.
  
9. **ACH Direct Payments.** All payments due pursuant to this Article IV shall be made weekly or monthly as indicated herein, utilizing ACH Debits. At the time Sublessee executes this Attachment A they will also execute the Authorization Agreement for Direct Payments (“ACH Debits”), attached hereto as Attachment A-2.
  
10. **ATM Surcharge.** Sublessee shall pay to Sublessor a monthly fee of \_\_\_\_\_ (\$\_\_\_\_) for each ATM Sublessee installs in the Subleased Premises.

**Article V  
PERFORMANCE COVENANTS**

11. Commencing on the second anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter during the Lease Term, Sublessee shall satisfy the following performance covenants for the immediately preceding twelve (12) month period with respect to the Subleased Premises:

<b>Lease Year</b>	<b>Gross Sales</b>	<b>Transaction Counts</b>
2	\$300,000	35,294
3	\$300,000	35,294
4	\$300,000	35,294
5	\$300,000	35,294

**Article VI  
HOURS OF OPERATION**

Sublessee shall operate the Subleased Premises:

- a. Monday through Friday: 7:00 a.m. to 9:00 p.m.
- b. Saturday: 7:00am to 9:00pm
- c. Sunday: 8:00am to 5:00pm
- d. Such additional hours during holiday season or special promotions as Sublessor may determine or reasonable prior notice.
- e. Such modified operating hours as Landlord's Store Manager or Landlord's Home Office Leasing Manager may agree to from time to time, but in no event shall operating hours total less than fifty (50) hours per week without approval from the Sublessor.

**Article VII  
MISCELLANEOUS**

- 1. Binding Effect. This Attachment A is effective as of the Effective Date. Sublessee agrees to accept the Subleased Premises subject to the terms and conditions of the Sublease, to which this Attachment A attaches to and incorporates into. Defined terms used in this Attachment A are used as defined in the Sublease or if not defined in such agreement then in the Master Lease.
- 2. Counterparts. This Attachment A may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. This Attachment A may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Attachment A in duplicate on the date first above written.

**SUBLESSEE:**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SUBLESSOR: JAKE'S FRANCHISING,  
LLC**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT A-1**

**SUBLEASED PREMISES DEPICTION**

**ATTACHMENT A-2**  
**ACH DEBIT AUTHORIZATION**

**AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

Company Name \_\_\_\_\_ Tax ID Number \_\_\_\_\_

I (we) hereby authorize Jake's Franchising, LLC, hereinafter called COMPANY, to initiate debit entries to my (our) Checking Account / Savings Account (select one) indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name: \_\_\_\_\_ Branch \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name (s) \_\_\_\_\_ Tax ID Number \_\_\_\_\_  
(Please Print)

Date \_\_\_\_\_ Signature \_\_\_\_\_

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

ADDITIONAL INFORMATION REQUIRED: (Please Print)

SUBLESSEE

CONTACT NAME \_\_\_\_\_

PHONE # \_\_\_\_\_

FAX #

E-MAIL ADDRESS

**ATTACHMENT B**

**[Insert Copy of Master Lease Agreement]**

## APPENDIX-1

### BASIC LEASE TERMS

The following terms and conditions supplement the terms and conditions set forth in the Sublease, to which this Appendix-1 attaches and into which this Appendix-1 incorporates. All capitalized terms used in this Appendix-1 shall have the meanings set forth in the Sublease unless otherwise specifically stated in this Appendix-1.

#### 1. Permitted Use of the Subleased Premises:

- a. During the Lease Term of the applicable Subleased Premises, Sublessee shall use the applicable Subleased Premises solely for the purpose of operating a Fast Food restaurant specializing in burgers, shakes, fries and other fast food items. As used herein, "Fast Food" means prepared food and beverages ordered and served over the counter and in disposable containers in a speedy manner convenient to Sublessee's customers. Sublessee shall operate in a diligent and businesslike manner in conformity with Sublessor's standards and policies. Consistent with these standards, Sublessee may sell any food and beverage items from time to time designated by Sublessor as a nationally approved menu or test item for restaurants operated by Sublessor under Sublessor's trade name in the United States and may sell any other food and beverage items *only* with the Sublessor's prior written approval.
- b. During the Lease Term of the applicable Subleased Premises, Sublessee shall not:
  - (1) Provide full table service in the Subleased Premises except as a reasonable accommodation under the ADA;
  - (2) Offer or sell, store, display, or distribute alcoholic beverages from or in the Subleased Premises;
  - (3) Sell an item not permitted under Paragraph 1.a. above, or which is not reasonably aligned with the core menu, unless the new item is part of a nationwide or market-wide promotion Sublessor is conducting for a limited duration, so long as the new item does not become a dominant menu item changing the emphasis of the menu, and so long as any such new item does not violate the exclusive right granted by Landlord to any other tenant or sublessee; or
  - (4) Operate or permit the operation of vending machines in the Subleased Premises.
- c. Commencing on the actual Rent Commencement Date and continuing until expiration or termination of the Sublease as to the applicable Subleased Premises, and provided that Sublessee is not in Default as to the applicable Subleased Premises, Sublessor may not lease to a sublessee, other than Sublessee, space inside the applicable Store for the Primary Permitted Use (as defined in the following sentence). "Primary Permitted

Use” means fifty (50%) or more of the retail floor area of the Subleased Premises as designated by Sublessee for the sale of burgers, shakes, fries and other fast food items. Sublessee’s rights under this Paragraph 1.c. shall be null and void, and Sublessee will lose all rights herein, if Sublessee ceases to use the applicable Subleased Premises for the Primary Permitted Use, if Sublessee defaults as to the applicable Subleased Premises, if Sublessee transfers the Sublease, either in its entirety or as to an applicable subleased premises, or if Sublessee sublets all or any portion of any subleased premises other than as permitted under the Sublease. Notwithstanding anything herein to the contrary, the following actions shall not constitute a breach by Sublessor of this Paragraph 1.c:

- (1) Any sales by Sublessor, Landlord, or any of their affiliates, subsidiaries, officers, directors, employees, agents, and any other tenant in the Store whose lease pre-dates the Sublease.
- d. If Sublessor breaches Paragraph 1.c. of this Appendix-1, this Paragraph 1.d shall govern Sublessee’s sole remedy at law or in equity, and in no event will Sublessor be liable to Sublessee for any damages even if actual, compensatory, or consequential.
- (1) Sublessee, within thirty (30) days following Sublessee’s receipt of any facts giving rise to the alleged breach, shall notify Sublessor, in writing, of the alleged breach describing with particularity the facts and circumstances giving rise to the alleged breach and the date of commencement of the alleged breach.
  - (2) If Sublessor fails to cure the alleged breach within at least ninety (90) days following Sublessor’s receipt of notice, Sublessee may terminate the Sublease as to the applicable Subleased Premises with at least sixty (60) days written notice to Sublessor, stating the date on which Sublessee will vacate the Subleased Premises. If Sublessee fails to timely vacate the applicable Subleased Premises, Sublessee’s notice of termination will be deemed void; the Sublease as to the applicable Subleased Premises will continue in full force and effect and Sublessor will be deemed to have cured any alleged breach of Paragraph 1.c. of this Appendix-1. Sublessee waives any right it may have available to it at law or in equity for any claim resulting from Sublessor’s alleged breach of Paragraph 1.c. of this Appendix-1.

## 2. **Subleased Premises Specifications:**

- a. Sublessee may submit change orders up to one hundred eighty (180) days prior to the applicable Delivery Date.
  - (1) Sublessor will use reasonable efforts to comply with change orders received by Sublessee more than one hundred eighty (180) days prior to the applicable Delivery Date. Sublessor, in its sole discretion, may comply with any change orders Sublessor receives from Sublessee that is one hundred eighty (180) days or less in advance of the applicable Delivery Date.

- (2) Sublessee, upon execution of the applicable Attachment A, will identify to Sublessor the name, title, and contact information of the individual Sublessee authorizes to effect change orders for the applicable Subleased Premises. Sublessee may not modify this designation without written notice to Sublessor at least ten (10) days prior to the date on which Sublessee desires the change to be effective.
- (3) Sublessee shall pay any cost and expense resulting from Sublessee's change order(s) including but not limited to, construction costs, architectural fees, engineering fees, and legal fees.
- b. In addition to its obligations under the Sublease, Sublessor or its designee shall clean and maintain the grease interceptor and pressure wash any respective lines to the grease interceptor in partial consideration of the Common Area Maintenance fee to be paid by Sublessee as described in the applicable Attachment A.
- c. In addition to its obligations under the Sublease, Sublessee shall clean and maintain the floors of the Subleased Premises.
- d. Sublessee's obligations under this Section 2 are in addition to, and not in lieu of, Sublessee's obligations to prepare the Subleased Premises in accordance with Article II of the Sublease.
- e. Sublessor shall deliver the Subleased Premises in accordance with the Sublease.
3. **Trade Name(s):** Jake's, Jake's Wayback Burgers, Wayback Burgers
4. **Address of Sublessee:** All notices required to be sent to Sublessee under the Sublease, or any Appendix, Attachment, Amendment, Exhibit, or other document attached to and incorporated into the Sublease, must be sent to:

Name of Sublessee:	_____
Attention:	_____
Title:	_____
Address:	_____
Telephone Number:	_____
Facsimile Number:	_____
Email Address:	_____

5. **Advisements:** Notwithstanding anything in the Sublease to the contrary, neither Sublessor nor Landlord shall be liable to Sublessee for any loss of business or loss of inventory resulting from any interruption whatsoever to the public utilities Landlord provides to the applicable Subleased Premises pursuant to the Master Lease, provided such interruption was beyond the control of Sublessor and Landlord.
6. **Representations and Warranties:** Sublessee represents and warrants that the foundation of its business is the adherence by Sublessee, and any agent or employee of Sublessee, to standards and policies established by Sublessor to provide uniformed operation of its business. Sublessee covenants that the Subleased Premises will be diligently operated in a businesslike manner in accordance with the Sublease and in conformity with the standards and policies referenced in the preceding sentence.
7. **Sublessee's Disclosures and Reports:**
  - a. Sublessee shall provide Sublessor, on a monthly basis, a report containing the Subleased Premises identified by Landlord's Store number, physical address, the name, local and regional business address and phone number of Sublessee; the phone number to the Subleased Premises listed; and, if different from the Hours of Operation required in Article VI of Attachment A, the Hours of Operation for the Subleased Premises listed.
  - b. If Sublessee is obligated to pay Sublessor Percentage Rent, as designated in Attachment A to the Sublease, Sublessee will daily submit to Sublessor, daily sales data for the applicable Subleased Premises. By Thursday of each week for the week ending the preceding Sunday in which applicable Gross Sales were earned, Sublessee shall submit to Sublessor a spreadsheet listing sales from such week for the Subleased Premises leased under the Sublease. Sales must be listed according to the applicable Subleased Premises and broken down by daily sales (if possible). If Sublessee cannot provide a breakdown of daily sales as required in the preceding sentence, Sublessee will provide a breakdown of daily sales, and if Sublessee is unable to provide a breakdown of daily sales and weekly sales, Sublessee will provide a breakdown of monthly sales. Upon receipt of this spreadsheet, Sublessor will compile the daily sales data Sublessee submitted over the course of that week and will calculate the aggregate Percentage Rent due from Sublessee for the Subleased Premises leased under the Sublease.
  - c. If Sublessee is obligated to pay Sublessor Percentage Rent, as designated in each applicable Attachment A to the Sublease, Sublessee, at Sublessee's expense, shall provide Sublessor annually, no later than the last day of the third month following Sublessee's fiscal year end, an independent certified accountant's report on applying Agreed-Upon-Procedures conducted in accordance with the attestation standards (AT Section 201) established by the American Institute of Certified Public Accountants ("Report"). Said Report shall include a comparison of the Gross Sales based used in the computation of Percentage Rent to the specific journal for each particular location, consistent with the definition of Gross Sales contained in the Sublease, and the computation of Percentage Rent based upon the Gross Sales definition.
    - (1) If the Report provided in accordance with this paragraph 7.c. shows evidence of under-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported, Sublessee

shall pay Sublessor as Percentage Rent an amount equal to fourteen percent (14%) of the total amount of Gross Sales under-reported.

- (2) If the Report provided in accordance with this Paragraph 7.c. shows evidence of over-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported, Sublessor shall immediately reimburse to Sublessee the amount over-reported.

8. **Miscellaneous:**

- a. Sublessee shall strictly comply with local, state, and national codes and current N.F.P.A. requirements, as periodically updated. Installation of fire extinguishers must be in accordance with applicable codes and requirements and must meet Sublessor's insurance underwriter's requirements.
- b. This Appendix-1 attaches to and incorporates into the Sublease as part of the entire agreement between Sublessor and Sublessee.
- c. This Appendix-1 may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. This Agreement may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

IN WITNESS WHEREOF, the parties hereto have duly executed this Appendix-1 in duplicate on the date first above written.

**SUBLESSEE:**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SUBLESSOR: JAKE'S FRANCHISING, LLC**

\_\_\_\_\_  
Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## APPENDIX-2

### INSURANCE

Sublessee shall procure and maintain, in accordance with the Master Lease and Sublease, the “primary” insurance policies described below in accordance with the below conditions.

1. Worker’s Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer’s Liability coverage with minimum limits of \$1,000,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. Sublessee shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states in which a Subleased Premises under this Sublease may be located.
2. Commercial General Liability insurance with a \$3,000,000 minimum limit per occurrence for each Subleased Premises leased under the Sublease or with per location aggregate limits for each Subleased Premises leased under the Sublease.
  - a. The Commercial General Liability policy required under this Paragraph 2 should contain neither exclusion for contractual liability assumed by Sublessee in a lease nor any Absolute Pollution exclusion, unless these coverages are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.
  - b. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as Additional Insureds the parties described below in Paragraph 5.
  - c. Sublessee shall submit to Sublessor, no later than thirty (30) days after the actual Rent Commencement Date, Certificates of Insurance and endorsements evidencing Sublessee’s compliance with this Paragraph 2.
3. Business Automobile Liability insurance with minimum combined single limits of \$500,000 covering liability arising out of the operation of owned, hired, and non-owned vehicles.
4. Sublessee may satisfy the minimum limits required in Paragraphs 1 and 2, above, by procuring and maintaining, in accordance with Article XIV of the Sublease, Umbrella/Excess Liability insurance on an umbrella basis, in excess over, and no less broad than the primary liability coverage; with the same inception and expiration dates as the primary liability coverage it is in excess of; with minimum limits necessary to satisfy the required primary minimum limits; and which “drop down” for any exhausted aggregate limits of the primary liability coverage. Sublessee shall cause Insurer to issue an endorsement to any policy Sublessee procures in satisfaction of its obligations in this paragraph providing per location per occurrence limits or per location aggregate limits for each Subleased Premises leased under this Sublease and listing as Additional Insured the parties described below in Paragraph 5.
5. Additional Insureds are Sublessor, Wal-Mart Stores, Inc., their Subsidiaries and Affiliates, and their directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party Sublessor has a contractual obligation to indemnify for Claims in connection with the Store or the Subleased Premises.

*[Signatures on following page]*

IN WITNESS WHEREOF, the parties hereto have duly executed this Appendix-2 in duplicate on the date first above written.

**SUBLESSEE:**

\_\_\_\_\_

Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SUBLESSOR: JAKE'S FRANCHISING, LLC**

\_\_\_\_\_

Witness/Attest

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT C

### GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Jake's Franchising, LLC ("Sublessor") to execute the Sublease Agreement between Sublessor and \_\_\_\_\_ ("Sublessee") dated \_\_\_\_\_ 20\_\_ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Sublessor and its successors and assigns that all of Sublessee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Sublessor, the undersigned will immediately make each payment to Sublessor required of Sublessee under the Agreement. The undersigned hereby waive any right to require Sublessor to: (a) proceed against Sublessee for any payment required under the Agreement; (b) proceed against or exhaust any security from Sublessee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Sublessee. Without affecting the obligations of the undersigned under this Guarantee, Sublessor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Sublessee, or settle, adjust, or compromise any claims against Sublessee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Sublessee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold Sublessor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Sublessee to perform any obligation of Sublessee under the Agreement, any amendment thereto, or any other agreement executed by Sublessee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Article XV of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or



IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

**GUARANTORS**

---

Print Name

Signature

---

Print Name

Signature

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit D**

**Sublease Addendum to Franchise Agreement**

**SUBLEASE ADDENDUM TO WAYBACK BURGERS FRANCHISE AGREEMENT**

This SUBLEASE ADDENDUM (the “Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Jake’s Franchising, LLC, and \_\_\_\_\_ (“Franchisee”).

**RECITALS**

**WHEREAS**, Franchisee is entering into, simultaneously with this Addendum, a franchise agreement with Franchisor dated \_\_\_\_\_ (the “Franchise Agreement”), granting Franchisee the right to establish and operate a Wayback Burgers Restaurant under the System and Marks (the “Restaurant”);

**WHEREAS**, Franchisee is also entering into, simultaneously with this Addendum and the Franchise Agreement, a sublease agreement with Franchisor dated \_\_\_\_\_ (the “Sublease Agreement”), granting Franchisee the right to sublet space within one or more Wal-Mart discount retail stores nationwide (the “Subleased Premises”) and to operate the Restaurant within the Subleased Premises in accordance with the terms of the Sublease and a Master Lease Agreement between Franchisor and various Wal-Mart entities; and

**WHEREAS**, Franchisor and Franchisee desire to amend the terms of the Franchise Agreement on the terms and conditions described in this Addendum.

**NOW, THEREFORE**, Franchisor and Franchisee, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1. Approved Location. Section 1.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee shall operate the Franchised Business only at the Subleased Premises (the “Approved Location”). Franchisee shall not relocate the Restaurant without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation.

2. Term. Section 2.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be five (5) years from the Rent Commencement Date, as such term is used in the Sublease Agreement or if not specified therein then five (5) years from the date first above written.

3. Renewal. The first paragraph of Section 2.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional consecutive term of three (3) years. Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to such renewal:

4. Exhibit B – Site Selection Addendum. The Site Selection Addendum in Exhibit B to the Franchise Agreement is deleted in its entirety.

5. Exhibit F – Lease Addendum. The Lease Addendum in Exhibit F to the Franchise Agreement is deleted in its entirety.

Unless specifically stated otherwise, the terms used in this Addendum shall have the same meaning as in the Franchise Agreement. This Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum in duplicate on the date first above written.

**FRANCHISEE**

\_\_\_\_\_  
Witness/Attest

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness/Attest

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**JAKE'S FRANCHISING, LLC**

\_\_\_\_\_  
Witness/Attest

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit E**

**Financial Statements**

**JAKES FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

# JAKES FRANCHISING, LLC

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**INDEPENDENT AUDITORS' REPORT**



## INDEPENDENT AUDITORS' REPORT

ANDREW M. HAYNIE, CPA

SUSAN P. KEEN, CPA

MICHAEL C. KLEGER, CPA

E. LEE McCABE, CPA

JEFFREY A. MICHALIK, CPA

ROBERT L. MOORE, CPA

DANIEL M. O'CONNELL II, CPA

JOHN M. STERN, JR., CPA

To the Members of  
Jakes Franchising, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Jakes Franchising, LLC, a Delaware limited liability company, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and changes in accumulated equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

PKScpa.com

#### Salisbury

1801 SWEETBAY DRIVE

P.O. BOX 72

SALISBURY, MD 21803

TEL: 410.546.5600

#### Ocean City

12216 OCEAN GATEWAY

SUITE 800

OCEAN CITY, MD 21842

TEL: 410.213.7185

### 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.

#### Lewes

1143 SAVANNAH ROAD

SUITE 1

LEWES, DE 19958

TEL: 302.645.5757

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

#### MEMBERS OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

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 judgment, including the assessment of the risks of material misstatement of the financial statements, 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 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

### **Auditors' Responsibility (Continued)**

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 Jakes Franchising, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PKS & Company, P.A.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Salisbury, Maryland  
April 3, 2019

## **FINANCIAL STATEMENTS**

**JAKES FRANCHISING, LLC**

**BALANCE SHEETS**

**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,077,436	\$ 477,638
Certificate of deposit	50,000	50,000
Accounts receivable - franchise fee and royalty revenue	188,766	83,699
Accounts receivable - brand building fund	10,156	82,597
Accounts receivable - other	164,522	60,000
Advances to stores, current portion	41,501	112,123
Loans receivable - member	304,308	62,500
Note receivable related party, current portion	85,001	
Due from related parties, current portion	516,133	395,651
Due from franchisees - advertising	29,744	130,887
Prepaid expenses		9,074
Total current assets	<u>2,467,567</u>	<u>1,464,169</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	358,978	336,838
Leasehold improvements	41,916	38,916
Less accumulated depreciation	<u>(188,844)</u>	<u>(132,561)</u>
Net property and equipment	<u>212,050</u>	<u>243,193</u>
 <b>OTHER ASSETS</b>		
Advances to stores, less current portion	65,637	150,457
Due from related parties, less current portion	155,209	205,128
Note receivable related party, less current portion	183,272	
Brand building fund, due from vendors		727
Security deposits	38,505	38,505
Covenant not to compete, net of amortization of \$300,000 at 2018 and \$25,000 at 2017	<u>1,175,000</u>	<u>1,475,000</u>
Total other assets	<u>1,617,623</u>	<u>1,869,817</u>
 Total assets	<u><u>\$ 4,297,240</u></u>	<u><u>\$ 3,577,179</u></u>

## LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	2018	2017
<b>CURRENT LIABILITIES</b>		
Current portion of capital lease	\$	\$ 10,154
Current portion of note payable	282,617	271,553
Due to advertising fund	66,789	
Brand building fund	1,185,285	
Accounts payable	33,742	191,587
Accrued expenses	164,288	51,737
Gift card liability	68,650	107,722
Security deposits	41,056	15,000
Total current liabilities	1,842,427	647,753
 <b>OTHER LIABILITIES</b>		
Capital lease, less current portion		
Long-term debt, less current portion	918,830	1,201,447
Deferred franchise fee revenue, net of deferred costs	1,788,238	1,761,373
Total other liabilities	2,707,068	2,962,820
Total liabilities	4,549,495	3,610,573
 <b>MEMBERS' EQUITY (DEFICIT)</b>		
Membership units (\$1 par value, 1,000 units authorized, 100 issued and outstanding)	100	100
Additional paid in capital	21,900	21,900
Accumulated equity (deficit)	(274,255)	(55,394)
Total members' equity (deficit)	(252,255)	(33,394)
Total liabilities and members' equity (deficit)	\$ 4,297,240	\$ 3,577,179

The accompanying notes are an integral part of these statements.

**JAKES FRANCHISING, LLC**

**STATEMENTS OF OPERATIONS AND CHANGES IN ACCUMULATED  
EQUITY (DEFICIT)**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Franchise fee revenue	\$ 1,377,414	\$ 1,735,095
Lease termination income	228,000	
Royalty revenue	<u>2,871,506</u>	<u>2,718,105</u>
Total revenues	4,476,920	4,453,200
<b>OPERATING EXPENSES</b>	<u>4,646,617</u>	<u>4,407,236</u>
Operating (loss) income	<u>(169,697)</u>	<u>45,964</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest expense	(54,046)	(5,709)
Interest income	4,882	8,504
Miscellaneous income		90
Net other income (expenses)	<u>(49,164)</u>	<u>2,885</u>
Net (loss) income	(218,861)	48,849
<b>ACCUMULATED EQUITY (DEFICIT), BEGINNING OF YEAR</b>	(55,394)	120,670
Less distributions		<u>224,913</u>
<b>ACCUMULATED EQUITY (DEFICIT) END OF YEAR</b>	<u>\$ (274,255)</u>	<u>\$ (55,394)</u>

The accompanying notes are an integral part of these statements.

**JAKES FRANCHISING, LLC**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (218,861)	\$ 48,849
Adjustment for non-cash items		
Amortization expense	300,000	25,000
Bad debt expense	584,469	263,547
Depreciation expense	56,283	49,196
Deferred franchise fee revenue, net of deferred costs	26,865	32,531
(Increase) decrease in assets		
Accounts receivable - franchise fee and royalty revenue	(546,833)	(43,081)
Accounts receivable - brand building fund	72,441	4,633
Due from franchisees - advertising	101,143	(24,787)
Prepaid expenses	9,074	18,443
Brand building fund	1,186,012	131,096
Security deposits	-	550
Increase (decrease) in liabilities		
Accounts payable	(157,845)	110,137
Accrued expenses	112,551	(7,723)
Gift card liability	(39,072)	24,471
Security deposits	26,056	5,132
Due to franchisees - advertising	66,789	
Net cash flows provided by operating activities	1,579,072	637,994
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit		(50,000)
Note receivable - related party	(268,273)	
Accounts receivable - other	(104,522)	
Advances to stores, net	12,739	(47,512)
Due from member	(241,808)	
Loans to related parties, net	(70,563)	(515,006)
Purchase of furniture and equipment and leasehold improvements	(25,140)	(41,000)
Net cash flows used by investing activities	(697,567)	(653,518)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital lease payments	(10,154)	(17,959)
Cash paid for covenant not to compete	(271,553)	(27,000)
Payment of distributions		(224,913)
Net cash flows used by financing activities	(281,707)	(269,872)
Net increase (decrease) in cash	599,798	(285,396)
<b>CASH, BEGINNING OF YEAR</b>	477,638	763,034
<b>CASH, END OF YEAR</b>	\$ 1,077,436	\$ 477,638

The accompanying notes are an integral part of these statements.

## **JAKES FRANCHISING, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

#### **NATURE OF ORGANIZATION**

Jakes Franchising, LLC (the “Company”) is a limited liability company, which was incorporated on October 6, 2003 pursuant to the Delaware General Corporation Laws. The Company is authorized and empowered to carry out the business of selling franchises throughout the world for the operation of restaurants.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Support and revenues are recorded in the period earned and expenses are recorded in the period incurred.

##### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash for the purpose of determining cash flows.

The Company maintains cash in financial institutions with insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had bank balances of \$847,826 and \$157,037 in excess of the maximum amounts allowed for FDIC coverage at December 31, 2018 and 2017, respectively.

##### Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method and some accelerated methods for financial reporting purposes over lives ranging from 3 to 10 years. For income tax reporting purposes, the Company uses accelerated methods. Depreciation expense was \$56,283 and \$49,196 for the years ended December 31, 2018 and 2017, respectively.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Covenant Not to Compete

Effective December 14, 2017, a member owning 34.125% of the membership units sold his shares in the Company. As part of the agreement to sell his units, the former member agreed not to compete with the Company for a period of five years. The cost of the agreement is being amortized on the straight line method over the term of the agreement. Amortization expense charged to operations was \$300,000 and \$25,000 in 2018 and 2017.

Accounts receivable

The Company uses the direct write-off method of accounting for losses arising from uncollectible accounts receivable. Under this method, accounts receivable are written off in the period they are deemed uncollectible. In the opinion of management, substantially all of the accounts receivable are considered realizable at the amounts stated in the accompanying balance sheets and no allowance for doubtful accounts is considered necessary. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Accounts receivable, advances and loans are due from franchisees unless noted as due from members or related parties. To reduce credit risk, the Company reserves the right to terminate franchise agreements for nonpayment of amounts owed.

Income taxes

The members of the Company have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. No provision for federal income taxes has been recorded in these financial statements because the members are personally liable for such taxes on their individual income tax returns.

The Company follows FASB ASC 740-10, which provides guidance for uncertainty in income taxes recognized in the Company's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of December 31, 2018 and 2017, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Penalties and interest assessed by taxing authorities are included in operating expenses. Penalties and interest of \$363 and \$744 have been charged to expense as of December 31, 2018 or 2017, respectively.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue recognition

Revenue is derived from three areas: initial franchise fees relating to newly signed restaurant franchise agreements, master franchise fees, and ongoing royalties charged to franchisees based on their sales.

Initial franchise fee revenue

When an individual franchise is sold, the Company has the responsibility to provide additional training and development services to the franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$35,000 for the franchisee's first store and a franchise fee ranging from \$5,000 to \$25,000 for each subsequent store. Initial franchise fees for new stores are deferred until the store is opened, at which time the Company has performed substantially all of the initial services it is required to provide. Actual store openings can occur up to several years after receipt of the initial franchise fee.

A franchisee may pay a renewal franchise fee and renew its franchise for an additional term. Renewal franchise fees are recognized as revenue upon receipt of the non-refundable fee and execution of a new franchise agreement.

Master franchise fee revenue

When a master franchise is sold, the Company has no responsibility to provide additional training and development services past the initial training program, so the income of the initial fee is recognized immediately. The master franchise fee is based on the specific agreement signed with the franchisee. All agreements call for the master franchisee to have a required number of stores operational within each specified calendar year as agreed to in the contract. The master franchisee will share in the initial fees and royalties of any franchise sold and operational, respectively, as agreed to in the contract.

Royalty revenue

Royalties are recognized as income when the underlying franchisee sales occur unless there is significant uncertainty concerning the collectability of such revenue. Royalties are calculated at 5% of franchisee sales per agreements.

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Brand Building Fund

The Company has entered into agreements with various vendors whereby they provide exclusivity to the vendors in the franchises in exchange for discounts or rebates. All brand building receipts are then spent on joint efforts to promote the Company and the vendor's products. The Company currently has agreements with sixteen vendors in comparison with seventeen vendors last year. The Company works to have each agreement expire by December 31 of that year. The brand building fund represents expenses incurred to be reimbursed by the expected discounts and rebates. The income and expenses of this fund are not reported in these financial statements.

	2017	2017
Beginning balance, due from vendors	\$ 727	\$ 131,823
Brand building revenue	(2,079,083)	(756,098)
Brand building expenses	893,071	625,002
Net brand building, due from vendors	<u>\$ (1,185,285)</u>	<u>\$ 727</u>

##### Advertising

The Company expenses advertising associated with franchise sales activities as incurred. Total franchise advertising expense for the years ended December 31, 2018 and 2017 was \$1,180,070 and \$212,915, respectively. A portion of the advertising has been included in the brand building fund expenses for the marketing and procurement departments' office expenses. That amount was \$-0- and \$-0- for the years ended December 31, 2018 and December 31, 2017, respectively.

##### Due from franchisees - advertising

Franchisees are required to pay a fee of 2% or 4% of gross sales for national and local advertising expenses pursuant to the individual franchise agreements. The amount paid for national and local advertising is segregated into a special purpose advertising bank account. As of December 31, 2018 and 2017, the bank account had a balance of \$16,868 and \$75,265, respectively, and is included in cash on the balance sheet. Total advertising expenses paid from the fund for 2018 and 2017 amounted to \$1,434,255 and \$1,278,767, respectively. The income and expenses of this fund are not reported in these financial statements.

##### Subsequent events

Management has evaluated subsequent events through April 3, 2019, which is the date the financial statements were available to be issued.

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

#### FRANCHISE FEE AND ROYALTY REVENUE AND RECEIVABLE

The Company sold 14 initial and 2 master franchises during 2018 and 29 initial franchises and 4 master franchises during 2017. The number of franchises opened were 18 during 2018 and 27 during 2017. There were ten agreements terminated with \$1,000 deposit kept in 2018, while there two agreements terminated with \$1,000 deposit kept during 2017. The number of franchises in operation was 143 and 140 as of December 31, 2018 and 2017, respectively.

The detail of accounts receivable - franchise fee and royalty revenue is as follows:

	<u>2018</u>	<u>2017</u>
Beginning receivable - franchise fee and royalty revenue	\$ 83,699	\$ 226,843
Franchises sold and transfer of ownership	1,478,176	1,808,595
Royalty revenue	2,817,506	2,718,105
Cash and undeposited checks received	<u>(4,190,615)</u>	<u>(4,669,844)</u>
Ending receivable - franchise fee and royalty revenue	<u>\$ 188,766</u>	<u>\$ 83,699</u>

Deferred franchise fees consists of initial franchise fees not yet earned, net of the related broker fees and commissions, and initial training and construction costs to assist the store in becoming operational. Deferred franchise fees at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Total initial franchise fees deferred annually	\$ 2,584,500	\$ 2,474,500
Less related costs	<u>(796,262)</u>	<u>(713,127)</u>
Net deferred franchise fee revenue	<u>\$ 1,788,238</u>	<u>\$ 1,761,373</u>

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**FRANCHISE FEE AND ROYALTY REVENUE AND RECEIVABLE (Continued)**

Franchise fee revenue was recognized as follows:

	2018	2017
Beginning deferred franchise fee revenue	\$ 2,474,500	\$ 2,470,000
Franchises sold	1,272,414	1,627,421
Franchises transfer of ownership	215,000	181,174
Refunded franchise fee		(69,000)
Total initial franchise fees deferred	(2,584,500)	(2,474,500)
	\$ 1,377,414	\$ 1,735,095

**OPERATING LEASE**

In 2015, the Company entered into a five-year operating lease with a lessor for their office location for the period May 1, 2015 through June 30, 2020. At the expiration of the lease, the lessee would have the option to renew the lease term for one additional term of five years with an adjustment of annual rent to be determined at that date.

During 2016, the owner of the office space extended an offer to purchase the building. A related party of the Company purchased the space and executed a new lease agreement for the period July 1, 2016 through June 30, 2021. The agreement is for five years with lease payments ranging from \$7,000 to \$8,500 per month. Common area expenses and repairs will be the responsibility of the tenant.

Future minimum lease commitments are as follows:

2019	\$	97,500
2020		100,500
2021		51,000
Total	\$	249,000

## **JAKES FRANCHISING, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

#### **OPERATING LEASE (Continued)**

Rent expense, which includes some common area maintenance and a monthly rental for storage, amounted to \$101,387 and \$83,794 for the years ended December 31, 2018 and 2017, respectively. A portion of the rent has been included in the brand building fund expenses for the marketing and procurement departments' office expenses. That amount was \$0 and \$12,800 for the years ended December 31, 2018 and December 31, 2017, respectively.

#### **TRANSACTIONS WITH RELATED PARTIES**

JWB Management Group, LLC (JWB), a related party, which has the same owners as the Company. JWB Management Group, LLC manages the stores of terminated franchisees until those stores could be sold; they also assist other franchised stores as management backup.

The Company has an agreement with Jake's Uncle Willie, LLC (JUW), a related party, which is owned by the same owners as the Company. Under this agreement, JUW owns 51% of Uncle Willie's International, LLC (UWI). JUW is to assist UWI with its franchising opportunities, which includes accounting, legal, design, and construction activities. Starting in January 2017, JUW also acquired 51% of Uncle Willie's Oxford, LLC (UWO) to provide the same type of assistance it provides to UWI.

Generally accepted accounting principles provide a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, non-controlling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to direct the activities of the entity that most significantly impact its economic performance, or (3) has a group of equity owners that do not have the obligation to absorb losses of the entity or the right to receive returns of the entity.

## **JAKES FRANCHISING, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

#### **TRANSACTIONS WITH RELATED PARTIES (Continued)**

A VIE should be consolidated if a party with an ownership, contractual, or other financial interest in the VIE that is considered a variable interest (a variable interest holder) has the power to direct the VIE's most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest.

In December 2018 and 2017, the Company's variable interest in JWB was evaluated against the criteria for consolidation. It was determined that the Company is not the primary beneficiary of JWB because the Company lacks the power to direct the activities of JWB that most significantly influence its economic performance. During 2018 and 2017, the power to direct the activities of JWB was shared by six individual members and required the consent of at least two of the members in making the decisions about the activities that significantly impacted its performance. Therefore, consolidation in the Company's financial statements is not required. During the years ended December 31, 2018 and 2017, the Company provided no explicit or implicit financial or other support to JWB that was not previously contractually required to assist with operating the terminated stores. To operate the terminated stores, the Company loaned funds to JWB; the balances owed, which are repaid upon the sale of the terminated stores, were \$441,229 and \$371,651 as of December 31, 2018 and 2017, respectively, which have been collateralized by the stores and guaranteed by all owners of JWB. The Company had no exposure to a loss because of its involvement with JWB since it had no direct significant monetary investment in JWB (that was not collateralized by a store) and had not guaranteed any of JWB's liabilities as of December 31, 2018 and 2017. During 2018 it was decided that \$264,737 would not be collected so it was written off. As of December 31, 2018 and 2017, all remaining balances due from JWB are considered collectible and short-term.

In December 2018 and 2017, the Company's variable interest in JUW and UWI was also evaluated against the criteria for consolidation. It was determined that the Company is not the primary beneficiary of either company because the Company lacks the power to direct the activities of either company that most significantly influences its economic performance. During 2018 and 2017, the power to direct the activities of both JUW and UWI was shared by six individual members and requires the consent of at least two of the members in making the decisions about the activities that significantly impacted its performance. For 2018, the same analysis was performed for UWO with the same conclusion. Therefore, consolidation in the Company's financial statements is not required. During the years ended December 31, 2018 and

## **JAKES FRANCHISING, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

#### **TRANSACTIONS WITH RELATED PARTIES (Continued)**

2017, the Company provided no explicit or implicit financial or other support to JUW that was not previously contractually required, except for a small loan with an ending balance of \$8,270 and \$6,795 for the years ended December 31, 2018 and 2017. Except for these loans, the Company had no exposure to loss because of its involvement with JUW since it had no direct significant monetary investment in JUW, had not guaranteed any of JUW's liabilities and had not loaned JUW any significant money for their operations as of December 31, 2018 and 2017. During the years ended December 31, 2018 and 2017, the Company provided no explicit or implicit financial or other support to UWI that was not previously contractually required, except for loans with balances at December 31, 2018 and 2017 of \$50,779 and \$48,429 respectively, which has been guaranteed by the trademark of the franchise and by all owners of UWI. Except for those loans, the Company had no exposure to loss because of its involvement with UWI since it had no direct significant monetary investment in UWI (that was not collateralized by a trademark) and had not guaranteed any of UWI's liabilities as of December 31, 2018 and 2017. During the years ended December 31, 2018, the Company provided no explicit or implicit financial or other support to UWO that was not previously contractually required, except for loans with a balances at December 31, 2018 of \$96,159 and \$100,000 to start and operate two new stores, which has been guaranteed by the stores and by all owners of UWO. The Company had no exposure to loss because of its involvement with UWO since it had no direct significant monetary investment in UWO (that was not collateralized by the stores) and had not guaranteed any of UWO's liabilities as of December 31, 2018. During 2018 \$100,000 was written off as deemed not collectible from UWO. As of December 31, 2018, all remaining balances due from JUW, UWI and UWO are considered collectible but long-term.

As of December 31, 2018 and 2017, the Company had advanced their related party lessor \$74,903 and \$73,904, respectively. At December 31, 2018 this was considered all current. In December 2018, the Company loaned the lessor \$268,273 to help refinance the debt. There is a promissory note for payments of \$8,040 per month including 5% interest through December 2021. This is included in Notes receivable, related party.

As of December 31, 2015, the Company had advanced loans to a member in the amount of \$60,000. The Company and the member agreed to a repayment schedule of the loan for ten years with 2% interest charged monthly. No principal payments have been required and as of December 31, 2018 and 2017 the balance due was \$60,000. Effective December 14, 2017, the member sold his interest in the Company; therefore, his balance is now included as Accounts receivable – other and the balance was paid in full in 2018.

As of December 31, 2015, the Company had advanced loans to a second member for \$62,500. The Company and the member agreed to a repayment schedule of the loan with 2% interest charged monthly, with the balance due in full in 2016. No principal payments have been

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

#### TRANSACTIONS WITH RELATED PARTIES (Continued)

required and as of December 31, 2018 and 2017 the balance due was \$62,500. The member is expected to pay the balance in full in 2019.

	<u>2018</u>	<u>2017</u>
Due from related parties consists of:		
JWB Management Group, LLC (JWB)	\$ 441,229	\$ 371,651
Jake's Uncle Willie, LLC (JUW)	50,779	48,429
Uncle Willie's International, LLC (UWI)	8,270	6,795
Uncle Willie's Oxford, LLC (UWO)	96,160	100,000
Jakes 716 Cheshire, LLC	<u>74,904</u>	<u>73,904</u>
	<u>\$ 671,342</u>	<u>\$ 600,779</u>
	<u>2018</u>	<u>2017</u>
Due from related parties consists of:		
Current	\$ 516,133	\$ 395,651
Long-term	<u>155,209</u>	<u>205,128</u>
	<u>\$ 671,342</u>	<u>\$ 600,779</u>

#### ADVANCES TO STORES

Advances to stores represents cash advances to JWB on behalf of the stores in order for the terminated franchises to remain operational until the franchise is resold. The advances are to be paid upon the sale of the individual store, the majority of which are secured with promissory notes. The repayment is not the responsibility of JWB.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**CAPITAL LEASE**

The Company entered into a capital lease in 2015 with Cisco Systems, Inc. for a phone system with a purchase price of \$60,000. The economic substance of the lease is that the Company is financing the acquisition of assets through the lease and they are recorded in the Company's assets and liabilities. The Company is depreciating the phone system with the fixed assets. The capital lease was paid in 2018.

**LONG-TERM DEBT**

Long-term debt consists of the following:

	2018	2017
Note payable of \$1,500,000 to a former member for a covenant not to compete; monthly payments of \$27,050 of principal and interest at 4% with a downpayment of \$27,000 required upon settlement; final payment due December 2022; collateralized by a security interest in the Company.	\$ 1,201,447	\$ 1,473,000
Less current maturities	282,617	271,553
Total long-term debt	\$ 918,830	\$ 1,201,447

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**LONG-TERM DEBT (Continued)**

Future maturities of long-term liabilities are as follows:

2019	\$	282,617
2020		294,131
2021		306,114
2022		318,585
		<hr/>
Total	\$	<u><u>1,201,447</u></u>

**EQUITY DISTRIBUTIONS**

Equity distributions are recognized in the year of distribution.

**RETIREMENT PLAN**

During 2012, the Company adopted a 401(k) plan made available to all employees that have worked one year of at least 1,000 hours and are at least 21 years of age. Under the plan, eligible employees may elect to defer up to 92% of their salary, subject to the Internal Revenue Code limits. Contributions to the plan by the Company are equal to 100% of the employees' elective deferrals that do not exceed three percent of their compensation plus 50% of the employees' elective deferrals that exceed three percent of their compensation but do not exceed five percent. Contributions to the plan charged to operations were \$61,825 and \$51,030 for the years ended December 31, 2018 and December 31, 2017, respectively.

**CONCENTRATIONS AND ECONOMIC DEPENDENCY**

More than 50% of the Company's national franchise royalties for the years ended December 31, 2018 and 2017 were from franchises located in six states for 2018 and six states for 2017. The Connecticut franchises individually contributed more than 13% and 14% of the total franchise income for the years ended December 31, 2018 and 2017.

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

#### CASH FLOW INFORMATION

The Company had non-cash investing and financing transactions relating to its covenant not to compete as follows:

	<u>2018</u>	<u>2017</u>
Covenant not to compete	\$	\$ 1,500,000
Less indebtedness incurred		<u>1,473,000</u>
Cash paid for covenant not to compete	<u>\$</u>	<u>\$ 27,000</u>

Cash paid for interest was \$54,046 and \$5,709 for the years ended December 31, 2018 and 2017, respectively.

#### NEW ACCOUNTING PRONOUNCEMENTS

FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The new guidance establishes the principles to report the nature, timing, and uncertainty of revenue from contracts with customers. For nonpublic companies, the new guidance will be required for annual reporting periods beginning after December 15, 2018. Management has not yet determined what, if any, impact the implementation of this statement will have on the financial statements.

FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. For nonpublic companies, the new guidance on leases will take effect for fiscal years beginning after December 15, 2019.

**SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
ROBERT L. MOORE, CPA  
DANIEL M. O'CONNELL II, CPA  
JOHN M. STERN, JR., CPA

To the Members of  
Jakes Franchising, LLC

We have audited the financial statements of Jakes Franchising, LLC as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated April 3, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKScpa.com

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*PKS & Company, P.A.*

**CERTIFIED PUBLIC ACCOUNTANTS**

*MEMBERS OF:*

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*MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*ALLINIAL GLOBAL*

Salisbury, Maryland  
April 3, 2019

**JAKES FRANCHISING, LLC**

**SCHEDULES OF OPERATING EXPENSES**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Payroll and related expenses		
Salaries	\$ 2,061,055	\$ 2,099,922
Commissions	52,571	219,437
Construction coordination	40,324	118,848
Health insurance	160,047	166,137
Payroll taxes	293,240	175,978
Retirement	61,825	51,030
Workers' compensation insurance	7,628	12,925
Total payroll and related expenses	2,676,690	2,844,277
Advertising	118,070	212,915
Amortization expense	300,000	25,000
Auto expense	44,441	74,030
Bad debt expense	584,469	263,547
Bank service charges	15,258	11,079
Broker fees & commissions	12,000	
Computer & internet	47,128	39,435
Continuing education	1,121	6,126
Depreciation expense	56,283	49,196
Donations	856	2,500
Dues & subscriptions	4,283	2,347
Equipment rental	12,648	16,604
Insurance	23,071	20,194
Meals & entertainment	44,108	41,221
Miscellaneous	3,600	2,298
Office	28,847	25,248
Postage	5,061	2,909
Printing and reproduction	3,282	8,473
Professional fees	157,046	287,080
Rent	101,387	70,994
Repairs & maintenance	66,281	63,957
Taxes & licenses	27,932	13,339
Telephone	36,714	36,638
Training	4,000	7,450
Travel	255,017	263,242
Utilities	17,024	17,137
	1,969,927	1,562,959
Total operating expenses	\$ 4,646,617	\$ 4,407,236

See independent auditors' report on supplementary information.

**JAKES FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

# JAKES FRANCHISING, LLC

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DANIEL M. O'CONNELL II, CPA  
JOHN M. STERN, JR., CPA

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Jakes Franchising, LLC

[www.pkscpa.com](http://www.pkscpa.com)

### Report on the Financial Statements

Salisbury  
1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

We have audited the accompanying financial statements of Jakes Franchising, LLC, a Delaware limited liability company, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and changes in accumulated equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Ocean City  
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FAX: 410.213.7638

### 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.

Lewes  
1143 SAVANNAH ROAD  
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### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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PKF INTERNATIONAL

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 judgment, including the assessment of the risks of material misstatement of the financial statements, 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 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

**Auditors' Responsibility (Continued)**

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 Jakes Franchising, LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**CERTIFIED PUBLIC ACCOUNTANTS**

Salisbury, Maryland  
July 16, 2018

**JAKES FRANCHISING, LLC**

**BALANCE SHEETS**

**DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 477,638	\$ 763,034
Certificate of deposit	50,000	
Accounts receivable - franchise fee and royalty revenue	83,699	226,843
Accounts receivable - brand building fund	82,597	87,230
Accounts receivable - other	60,000	
Advances to stores, current portion	112,123	66,835
Loans receivable - member	62,500	122,500
Due from related parties, current portion	395,651	85,773
Due from franchisees - advertising	130,887	106,100
Prepaid expenses	9,074	27,517
Total current assets	<u>1,464,169</u>	<u>1,485,832</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	336,838	295,838
Leasehold improvements	38,916	38,916
Less accumulated depreciation	<u>(132,561)</u>	<u>(83,365)</u>
Net property and equipment	<u>243,193</u>	<u>251,389</u>
 <b>OTHER ASSETS</b>		
Advances to stores, less current portion	150,457	225,555
Due from related parties, less current portion	205,128	
Brand building fund, due from vendors	727	131,823
Security deposits	38,505	39,055
Covenant not to compete, net of amortization of \$25,000	<u>1,475,000</u>	
Total other assets	<u>1,869,817</u>	<u>396,433</u>
 Total assets	<u>\$ 3,577,179</u>	<u>\$ 2,133,654</u>

The accompanying notes are an integral part of these statements.

## LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>		
Current portion of capital lease	\$ 10,154	\$ 17,959
Current portion of note payable	271,553	
Accounts payable	191,587	81,450
Accrued payroll	51,737	59,460
Gift card liability	107,722	83,251
Security deposits	15,000	9,868
Total current liabilities	<u>647,753</u>	<u>251,988</u>
<b>OTHER LIABILITIES</b>		
Capital lease, less current portion		10,154
Long-term debt, less current portion	1,201,447	
Deferred franchise fee revenue, net of deferred costs	1,761,373	1,728,842
Total other liabilities	<u>2,962,820</u>	<u>1,738,996</u>
Total liabilities	<u>3,610,573</u>	<u>1,990,984</u>
<b>MEMBERS' EQUITY (DEFICIT)</b>		
Membership units (\$1 par value, 1,000 units authorized, 100 issued and outstanding)	100	100
Additional paid in capital	21,900	21,900
Accumulated equity (deficit)	(55,394)	120,670
Total members' equity (deficit)	<u>(33,394)</u>	<u>142,670</u>
Total liabilities and members' equity (deficit)	<u>\$ 3,577,179</u>	<u>\$ 2,133,654</u>

**JAKES FRANCHISING, LLC**

**STATEMENTS OF OPERATIONS AND CHANGES IN ACCUMULATED  
EQUITY (DEFICIT)**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Franchise fee revenue	\$ 1,735,095	\$ 1,253,000
Royalty revenue	<u>2,718,105</u>	<u>2,514,318</u>
Total revenues	4,453,200	3,767,318
<b>OPERATING EXPENSES</b>	<u>4,407,236</u>	<u>3,455,533</u>
Operating income	<u>45,964</u>	<u>311,785</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest expense	(5,709)	(6,263)
Interest income	8,504	1,710
Miscellaneous income	90	1,008
Net other income (expenses)	<u>2,885</u>	<u>(3,545)</u>
Net income	48,849	308,240
<b>ACCUMULATED EQUITY, BEGINNING OF YEAR</b>	120,670	312,430
Less distributions	<u>224,913</u>	<u>500,000</u>
<b>ACCUMULATED EQUITY (DEFICIT) END OF YEAR</b>	<u>\$ (55,394)</u>	<u>\$ 120,670</u>

The accompanying notes are an integral part of these statements.

**JAKES FRANCHISING, LLC**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 48,849	\$ 308,240
Adjustment for non-cash items		
Amortization expense	25,000	
Bad debt expense	263,547	85,967
Depreciation expense	49,196	29,429
Deferred franchise fee revenue, net of deferred costs	32,531	358,883
(Increase) decrease in assets		
Accounts receivable - franchise fee and royalty revenue	(43,081)	14,049
Accounts receivable - brand building fund	4,633	(29,777)
Due from franchisees - advertising	(24,787)	(106,100)
Due from employees		4,600
Prepaid expenses	18,443	(7,044)
Brand building fund	131,096	(93,267)
Security deposits	550	(25,152)
Increase (decrease) in liabilities		
Accounts payable	110,137	(61,940)
Accrued payroll	(7,723)	26,423
Gift card liability	24,471	17,594
Security deposits	5,132	(42,682)
Due to franchisees - advertising		(91,654)
Net cash flows provided by operating activities	637,994	387,569
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(50,000)	
Advances to stores, net	(47,512)	(53,732)
Loans to related parties, net	(515,006)	(54,164)
Purchase of furniture and equipment	(41,000)	(166,064)
Net cash flows used by investing activities	(653,518)	(273,960)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital lease payments	(17,959)	(15,228)
Cash paid for covenant not to compete	(27,000)	
Payment of distributions	(224,913)	(500,000)
Net cash flows used by financing activities	(269,872)	(515,228)
Net decrease in cash	(285,396)	(401,619)
<b>CASH, BEGINNING OF YEAR</b>	763,034	1,164,653
<b>CASH, END OF YEAR</b>	\$ 477,638	\$ 763,034

The accompanying notes are an integral part of these statements.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NATURE OF ORGANIZATION**

Jakes Franchising, LLC (the “Company”) is a limited liability company, which was incorporated on October 6, 2003 pursuant to the Delaware General Corporation Laws. The Company is authorized and empowered to carry out the business of selling franchises throughout the world for the operation of restaurants.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Support and revenues are recorded in the period earned and expenses are recorded in the period incurred.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash for the purpose of determining cash flows.

The Company maintains cash in financial institutions with insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had bank balances of \$157,037 and \$547,713 in excess of the maximum amounts allowed for FDIC coverage at December 31, 2017 and 2016, respectively.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method and some accelerated methods for financial reporting purposes over lives ranging from 3 to 10 years. For income tax reporting purposes, the Company uses accelerated methods. Depreciation expense was \$49,196 and \$29,429 for the years ended December 31, 2017 and 2016, respectively.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Covenant Not to Compete

Effective December 14, 2017, a member owning 34.125% of the membership units sold his shares in the Company. As part of the agreement to sell his units, the former member agreed not to compete with the Company for a period of five years. The cost of the agreement is being amortized on the straight line method over the term of the agreement. Amortization expense charged to operations was \$25,000 in 2017.

Accounts receivable

The Company uses the direct write-off method of accounting for losses arising from uncollectible accounts receivable. Under this method, accounts receivable are written off in the period they are deemed uncollectible. In the opinion of management, substantially all of the accounts receivable are considered realizable at the amounts stated in the accompanying balance sheets and no allowance for doubtful accounts is considered necessary. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Accounts receivable, advances and loans are due from franchisees unless noted as due from members or related parties. To reduce credit risk, the Company reserves the right to terminate franchise agreements for nonpayment of amounts owed.

Income taxes

The members of the Company have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. No provision for federal income taxes has been recorded in these financial statements because the members are personally liable for such taxes on their individual income tax returns.

The Company follows FASB ASC 740-10, which provides guidance for uncertainty in income taxes recognized in the Company's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of December 31, 2017 and 2016, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Penalties and interest assessed by taxing authorities would be included in operating expenses. Penalties and interest of \$744 and \$-0- have been charged to expense as of December 31, 2017 or 2016, respectively.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue recognition

Revenue is derived from three areas: initial franchise fees relating to newly signed restaurant franchise agreements, master franchise fees, and ongoing royalties charged to franchisees based on their sales.

Initial franchise fee revenue

When an individual franchise is sold, the Company has the responsibility to provide additional training and development services to the franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$35,000 for the franchisee's first store and a franchise fee ranging from \$5,000 to \$25,000 for each subsequent store. Initial franchise fees for new stores are deferred until the store is opened, at which time the Company has performed substantially all of the initial services it is required to provide. Actual store openings can occur up to several years after receipt of the initial franchise fee.

A franchisee may pay a renewal franchise fee and renew its franchise for an additional term. Renewal franchise fees are recognized as revenue upon receipt of the non-refundable fee and execution of a new franchise agreement.

Master franchise fee revenue

When a master franchise is sold, the Company has no responsibility to provide additional training and development services past the initial training program, so the income of the initial fee is recognized immediately. The master franchise fee is based on the specific agreement signed with the franchisee. All agreements call for the master franchisee to have a required number of stores operational within each specified calendar year as agreed to in the contract. The master franchisee will share in the initial fees and royalties of any franchise sold and operational, respectively, as agreed to in the contract.

Royalty revenue

Royalties are recognized as income when the underlying franchisee sales occur unless there is significant uncertainty concerning the collectability of such revenue. Royalties are calculated at 5% of franchisee sales per agreements.

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Brand Building Fund

The Company has entered into agreements with various vendors whereby they provide exclusivity to the vendors in the franchises in exchange for discounts or rebates. All brand building receipts are then spent on joint efforts to promote the Company and the vendor's products. The Company currently has agreements with seventeen vendors in comparison with fourteen vendors last year. The Company works to have each agreement expire by December 31 of that year. The brand building fund represents expenses incurred to be reimbursed by the expected discounts and rebates. The income and expenses of this fund are not reported in these financial statements.

	2017	2016
Beginning balance, due from vendors	\$ 131,823	\$ 38,556
Brand building revenue	(756,098)	(707,651)
Brand building expenses	625,002	800,918
Net brand building, due from vendors	<u>\$ 727</u>	<u>\$ 131,823</u>

##### Advertising

The Company expenses advertising associated with franchise sales activities as incurred. Total franchise advertising expense for the years ended December 31, 2017 and 2016 was \$212,915 and \$225,034, respectively. A portion of the advertising has been included in the brand building fund expenses for the marketing and procurement departments' office expenses. That amount was \$-0- and \$36,000 for the years ended December 31, 2017 and December 31, 2016, respectively.

##### Due from franchisees - advertising

Franchisees are required to pay a fee of 2% or 4% of gross sales for national and local advertising expenses pursuant to the individual franchise agreements. The amount paid for national and local advertising is segregated into a special purpose advertising bank account. As of December 31, 2017 and 2016, the bank account had a balance of \$78,265 and \$-0-, respectively, and is included in cash on the balance sheet. Total advertising expenses paid from the fund for 2017 and 2016 amounted to \$1,278,767 and \$1,384,953, respectively. The income and expenses of this fund are not reported in these financial statements.

##### Subsequent events

Management has evaluated subsequent events through July 16, 2018, which is the date the financial statements were available to be issued.

## JAKES FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

#### FRANCHISE FEE AND ROYALTY REVENUE AND RECEIVABLE

The Company sold 29 initial and 4 master franchises during 2017 and 52 initial franchises and 2 master franchises during 2016. The number of franchises opened were 27 during 2017 and 26 during 2016. There were two agreements terminated with \$1,000 deposit kept in 2017, while there were no agreements terminated with deposits kept during 2016. The number of franchises in operation was 140 and 120 as of December 31, 2017 and 2016, respectively.

The detail of accounts receivable - franchise fee and royalty revenue is as follows:

	<u>2017</u>	<u>2016</u>
Beginning receivable - franchise fee and royalty revenue	\$ 226,843	\$ 326,859
Franchises sold and transfer of ownership	1,808,595	1,833,000
Royalty revenue	2,718,105	2,514,318
Cash and undeposited checks received	<u>(4,669,844)</u>	<u>(4,447,334)</u>
Ending receivable - franchise fee and royalty revenue	<u>\$ 83,699</u>	<u>\$ 226,843</u>

Deferred franchise fees consists of initial franchise fees not yet earned, net of the related broker fees and commissions, and initial training and construction costs to assist the store in becoming operational. Deferred franchise fees at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Total initial franchise fees deferred annually	\$ 2,474,500	\$ 2,470,000
Less related costs	<u>(713,127)</u>	<u>(741,158)</u>
Net deferred franchise fee revenue	<u>\$ 1,761,373</u>	<u>\$ 1,728,842</u>

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**FRANCHISE FEE AND ROYALTY REVENUE AND RECEIVABLE (Continued)**

Franchise fee revenue was recognized as follows:

	2017	2016
Beginning deferred franchise fee revenue	\$ 2,470,000	\$ 1,995,000
Franchises sold	1,627,421	1,687,000
Franchises transfer of ownership	181,174	146,000
Refunded franchise fee	(69,000)	(105,000)
Total initial franchise fees deferred	(2,474,500)	(2,470,000)
	\$ 1,735,095	\$ 1,253,000

**OPERATING LEASE**

In 2015, the Company entered into a five-year operating lease with a lessor for their office location for the period May 1, 2015 through June 30, 2020. At the expiration of the lease, the lessee would have the option to renew the lease term for one additional term of five years with an adjustment of annual rent to be determined at that date.

During 2016, the owner of the office space extended an offer to purchase the building. A related party of the Company purchased the space and executed a new lease agreement for the period July 1, 2016 through June 30, 2021. The agreement is for five years with lease payments ranging from \$7,000 to \$8,500 per month. Common area expenses and repairs will be the responsibility of the tenant.

Future minimum lease commitments are as follows:

2018	\$	93,000
2019		97,500
2020		100,500
2021		51,000
Total	\$	342,000

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**OPERATING LEASE (Continued)**

Rent expense, which includes some common area maintenance and a monthly rental for storage, amounted to \$83,794 and \$76,729 for the years ended December 31, 2017 and 2016, respectively. A portion of the rent has been included in the brand building fund expenses for the marketing and procurement departments' office expenses. That amount was \$12,800 and \$14,400 for the years ended December 31, 2017 and December 31, 2016, respectively.

**TRANSACTIONS WITH RELATED PARTIES**

Starting in January 2011, the Company had an agreement with JWB Management Group, LLC (JWB), a related party, which has the same owners as the Company. Under this agreement, JWB was to provide management services, which included assisting with training new franchisees and managing the Company's advertising fund and brand building transactions. Starting in 2012, JWB Management Group, LLC no longer performed management services for Jakes Franchising, LLC; instead, it managed the stores of terminated franchisees until those stores could be sold; they also assisted other franchised stores as management backup.

Starting in February 2015, the Company had an agreement with Jake's Uncle Willie, LLC (JUW), a related party, which is owned by the same owners as the Company. Under this agreement, JUW owns 51% of Uncle Willie's International, LLC (UWI). JUW is to assist UWI with its franchising opportunities, which includes accounting, legal, design, and construction activities. Starting in January 2017, JUW also acquired 51% of Uncle Willie's Oxford, LLC (UWO) to provide the same type of assistance it provides to UWI.

Generally accepted accounting principles provide a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, non-controlling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to direct the activities of the entity that most significantly impact its economic performance, or (3) has a group of equity owners that do not have the obligation to absorb losses of the entity or the right to receive returns of the entity.

**JAKES FRANCHISING, LLC**  
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**TRANSACTIONS WITH RELATED PARTIES (Continued)**

A VIE should be consolidated if a party with an ownership, contractual, or other financial interest in the VIE that is considered a variable interest (a variable interest holder) has the power to direct the VIE's most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest.

In December 2017 and 2016, the Company's variable interest in JWB was evaluated against the criteria for consolidation. It was determined that the Company is not the primary beneficiary of JWB because the Company lacks the power to direct the activities of JWB that most significantly influence its economic performance. During 2017 and 2016, the power to direct the activities of JWB was shared by six individual members and required the consent of at least two of the members in making the decisions about the activities that significantly impacted its performance. Therefore, consolidation in the Company's financial statements is not required. During the years ended December 31, 2017 and 2016, the Company provided no explicit or implicit financial or other support to JWB that was not previously contractually required to assist with operating the terminated stores. To operate the terminated stores, the Company loaned funds to JWB; the balances owed, which are repaid upon the sale of the terminated stores, were \$371,651 and \$12,297 as of December 31, 2017 and 2016, respectively, which have been collateralized by the stores and guaranteed by all owners of JWB. The Company had no exposure to a loss because of its involvement with JWB since it had no direct significant monetary investment in JWB (that was not collateralized by a store) and had not guaranteed any of JWB's liabilities as of December 31, 2017 and 2016. As of December 31, 2017 and 2016, all balances due from JWB are considered collectible and short-term.

In December 2017 and 2016, the Company's variable interest in JUW and UWI was also evaluated against the criteria for consolidation. It was determined that the Company is not the primary beneficiary of either company because the Company lacks the power to direct the activities of either company that most significantly influences its economic performance. During 2017 and 2016, the power to direct the activities of both JUW and UWI was shared by six individual members and requires the consent of at least two of the members in making the decisions about the activities that significantly impacted its performance. For 2017, the same analysis was performed for UWO with the same conclusion. Therefore, consolidation in the Company's financial statements is not required. During the years ended December 31, 2017 and

**JAKES FRANCHISING, LLC**  
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**TRANSACTIONS WITH RELATED PARTIES (Continued)**

2016, the Company provided no explicit or implicit financial or other support to JUW that was not previously contractually required, except for a small loan with an ending balance of \$6,795 for the years ended December 31, 2017 and 2016. Except for these loans, the Company had no exposure to loss because of its involvement with JUW since it had no direct significant monetary investment in JUW, had not guaranteed any of JUW's liabilities and had not loaned JUW any significant money for their operations as of December 31, 2017 and 2016. During the years ended December 31, 2017 and 2016, the Company provided no explicit or implicit financial or other support to UWI that was not previously contractually required, except for loans with balances at December 31, 2017 and 2016 of \$48,429 and \$42,777 respectively, which has been guaranteed by the trademark of the franchise and by all owners of UWI. Except for those loans, the Company had no exposure to loss because of its involvement with UWI since it had no direct significant monetary investment in UWI (that was not collateralized by a trademark) and had not guaranteed any of UWI's liabilities as of December 31, 2017 and 2016. During the years ended December 31, 2017, the Company provided no explicit or implicit financial or other support to UWO that was not previously contractually required, except for loans with a balances at December 31, 2017 of \$100,000 to start two new stores, which has been guaranteed by the stores and by all owners of UWO. Except for those loans, the Company had no exposure to loss because of its involvement with UWO since it had no direct significant monetary investment in UWO (that was not collateralized by the stores) and had not guaranteed any of UWO's liabilities as of December 31, 2017. As of December 31, 2017, all balances due from JUW, UWI and UWO are considered collectible but long-term.

As of December 31, 2017 and 2016, the Company had advanced their related party lessor \$73,904 and \$23,904, respectively. The Company and the related party agreed to a repayment schedule of \$4,000 month starting July 2017. As of December 31, 2017, \$24,000 was considered current with the remaining balance of \$49,904 considered collectible but long-term.

As of December 31, 2015, the Company had advanced loans to a member in the amount of \$60,000. The Company and the member agreed to a repayment schedule of the loan for ten years with 2% interest charged monthly. No principal payments have been required and as of December 31, 2017 and 2016 the balance due was \$60,000. Effective December 14, 2017, the member sold his interest in the Company; therefore, his balance is now included as Accounts receivable – other and he has arranged to pay the balance in full in 2018.

As of December 31, 2015, the Company had advanced loans to a second member for \$62,500. The Company and the member agreed to a repayment schedule of the loan with 2% interest charged monthly, with the balance due in full in 2016. No principal payments have been required and as of December 31, 2017 and 2016 the balance due was \$62,500. The member is expected to pay the balance in full in 2018.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**TRANSACTIONS WITH RELATED PARTIES (Continued)**

	<u>2017</u>	<u>2016</u>
Due from related parties consists of:		
JWB Management Group, LLC (JWB)	\$ 371,651	\$ 12,297
Jake's Uncle Willie, LLC (JUW)	48,429	42,777
Uncle Willie's International, LLC (UWI)	6,795	6,795
Uncle Willie's Oxford, LLC (UWO)	100,000	
Jakes 716 Cheshire, LLC	<u>73,904</u>	<u>23,904</u>
	<u>\$ 600,779</u>	<u>\$ 85,773</u>
	<u>2017</u>	<u>2016</u>
Due from related parties consists of:		
Current	\$ 395,651	\$ 85,773
Long-term	<u>205,128</u>	
	<u>\$ 600,779</u>	<u>\$ 85,773</u>

**FRANCHISEE ADVANCES AND LOANS/NOTES RECEIVABLE – FRANCHISEE**

In 2013, there was a loan to a franchisee for \$58,281. The note was payable to the Company in monthly installments of principal and interest of \$1,127 at a rate of 6%. At December 31, 2014, \$38,281 was deemed to be uncollectible. The remaining \$20,000 was to be collected from the new franchisee and was included in accounts receivable - franchisee fee and royalty revenue account. As of December 31, 2015, it was determined only \$15,000 was collectible and remained in accounts receivable - franchisee fee and royalty revenue account; the balance of \$5,000 was included in bad debt. In 2016 the balance was paid.

**ADVANCES TO STORES**

Advances to stores represents cash advances to JWB on behalf of the stores in order for the terminated franchises to remain operational until the franchise is resold. The advances are to be paid upon the sale of the individual store, the majority of which are secured with promissory notes. The repayment is not the responsibility of JWB.

**JAKES FRANCHISING, LLC**  
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**CAPITAL LEASE**

The Company entered into a capital lease in 2015 with Cisco Systems, Inc. for a phone system with a purchase price of \$60,000. The economic substance of the lease is that the Company is financing the acquisition of assets through the lease and they are recorded in the Company's assets and liabilities. The Company is depreciating the phone system with the fixed assets.

The following is a schedule of future minimum payments required under the lease together with their present value as of December 31, 2017:

2018	\$ 13,346
Less amount representing interest	<u>3,192</u>
Present value of minimum lease payments	<u>\$ 10,154</u>

**LONG-TERM DEBT**

Long-term debt consists of the following:

final payment due December 2022; collateralized by a security interest in the Company.	\$ 1,473,000	\$
Less current maturities	<u>271,553</u>	<u>          </u>
Total long-term debt	<u>\$ 1,201,447</u>	<u>\$</u>

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**LONG-TERM DEBT (Continued)**

Future maturities of long-term liabilities are as follows:

2018	\$	271,553
2019		282,616
2020		294,131
2021		306,114
2022		<u>318,586</u>
Total	\$	<u><u>1,473,000</u></u>

**EQUITY DISTRIBUTIONS**

Equity distributions are recognized in the year of distribution.

**RETIREMENT PLAN**

During 2012, the Company adopted a 401(k) plan made available to all employees that have worked one year of at least 1,000 hours and are at least 21 years of age. Under the plan, eligible employees may elect to defer up to 92% of their salary, subject to the Internal Revenue Code limits. Contributions to the plan by the Company are equal to 100% of the employees' elective deferrals that do not exceed three percent of their compensation plus 50% of the employees' elective deferrals that exceed three percent of their compensation but do not exceed five percent. Contributions to the plan charged to operations were \$51,030 and \$53,790 for the years ended December 31, 2017 and December 31, 2016, respectively.

**CONCENTRATIONS AND ECONOMIC DEPENDENCY**

More than 50% of the Company's national franchise royalties for the years ended December 31, 2017 and 2016 were from franchises located in six states for 2017 and five states for 2016. The Connecticut franchises individually contributed more than 14% and 15% of the total franchise income for the years ended December 31, 2017 and 2016.

**JAKES FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**CASH FLOW INFORMATION**

The Company had non-cash investing and financing transactions relating to its covenant not to compete as follows:

	<u>2017</u>	<u>2016</u>
Covenant not to compete	\$ 1,500,000	\$
Less indebtedness incurred	<u>1,473,000</u>	<u></u>
Cash paid for covenant not to compete	<u>\$ 27,000</u>	<u>\$</u>

Cash paid for interest was \$5,709 and \$6,263 for the years ended December 31, 2017 and 2016, respectively.

**NEW ACCOUNTING PRONOUNCEMENTS**

FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The new guidance establishes the principles to report the nature, timing, and uncertainty of revenue from contracts with customers. For nonpublic companies, the new guidance will be required for annual reporting periods beginning after December 15, 2018. Management has not yet determined what, if any, impact the implementation of this statement will have on the financial statements.

FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. For nonpublic companies, the new guidance on leases will take effect for fiscal years beginning after December 15, 2019.



ANDREW M. HAYNIE, CPA  
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DANIEL M. O'CONNELL II, CPA  
JOHN M. STERN, JR., CPA

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of  
Jakes Franchising, LLC

[www.pkscpa.com](http://www.pkscpa.com)

**Salisbury**  
1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

**Ocean City**  
12216 OCEAN GATEWAY  
SUITE 800  
OCEAN CITY, MD 21842  
TEL: 410.213.7185  
FAX: 410.213.7638

**Lewes**  
1143 SAVANNAH ROAD  
SUITE 1  
LEWES, DE 19958  
TEL: 302.645.5757  
FAX: 302.645.1757

We have audited the financial statements of Jakes Franchising, LLC as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated July 16, 2018, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### MEMBERS OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

PKF INTERNATIONAL

**CERTIFIED PUBLIC ACCOUNTANTS**

Salisbury, Maryland  
July 16, 2018

**JAKES FRANCHISING, LLC**

**SCHEDULES OF OPERATING EXPENSES**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2017	2016
Payroll and related expenses		
Salaries	\$ 2,099,922	\$ 1,646,370
Commissions	219,437	199,709
Construction coordination	118,848	125,000
Health insurance	166,137	117,629
Payroll taxes	175,978	163,204
Retirement	51,030	53,790
Workers' compensation insurance	12,925	13,366
Total payroll and related expenses	2,844,277	2,319,068
Advertising	212,915	189,034
Amortization expense	25,000	
Auto expense	74,030	67,064
Bad debt expense	263,547	85,967
Bank service charges	11,079	11,111
Broker fees & commissions		24,000
Computer & internet	39,435	38,297
Continuing education	6,126	7,216
Depreciation expense	49,196	29,429
Donations	2,500	1,808
Dues & subscriptions	2,347	2,288
Equipment rental	16,604	22,172
Insurance	20,194	19,955
Meals & entertainment	41,221	27,360
Miscellaneous	2,298	1,477
Office	25,248	23,824
Postage	2,909	5,826
Printing and reproduction	8,473	18,259
Professional fees	287,080	179,526
Rent	70,994	62,329
Repairs & maintenance	63,957	34,570
Taxes & licenses	13,339	56,701
Telephone	36,638	35,619
Training	7,450	8,600
Travel	263,242	169,485
Utilities	17,137	14,548
	1,562,959	1,136,465
Total operating expenses	\$ 4,407,236	\$ 3,455,533

See independent auditors' report on supplementary information.

**Jake's Franchising LLC**

**Franchise Disclosure Document**

**Exhibit F**

**List of Franchisees; Certain Former Franchisees; and Franchisee Organizations**

**JAKE'S WAYBACK BURGERS FRANCHISEES  
OPEN LOCATIONS**

(as of December 31, 2018)

(See Attached.)

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

First Name	Last Name	Street Address	City	State / Province	Zip Code	Center Phone
Jing (Tom)	Wang	1801 4th Ave South	Birmingham	Alabama	35233	(205) 868-3587
Jing (Tom)	Wang	6290 University Drive	Huntsville	Alabama	35806	(256) 532-9009
Chris	Hunter	16900 Chenal Parkway	Little Rock	Arkansas	72223	(501) 404-5858
April	Valusek	Naval Construction Battalion Center, Building 1512	Ventura	California	91320	(805) 984-2223
Adeliya	Bespalova	5445 Hollywood Blvd unit B	Los Angeles	California	90027	(323) 960-9066
Abdul	Usman	1547 California Circle	Milpitas	California	95035	(408) 262-7100
Ambreen	Khawaja	4375 Clayton Road	Concord	California	94521	(925) 849-6636
Akram	Chahine	1725 W. Northpark Boulevard	San Bernardino	California	92407	(909) 473-6140
Mohammad	Sattar	9250 Fairway Drive	Roseville	California	95678	(916) 771-9416
Mohammad	Sattar	1300 East Bidwell Street	Folsom	California	95630	(916) 597-2697
Abdul (Aziz)	Usman	3218 Grant Line Road	Tracy	California	94555	(209) 834-8647
Miguel	Gutierrez	505 East Tulare Ave	Tulare	California	93274	(559) 333-1798
Shoaib	Tarar	46365 W. Panoche Road	Firebaugh	California	93622	(559) 525-9092
Thomas	Smiley	5098 South Federal blvd	Englewood	Colorado	80110	(303) 794-3161
Mike	Magistrali	893 East Main Street	Meriden	Connecticut	06053	(203) 440-2445
April	Miles	1 Crystal Lake Rd, upper base: NEX Bldg 484	Groton	Connecticut	06349	(860) 405-1091
April	Miles	2 Crystal Lake Rd, Lower base :Building 173	Groton	Connecticut	06350	(860) 405-1092
Abbas (Al)	Almajed	1657 Boston Post Rd	Old Saybrook	Connecticut	06475	(860) 339-5855
Yanzhen (Lin)	Lin	957 South Main Street	Cheshire	Connecticut	06410	(203) 439-0060
Mike	Magistrali	71 Newtown Road	Danbury	Connecticut	06810	(203) 917-3987
Hecheng	Chen	10 Hartford Ave. Unit D2,	Granby	Connecticut	06035	(860) 653-9999
Brian	Veo	54 Pershing Drive	Derby	Connecticut	06418	(203) 732-0850
Michael	Light	170 Main Street, Unit 8	Middletown	Connecticut	06457	(860) 961-3024
Jim	Jackson	2850 Main Street	Stratford	Connecticut	06614	(203) 908-3400
Bimal	Thakkar	185 Boston Post Road	Orange	Connecticut	06477	(203) 891-8538
Jiazhou	Lin	320 East Elm Street	Torrington	Connecticut	06790	(860) 361-6624
Bimal	Thakkar	2380 Dixwell Avenue	Hamden	Connecticut	06514	(203) 891-7143
Gary	Valenti	450 South Main Street	West Hartford	Connecticut	06110-1648	(860) 561-5000
Joann	Cilfone	123 Farmington Avenue, Unit P3	Bristol	Connecticut	06010	(860) 584-8550
Mike	Magistrali	346 Cromwell Ave	Rocky Hill	Connecticut	06067	(860) 257-9571
Mike	Magistrali	137 Prospect Hill Road	East Windsor	Connecticut	06088	(860) 623-2404
Mike	Magistrali	607 Main Avenue	Norwalk	Connecticut	06854	(203) 956-5555
Bimal	Thakkar	1249 West Main St	Waterbury	Connecticut	06705	(203) 527-3546
Jigar (Jim)	Patel	26670 Centerview Drive Unit 7	Millsboro	Delaware	19966	(302) 934-8303
Venkatesh	Naidu	250 South Main Street, Suite 110	Newark	Delaware	19711	(302) 861-6050
Jigar (Jim)	Patel	122 East Glennwood Ave.	Smyrna	Delaware	19977	(302) 659-1115
Vankatesh	Naidu	568 West Main Street	Middletown	Delaware	19709	(302) 464-1030
Hany	Ibrahim	645 South Bay Road	Dover	Delaware	19901	(302) 678-5678
Jigar	Patel	913 N. DuPont Highway	Milford	Delaware	19966	(302) 841-1867
Azhar	Mubeen	1244 Paterson Avenue	Washington Navy Yard	District of Columbia	20374	(703) 507-8703
James	Payne	105-240 W. Alexander Street	Plant City	Florida	33566	(813) 756-6939
Jignesh	Raval	5672 Fishhawk Crossing Blvd	Lithia	Florida	33547	(813) 681-2874
Sherrie & Hank	Gainer	15750 Panama City Beach Parkway	Panama City	Florida	32413	(850) 588-6692
Hank	Gainer	1000 East 23rd Street	Panama City	Florida	32405	(850) 818-0580
Hank	Gainer	1705 US Hwy 77	Lynn Haven	Florida	32444	(850) 441-3425
Nabil	Itani	2500 S. Washington Ave #120	Titusville	Florida	32780	(321) 567-5012
Asif	Ali	17030 US Highway 441	Mt Dora	Florida	32757	(352) 735-1998
Asif	Ali	Walmart #5214, 2855 N. Old Lake Wilson Road	Kissimmee	Florida	34747	(407) 390-0155
Jackie	Ammerman	4690 North State Rd 7	Coconut Creek	Florida	33073	(954) 580-8087

First Name	Last Name	Street Address	City	State / Province	Zip Code	Center Phone
Jackie	Ammerman	8108 Abercorn Street	Savannah	Georgia	31406	(912) 925-7564
Abdul	Hashem	3541 Chamblee Tucker Road	Atlanta	Georgia	30341	(678) 643-3759
David	McElhaney	815 Oglethorpe Highway	Hinesville	Georgia	31313	(912) 368-0606
Will	Moore	6323 Grand Hickory Drive	Braselton	Georgia	30517	(470) 326-3589
Waymond	Bogans	1030 Old Peachtree Rd. NW	Lawrenceville, GA	Georgia	30045	(770) 910-9191
Narmeen	Ratnani	3264 Buford Drive, Suite 80	Buford	Georgia	30519	(678) 288-9995
Ankit M.	Patel	10115 Alcovy Road	Covington	Georgia	30014	(770) 728-1171
Thomas	Smiley	2775 Showplace Drive	Naperville	Illinois	60564	(630) 995-3101
Dwayne	Simmons	17W420-422 22nd Street	Oakbrook Terrace	Illinois	60181	(630) 501-1053
Philip	Dzienciol	624 East Diamond Ave	Evansville	Indiana	47711	(812) 422-4999
Phil	Dzienciol	115 Cross Point Blvd	Evansville	Indiana	47715	(812) 475-9272
Jigar (Jim)	Patel	1400 South Salisbury Blvd	Salisbury	Maryland	21801	(443) 944-9243
Patty	Borowski	5 Bel Air South Pkwy	Bel Air	Maryland	21015	(410) 569-2711
Patty	Borowski	2027 East Joppa Road	Parkville	Maryland	21234	(443) 495-2992
Azhar	Mubeen	22099 Cuddihy Road	Patuxent River	Maryland	20670	(240) 237-8302
Abbas (Al)	Almajed	1201 Broadway	Saugus	Massachusetts	01906	(781) 233-3012
Abbas (Al)	Almajed	75 Middlesex Turnpike	Burlington	Massachusetts	01803	(781) 272-0307
Dario	DiPetrantonio	11 Tobias Boland Way	Worcester	Massachusetts	01607	(508) 755-9300
Michael	Magistrali	1256 Walton Boulevard	Rochester Hills	Michigan	48307	(248) 453-5746
Gloria	Spagnuolo	5021 W. Saginaw Highway	Lansing	Michigan	48917	(517) 708-7085
Latifeh	Sabbagh	22000 Ford Road	Dearborn Heights	Michigan	48127	(313) 395-2931
Mike	Magistrali	2595 S. Rochester Road	Rochester Hills	Michigan	48307	(248) 844-2717
Karen	Schmitz	City Center Shoppes, 8470 City Centre Drive Suite H	Woodbury	Minnesota	55125	(651) 261-1958
Amar	Singh	5000 Meadowood Mall Circle	Reno	Nevada	89502	(775) 682-0806
Rachid	Halloul	99 Rockingham Park Blvd	Salem	New Hampshire	03079	(603) 824-3661
Rachid	Halloul	327 South Broadway	Salem	New Hampshire	03079	(603) 458-6798
Jemimah	Ongwenyi	156 Rt. 73	Voorhees	New Jersey	08043	(856) 210-6021
Dan	Murphy	302 Rt 46	Little Ferry	New Jersey	07643	(201) 229-4201
John	Fellin	512 Hempstead Turnpike	West Hempstead	New York	11552	(516) 414-1716
Jerry	Yuen	2306 Hempstead Turnpike	East Meadow	New York	11554	(516) 520-0298
Jerry	Yuen	1964 Jericho Turnpike	East Northport	New York	11731	(631) 864-5555
Sushil	Bhagudia	816 State Route 17m	Monroe	New York	10950	(845) 395-0707
Mike	Magistrali	26455 Johnson Rd.	Evans Mills	New York	13637	(315) 629-6461
Matt	Creech	1700 Raleigh Road NW	Wilson	North Carolina	27896	(252) 281-2080
Wayne	Ernest	929 Park Center Drive	Matthews	North Carolina	28105	(980) 262-3303
Nitin	Aghera	6320 Capital Blvd	Raleigh	North Carolina	27616	(919) 977-4444
David	Foster	3872 Oxford Station Way	Winston-Salem	North Carolina	27103	(336) 602-2066
Shivamkumar	Kanjiya	4104 Surlles Court	Durham	North Carolina	27703	(919) 474-9922
Madgy	Ghoheim	4000 Arrow Head Boulevard Unit 100	Mebane	North Carolina	27302	(919) 563-0880
Alfred	Bodden	2727 Fairfield Commons Boulevard	Beavercreek	Ohio	45431	(937) 426-2271
Farhana	Aziz	7690 Voice of America Center Drive	West Chester	Ohio	45069	(513) 847-1597
Christine	Elerick	1090 Williams Reserve Boulevard Suite H	Wadsworth	Ohio	44281	(330) 334-5045
Maria	Unruh	3217 S. Broadway	Edmond	Oklahoma	73013	(405) 696-5755
Said	Najimi	3301 SW 104th st	Oklahoma City	Oklahoma	73107	(405) 378-7100
Farhan	Khan	45 Division Ave #A	Eugene	Oregon	97404	(541) 654-5293
Eric	Jenkins	1251 East McAndrews Rd., Suite 124	Medford	Oregon	97504	(541) 500-1552
Jasmin	Patel	1181 Berkshire Boulevard	Wyomissing	Pennsylvania	19610	(610) 743-5014
Jasmin	Patel	390 Schuylkill Road	Phoenixville	Pennsylvania	19460	(484) 927-4001
Bert	Pandak	811 East Baltimore Pike	Kennett Square	Pennsylvania	19348	(484) 732-8171
Jim	Monzo	1810 Ridge Pike	Royersford	Pennsylvania	19468	(484) 961-8129

First Name	Last Name	Street Address	City	State / Province	Zip Code	Center Phone
Bert	Pandak	1107 West Chester Pike	West Chester	Pennsylvania	19382-5004	(610) 701-7015
Jasmin	Patel	Coventry Mall	Pottstown	Pennsylvania	19465	(484) 682-9743
Joseph	Cox	4403 Southmont Way	Easton	Pennsylvania	18045-4707	(610) 250-0100
Jasmin	Patel	255 Upland Square Drive	Pottstown	Pennsylvania	19464	(484) 300-4246
Bert	Pandak	3483 E. Lincoln Highway	Thorndale	Pennsylvania	19372	(610) 380-9500
Joseph	Cox	4041 Route 309	Schnecksville	Pennsylvania	18078	(610) 760-3163
Ana	Dugan	807 Gap-Newport Pike	Avondale	Pennsylvania	19311	(484) 720-8486
Mike	Green	111 Hulst Drive	Matamoras	Pennsylvania	18336	(570) 491-2103
Andrew	Halout	343 Comet drive	Millersville	Pennsylvania	17551	(717) 584-6284
Sheetal	Shah	105 Gateway Drive, Units A104 and 105	Mechanicsburg	Pennsylvania	17050	(717) 795-4325
Dhaval	Patel	429 W. Butler Pike	Chalfont	Pennsylvania	18914	(267) 477-1786
Jackie	Ammerman	32 Shelter Cove Lane Suite 150	Hilton Head	South Carolina	29928	(843) 785-2650
Paul	Migliaro	618 Bacon Bridge Road	Summerville	South Carolina	29485	(843) 832-9900
Paul	Migliaro	1741 Red Bank Rd	Goose Creek	South Carolina	29445	(843) 277-2200
David	McElhane	2005 Boundary Street	Beaufort	South Carolina	29902	(843) 379-3025
Philip	Blackerby	1757 Woodruff Road	Greenville	South Carolina	29607	(864) 626-3300
Jackie	Ammerman	4 Bluffton Road	Bluffton	South Carolina	29910	(843) 815-5277
David	Burke	1735 John B White Sr Blvd.	Spartanburg	South Carolina	29301	(864) 574-0999
Hitesh	Patel	7050 Charlotte Pike	Nashville	Tennessee	37209	(615) 454-5472
Omar	Salim	1880 N. Main Street	Shelbyville	Tennessee	37160	(931) 685-4850
Dhipender (Bobby)	Tanwer	8704 Cypress Waters Blvd.	Irving	Texas	75063	(972) 357-5218
Rawah	Hassan	6421 Riverside Drive	Irving	Texas	75039	(972) 290-0709
Rosendo	Guerra	2517 North East Bob Bullock Loop #106	Laredo	Texas	78045	(956) 568-6641
Rosendo	Guerra	7510 McPherson Road, Building #6	Laredo	Texas	78045	(956) 568-6768
Bonnie	Diwadkar	3404 W. Stan Schlueter Loop	Killeen	Texas	76549	(254) 554-2011
Babatunde (Babs)	Oyedipe	13608 Midway Road	Dallas	Texas	75244	(214) 484-9165
Amna	Zia	1919 N Main St	Pearland	Texas	77581	(281) 412-4433
Chuck	Wilson	3001 Wild Flower Drive, Suite A2-13	Bryan	Texas	77802	(979) 704-3076
Greg	Hunter	8049 Preston Road	Frisco	Texas	75034	(469) 362-7437
Millind	Patel	13075 N Saginaw Blvd	Fort Worth	Texas	76179	(817) 439-1082
Daryan	Huggins	43670 Greenway Corporate Drive, Space 30, Suite 104	Ashburn	Virginia	20147	(703) 687-4325
Ben	Lee	1645 140th Avenue NE, Suite B6	Bellevue	Washington	98005	(425) 644-1300
Ejaz	Chaudhry	1955 Belmont Loop	Woodland	Washington	98674	(360) 841-8753
Bart	Loebs	1220 Washington Blvd	New Castle	Wyoming	82701	(307) 746-9464
INTERNATIONAL						
Khalid	AlSuoliman	Khobar - Cornish	Khobar	Saudi Arabia		+966135731931
Christine	Lee	L3-16B Melawati Mall	Pusat Bandar Melawati	Malaysia	53100	+60341610711
Liam Liot	Woi	Jalan Raja Chulan	Kuala Lumpur	Malaysia	59200	+60134355103
Youssef	Elmrani	10 Bis Rue Abou Yaala El Ifrani	Casablanca	Morocco	20250	+212684334141
Stefan	Boers	Stationsplein 36	Breda	Netherlands	4811BB	+31 40 303 1900
Ejaz	Chaudhry	56 GCP Housing Society	Lehore	Pakistan		92-42-35956074
Ejaz	Chaudhry	262 CCA, Block FF, Phase 4	Lehore	Pakistan		92-42-37185741
Mansour	Manna	Green Yard Africa Street	Khartoum	Sudan	12217	249 96 236 6674
Fahad	Almezyan	Al Ta'Awon Street	Salmiya	Kuwait		965 9953 9313

**JAKE'S WAYBACK BURGERS FRANCHISEES  
SIGNED BUT NOT YET OPEN**

(as of December 31, 2018)

(See Attached.)

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

First Name	Last Name	Street Address	City	State / Province	Zip Code	Center Phone
Keith	Patel	18021 US Highway 31	Cullman	Alabama	35058	(256) 734-7385
John	Austria	5727 Canoga Ave	Woodland Hills, CA	California	91367	(551) 208-6980
Asfar	Longi	3856 Fallon Road	Dublin	California	94568	(408) 590-4777
Asim	Ahmed	2273 Star Lilly Ct.	Brentwood	California	94513	(925) 963-0410
Roohi	Akhtar	18011 New Hope Street	Fountain Valley	California	92708	(630) 229-8399
Sarib	Rehman	6001 Florin Road	Sacramento	California	95823	(916) 671-6381
Mosa	Gazali	5734 W. Palo Alto Ave	Fresno	California	93722	(559) 681-9115
Thomas	Le	3087 Mattique Drive	San Jose	California	95135	(408) 910-4399
Asim	Ahmed	2273 Star Lilly Ct.	Brentwood	California	94513	(925) 963-0410
Steve	Sterman	50 Overbrook Dr	Stamford	Connecticut	06906	(203) 253-4474
Jay	Shankar	109 Fifth Street	Stamford	Connecticut	06905	(203) 253-1572
Jigar	Patel	3 Commerce Street	Harrington	Delaware	19952	(302) 841-1867
Jamila	Fazalbhoy	1500 Beville Road	Daytona Beach	Florida	32114	(706) 564-7249
Jorge	Parker	2501 Brickell Ave. Apt 902	Miami	Florida	33129	(305) 766-3541
Asif	Ali	2855 N. Old Lake Wilson Road	Kissimmee	Florida	33458	(954) 668-3274
Will	Moore	6323 Grand Hickory Drive, Suite 100b	Braselton	Georgia	30517	(678) 492-6162
Devang	Patel	240 Tanger Outlets Boulevard	Pooler	Georgia	31322	(912) 308-3806
Dwayne	Simmons	17W420-422 22nd Street	Oakbrook Terrace	Illinois	60181	(630) 926-4247
Vishnukumar	Patel	390 Red Elm Lane	Bowling Green	Kentucky	42101	(812) 572-1894
David	Clark	108 Avenue A	Belle Chasse	Louisiana	70037	(504) 912-8966
Johnny	Bragg	314 Foreland Garth	Aberdeen	Maryland	21009	(410) 937-9388
Curtis	Gibson	3248 B. Crain Highway	Waldorf	Maryland	20603	(240) 216-9986
Bhupinder	Dhillon	5360 Justin CT	Grand Haven	Michigan	49441	(616) 304-3085
David	Hebert	5135 Goodman Road	Olive Branch	Mississippi	38654	(662) 404-1396
David	Boehrer	555 College Drive	Henderson	Nevada	89015	(702) 672-5560
Abdur	Rab	83 Plaza Center	Secaucus	New Jersey	07094	(646) 331-9137
Davidson	Etienne	1908 Stanley Drive	Merrick	New York	11566	(646) 404-2531
Syed	Shah	8429 Kendrick Place	Jamaica	New York	11432	(718) 316-1571
Michael	Gallagher	32 Shoal Drive	West Islip	New York	11795	(516) 351-6188
Shivamkumar	Kanjiya	3210 Broadstone Way	Apex	North Carolina	17025	(717) 439-0971
Anna	Turovskaya	7014 Tutor Street	Mint Hill	North Carolina	28227	(704) 777-6264
Pratik (Pat)	Patel	4101 East Royalton Road	Broadview Heights	Ohio	44147	(440) 317-0177
Scott	Miller	106 Shepherd Terrace	Saint Clairsville	Ohio	43950	(740) 310-9323
Joseph	Cox	205 Old Easton Road	Easton	Pennsylvania	18040	(610) 905-7193
Sharanjit	Singh	612 McElhattan Drive	Lockhaven	Pennsylvania	17748	(570) 367-8936
David	McElhanev	2005 Boundary Street	Beaufort	South Carolina	29902	(678) 877-6424
John	Rackus	5230 Sunset Blvd, Suite A	Lexington	South Carolina	29072	(803) 233-4548
Jackie	Ammerman	11 Foxbriar Court	Hilton Head	South Carolina	29926	(203) 848-9579
Jawed	Momin	13807 southwest freeway	Sugar Land	Texas	77478	(281) 808-7045
Rosendo	Guerra	216 West Village Blvd.	Laredo	Texas	78041	(956) 796-1116
Rawah	Hassan	7718 Cedar Elm Drive	Irving	Texas	75063	(214) 783-8050
Shahrukh	Qureshi	222 E. FM 544	Murphy	Texas	75094	(972) 974-4831
Cajetan	Okeh	14826 Bel Terraza Drive	Houston	Texas	77083	(832) 329-9671
Sanjeev	Kumar Sihray	6724 Demoss Drive	Houston	Texas	77074	(559) 630-2379
Satbir	Chhina	12901 N. Interstate 35	Austin	Texas	78753	(956) 206-0112
Giberto	Sosa	1723 North Loop 1604 East	San Antonio	Texas	78232	(361) 406-8135
Ravi	Rupani	7959 Fredricksburg Road	San Antonio	Texas	78229	(956) 763-4087
Dean	Moore	3150 Pat Booker Road	San Antonio	Texas	78109	(210) 929-4518
Vafa	Reza Robabi	7350 Dartford Drive	West McLean	Virginia	22102	(202) 492-9065

First Name	Last Name	Street Address	City	State / Province	Zip Code	Center Phone
Arjun	Patel	2680 Opitz Blvd	Woodbridge	Virginia	22192	(732) 725-7181
<b>INTERNATIONAL</b>						
Zubar	Najm	Dublin	Ireland			353860427227
Brian	Norsworthy	Johannesburg	South Africa			27794946339

## **CERTAIN FORMER JAKE'S WAYBACK BURGERS FRANCHISEES**

(as of December 31, 2018)

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

Franchisees who have transferred their franchise, or had a franchise terminated, cancelled, were not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year and through the date listed above, or who have not communicated with us within 10 weeks are:

(See Attached.)

First Name	Last Name	City	State	Phone	Status	Year Closed/Transferred
Eric	Davidson	Morganton	North Carolina	(828) 438-6936	Contract Expired	2018
Rawah	Hassan	Wylie	Texas	(972) 941-6666	Lease expired	2018
Mike	Magistrali	Watertown	New York	(315) 681-4328	Lease expired	2018
David	Burke	Clemson	South Carolina	(864) 653-9700	Lease expired	2018
Phillip	Doolgar	Meriden	Connecticut	(203) 440-2445	Reaquired by us	2018
Eileen	Curry	Danbury	Connecticut	(203) 917-3987	Reaquired by us	2018
Tim	Ryan	East Windsor	Connecticut	(860) 623-2404	Reaquired by us	2018
Anthony	Laccetti	Lehigh Acres	Florida	(239) 369-7072	Terminated	2018
Robert	Santiago	Poinciana	Florida	(407) 483-8939	Terminated	2018
Dario	DiPietrantonio	Kingston	Massachusetts	(781) 582-9900	Terminated	2018
Deb	Decrescenzo	Hartsdale	New York	(914) 437-8588	Terminated	2018
Chuck	Wilson	College Station	Texas	(979) 704-3076	Terminated	2018
Chuck	Wilson	College Station	Texas	(979) 704-6280	Terminated	2018
John	Burgos	Bandar Seri Begawan	Brunei-Muara	+673 864 9059	Terminated	2018
John	Burgos	Tasek Rimba	Brunei-Muara	+673 864 9059	Terminated	2018
Leonardo	Trivi	Buenos Aries	Argentina	+5411 3220 8090	Terminated	2018
Mike	Abrahams	Stratford	Connecticut	(203) 908-3400	Transferred	2018
Lynn	Schiavone	Waterbury	Connecticut	(203) 527-3546	Transferred	2018
Mark	Van Dame	Lithia	Florida	(813) 681-2874	Transferred	2018
Chester (Chet)	Szachacz	East Meadow	New York	(516) 520-0298	Transferred	2018
Howard	Zeller	East Northport	New York	(631) 864-5555	Transferred	2018
Don	Atlas	Monroe	New York	(845) 395-0707	Transferred	2018
James	Monzo	Phoenixville	Pennsylvania	(484) 927-4001	Transferred	2018
Bruce	Schmidt	Easton	Pennsylvania	(610) 250-0100	Transferred	2018
Bruce	Schmidt	Schnecksville	Pennsylvania	(610) 760-3163	Transferred	2018
Doris	Cooper	Millersville	Pennsylvania	(717) 584-6284	Transferred	2018
Howard	Zeller	East Northport	New York	(631) 864-5555	Transferred	2018

**NO CONTACT IN LAST 10 WEEKS**

<b>First Name</b>	<b>Last Name</b>	<b>Street Address</b>	<b>City</b>	<b>State / Province</b>	<b>Zip Code</b>	<b>Center Phone</b>	
John	Austria	5727 Canoga Ave	Woodland Hills	California	91367	(551) 208-6980	no contact last 10 weeks
Asfar	Longi	3856 Fallon Road	Dublin	California	94568	(408) 590-4777	no contact last 10 weeks
Roohi	Akhtar	18011 New Hope Street	Fountain Valley	California	92708	(630) 229-8399	no contact last 10 weeks
Thomas	Le	3087 Mattique Drive	San Jose	California	95135	(408) 910-4399	no contact last 10 weeks
Steve	Sterman	50 Overbrook Dr	Stamford	Connecticut	06906	(203) 253-4474	no contact last 10 weeks
Jay	Shankar	109 Fifth Street	Stamford	Connecticut	06905	(203) 253-1572	no contact last 10 weeks
Jorge	Parker	2501 Brickell Ave. Apt 902	Miami	Florida	33129	(305) 766-3541	no contact last 10 weeks
Johnny	Bragg	314 Foreland Garth	Aberdeen	Maryland	21009	(410) 937-9388	no contact last 10 weeks
David	Boehrer	555 College Drive	Henderson	Nevada	89015	(702) 672-5560	no contact last 10 weeks
Davidson	Etienne	1908 Stanley Drive	Merrick	New York	11566	(646) 404-2531	no contact last 10 weeks
Sanjeev	Kumar Sihray	6724 Demoss Drive	Houston	Texas	77074	(559) 630-2379	no contact last 10 weeks

## **LIST OF KNOWN, JAKE'S WAYBACK BURGERS FRANCHISEE ORGANIZATIONS**

(as of December 31, 2018)

The following is a list of the name, address, telephone number, email address, and Web address of each trademark-specific franchisee organization associated with The Jake's Wayback Burgers system:

### **Wayback Burger National Franchisee Advisory Council**

716 South Main Street

Cheshire, CT 06410

203-439-7991

jeucalitto@jakeshamburgers.com

[www.waybackburgers.com](http://www.waybackburgers.com)

NFAC created, sponsored and endorsed by franchisor

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit G**

**List of Certain State Regulatory Authorities and Registered Agents**

**EXHIBIT G**  
**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES**  
**AND AGENTS FOR SERVICE OF PROCESS IN STATES**

<b>STATE</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>	<b>REGULATORY AUTHORITIES</b>
CALIFORNIA	<p>California Commissioner of Business Oversight:</p> <p>Los Angeles:            320 West 4th Street, Suite 750            Los Angeles, CA 90013-2344            (213) 576-7505 or (866) 275-2677</p> <p>Sacramento:            1515 K Street, Suite 200            Sacramento, CA 95814-4052            (916) 445-7205 or (866) 275-2677</p> <p>San Diego:            1350 Front Street, Suite 2034            San Diego, CA 92101-3697            (619) 525-4233 or (866) 275-2677</p> <p>San Francisco:            One Sansome Street, Ste. 600            San Francisco, CA 94104            (415) 972 8559 or (866) 275-2677</p>	<p>Corporations Commissioner            Department of Business Oversight            320 West 4th Street, Suite 750            Los Angeles, CA 90013-2344            (213) 576-7505 or (866) 275-2677</p>
CONNECTICUT	<p>Connecticut Department of Banking            260 Constitution Plaza            Hartford, CT 06103-1800            (860) 240-8230</p>	<p>Banking Commissioner            260 Constitution Plaza            Hartford, CT 06103-1800            (860) 240-8230</p>
FLORIDA	<p>[Not Applicable]</p>	<p>Senior Consumer Complaint Analyst            Department of Agriculture and Consumer Services            Division of Consumer Services            2005 Apalachee Pkwy.            Tallahassee, Florida 32399-6500            (850)-922-2966 or (850) 488-2221</p>

<b>STATE</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>	<b>REGULATORY AUTHORITIES</b>
HAWAII	Commissioner of Securities Hawaii Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722	Business Registration Division Hawaii Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-0368	Maryland Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-0368
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, MI 48913 (517) 373-7117	Franchise Administrator Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, MI 48913 (517) 373-7117

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
MINNESOTA	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1200 N Street, Suite 311 PO Box 95006 Lincoln, NE 68509 (402) 471-3445
NEW YORK	New York Secretary of State New York Department of State 99 Washington Avenue, 6th Floor Albany, NY 12231	Assistant Attorney General New York State Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 15th Floor New York, NY 10005 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. NE, Rm 410 Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527

<b>STATE</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>	<b>REGULATORY AUTHORITIES</b>
SOUTH DAKOTA	Director of the Division of Securities Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84114 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555

<b>STATE</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>	<b>REGULATORY AUTHORITIES</b>
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit H**

**State Addenda**

## EXHIBIT H

### **STATE LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT OF JAKE'S FRANCHISING, LLC**

The following modifications are to the Jake's Franchising, LLC Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ and the Development Agreement dated \_\_\_\_\_, 20\_\_.

These states have statutes which may supersede the Franchise Agreements in your relationship with us including the areas of termination and renewal of your franchise. The following is applicable to you only if you are covered by the franchise law of the referenced state: ARKANSAS (Stat. Section 70-807); CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code tit. 6, Ch. 25, Sections 2551-2556), HAWAII (Rev.Stat. Section 482E-1), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Section 23-2-2.7 and 23-2-2.5), IOWA (Code Sections 523H.1-523H.17), MARYLAND (Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010)), MICHIGAN (Stat. Section 19.854 (27)), MINNESOTA (stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56.10-1), NORTH DAKOTA (N.D.C.C. Franchise Investment Law Section 51-19), RHODE ISLAND [Code 19-28.1-14], SOUTH DAKOTA (Codified Laws Section 37-5B), VIRGINIA (§§ 13.1-557 through 13.1-574 of the Code of Virginia), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions that may supersede the Franchise Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.

The following is applicable to you only if you are covered by the franchise law of the referenced state:

#### **CALIFORNIA**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

Neither we, nor any person or franchise broker disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

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

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

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement and Development Agreement require application of the law of Connecticut. This provision may not be enforceable under California law.

Section 31125 of the California Corporation Code requires us to give you a disclosure document, in the form and containing the information as the Commissioner may by rule or order require, before we ask you to consider a proposed material modification of your franchise agreement.

**Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.**

**The Franchise Agreement and Development Agreement require you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. 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).**

**OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).**

## **ILLINOIS**

1. Based upon our financial condition, the Illinois Attorney General's Office has imposed a fee deferral requirement. Accordingly, Item 5 of the Disclosure Document, Section 4 of the Franchise Agreement, and Article IV of the Sublease Agreement are amended to provide that all initial fees are paid when any initial pre-opening obligations to you are complete and the franchised restaurant is open

for business. Section 2 of the Development Agreement is amended to provide that the portion of initial fees attributable to each Restaurant shall be payable upon Developer's opening of such Restaurant for business and when Franchisor has provided its pre-opening obligations under the Franchise Agreement for such Restaurant.

2. Illinois law governs the Franchise Agreement(s).
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

## **MARYLAND**

Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Accordingly, Item 5 of the Disclosure Document, Section 4 of the Franchise Agreement, Section 2 of the Development Agreement, and Article IV of the Sublease Agreement are amended to provide that all initial fees are paid when any initial pre-opening obligations to you are complete and the first franchised restaurant is open for business. Item 11 of the Disclosure document is revised to state that upon written request, we will provide you with an unaudited accounting of annual expenditures from the Jake's Advertising Fund 120 after our fiscal year end.

Item 17 of Disclosure Document, and Sections of the Franchise Agreement and Development Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Disclosure Document and any provision in the Franchise Agreement and Development Agreement that provide for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement and Development Agreement are revised to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. This limitation of claims provision shall not act to reduce the three year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure law.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement and Development Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement and Development Agreement are amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any provisions in the Franchise Agreement, Development Agreement or Franchise Disclosure Questionnaire requiring you disclaim the occurrence of or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Exhibit H (Sample Mutual General Release) to the Disclosure Document is revised to state that the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

## **MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 after the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us 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 you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us 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 our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.**

**ESCROW REQUIREMENTS (IF ANY):** \_\_\_\_\_

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, Michigan 48933-1067  
Telephone Number: (517) 373-7117

## **MINNESOTA**

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document 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.

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the disclosure document and the Franchise Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Any statements in the disclosure document and Franchise Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief"; and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The disclosure document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise Agreement and Item 13 of the disclosure document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

Provisions in the disclosure document and Franchise Agreement limiting your right to file claims, that are inconsistent with Minnesota Statute Sec. 80C.17, Subd. 5, are amended to the extent required by Minnesota law.

Pursuant to Minn. Stat. 604.113, the Overdraft Fee described in Item 6 shall be \$30.

## **NEW YORK**

The cover page of the disclosure document will be supplemented with the following, inserted at the bottom of the cover page:

**WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE IN THIS PROSPECTUS.**

Add to Item 3 of the franchise disclosure document as follows, as the last paragraph:

A. Except as described above, neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our 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; or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Except as described above, neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, 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.

C. Except as described above, neither we, our predecessor, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling the person from membership in the 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 actions affecting a license as a real estate broker or sales agent.

Add the following language to Item 4 of the franchise disclosure document, the last paragraph:

Except as described above, neither we, our affiliates, predecessors, officers, nor general partner during the ten-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position in the company or partnership.

Add at the end of the first paragraph of Item 5 of the disclosure document:

The purpose of the initial fee is to pay for our training, sales, legal compliance, salary, and general administrative expenses, and profit.

The first paragraph of Item 17 of the disclosure document is modified to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Add in Item 17d of the disclosure document:

You may terminate the agreement on any grounds available by law.

Add at the end of the choice of law clause in the Franchise Agreement and in Item 17w of the disclosure document:

The foregoing choice of law should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Add the following language to Item 17j of the disclosure document:

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

## **NORTH DAKOTA**

Sections of the disclosure document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the disclosure document, Development Agreement and Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under North Dakota law. The disclosure document and Franchise Agreement are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the disclosure document, Development Agreement and Franchise Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business, to the extent required by the North Dakota Investment Law.

Section 26 of the Franchise Agreement and Section 14 of the Development Agreement provides that franchisees must consent to the jurisdiction of courts in Connecticut. These provisions are deleted, to the extent required by the North Dakota Investment Law.

Section 26 of the Franchise Agreement and Section 14 of the Development Agreement provides that the agreements shall be construed according to the laws of the State of Connecticut. These provisions are deleted, to the extent required by the North Dakota Investment Law.

Section 26 of the Franchise Agreement and Section 14 of the Development Agreement require the franchisee to consent to a limitation of claims within one year. These provisions are deleted for residents of North Dakota.

Section 26 of the Franchise Agreement and Section 15 of the Development Agreement requires the franchisee to consent to a waiver of trial by jury. These provisions are deleted for residents of North Dakota.

Section 26 of the Franchise Agreement and Section 15 of the Development Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. These provisions are deleted for residents of North Dakota.

## **RHODE ISLAND**

§ 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." The disclosure document and Franchise Agreement are amended accordingly to the extent required by law.

## **VIRGINIA**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. Item 5 of the Disclosure Document and Section 4 of the Franchise Agreement shall be amended as follows:

Based upon our financial condition, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document shall be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum to the Disclosure Document.

## **WASHINGTON**

(1) Based upon our financial condition, the Washington Securities Division has imposed a fee deferral requirement. Accordingly, Item 5 of the Disclosure Document, Section 4 of the Franchise Agreement, and Article IV of the Sublease Agreement are amended to provide that all initial fees are paid when any initial pre-opening obligations to you are complete and the franchised restaurant is open for business. Section 2 of the Development Agreement is amended to provide that the portion of initial fees attributable to each Restaurant shall be payable upon Developer's opening of such Restaurant for business and when Franchisor has provided its pre-opening obligations under the Franchise Agreement for such Restaurant.

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

- (3) In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- (4) A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise 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 a right to a jury trial may not be enforceable and are amended to the extent required by law.
- (5) Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer, to the extent required by Washington law.

**ACKNOWLEDGMENT:**

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, the Development Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and of the Franchise Disclosure Document.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**JAKE'S FRANCHISING, LLC**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)**

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit I**

**Conditional Assignment of Telephone and Directory Listings**

**EXHIBIT I**  
**CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

In consideration of Jake's Franchising, LLC ("Assignee") concurrently granting a Wayback Burgers franchise ("Franchised Business") to \_\_\_\_\_ ("Assignor"), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet Web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of the Franchised Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Assignee. This Assignment is valid on the effective date and is irrevocable. Assignee may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

Effective Date:

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ASSIGNEE:**

JAKE'S FRANCHISING, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit J**

**Sample General Release**

**EXHIBIT J**

**SAMPLE MUTUAL GENERAL RELEASE**

[may be signed as a part of a transfer or renewal agreement – actual language may vary]

We, and our owners, successors, representatives, assigns and affiliates, release and forever discharge you, any Guarantors, and their owners, successors, representatives, assigns, and affiliates, of and from any and all obligations, liabilities, losses, damages, claims, actions, suits, proceedings, investigations, demands, assessments, judgments, costs, and causes of action, whether known or unknown, which we now have, or at any time have had, or may at any time have, arising prior to and including the date of this [renewal][transfer], except as otherwise stated in this [renewal][transfer].

You, any Guarantors, and each of them, for themselves, their owners, successors, representatives, assigns, and affiliates, release and forever discharge us and our owners, successors, representatives, assigns, affiliates, officers, managers, employees and agents, of and from any and all obligations, liabilities, losses, damages, claims, actions, suits, proceedings, investigations, demands, assessments, judgments, costs, and causes of action, whether known or unknown, which you or any Guarantors now have, or at any time have had, or may at any time have, arising prior to and including the date of this [renewal][transfer], except as otherwise stated in this [renewal][transfer]. You and any Guarantors represent that no third party claims an interest in any claim released by this release.

Dated:

Franchisor: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit K**

**Manual Table of Contents**



**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit L**

**Franchise Disclosure Questionnaire**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

As you know, Jake’s Franchising, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

- 1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

Yes \_\_\_\_ No \_\_\_\_ Your Initials: \_\_\_\_\_

- 2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes \_\_\_\_ No \_\_\_\_ Your Initials: \_\_\_\_\_

If “No,” what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

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- 3. Have you received and personally reviewed the Disclosure Document we provided to you?

Yes \_\_\_\_ No \_\_\_\_ Your Initials: \_\_\_\_\_

4. Do you understand all of the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

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5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees other than what is specifically described in Item 19 of the Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

14. If you have answered “Yes” to any of questions seven (7) through thirteen (13), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of such questions, please leave the following lines blank.

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15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes \_\_\_\_ No \_\_\_\_ Your Initials: \_\_\_\_\_

You understand that your answers are important to us and we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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FRANCHISE APPLICANT

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Print Name

Date: \_\_\_\_\_, 20\_\_

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FRANCHISE APPLICANT

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Print Name

Date: \_\_\_\_\_, 20\_\_

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit M**

**Acknowledgment of Receipt of Completed Agreements**

**EXHIBIT M**

**ACKNOWLEDGMENT OF RECEIPT  
OF COMPLETED AGREEMENTS**

The undersigned, personally and as an officer of or manager in the proposed franchisee, if applicable, does hereby acknowledge receipt of the following agreements:

- Exhibit A Franchise Agreement
- Exhibit B Development Agreement
- Exhibit C Walmart Sublease (if opening a Walmart location)
- Exhibit D Sublease Addendum to Franchise Agreement (if opening a Walmart location)
- Exhibit H State Addenda
- Exhibit I Conditional Assignment of Telephone and Directory Listings
- Exhibit J Sample General Release
- Exhibit L Franchise Disclosure Questionnaire
- Exhibit M Acknowledgment of Receipt of Completed Agreements
- Exhibit N Receipt of Disclosure Document

with all blanks completely filled in and any and all exhibits or addendums in the completed form in which they are intended to be executed by the undersigned. (Note: This receipt must be signed and dated at seven calendar days (or longer in some states) before the undersigned executes the Franchise Agreement and related agreements. Do not sign and return documents until at least seven calendar days (or longer in some states) have elapsed from the date of this receipt.)

I acknowledge that I should review all such documents personally or have my attorney or other advisor review such documents so that I am fully familiar with the franchise and documents prior to signing them or paying any money.

I hereby agree that all information and materials given to me will be used only in conjunction with my consideration of the franchise. All such information and materials shall not be disseminated other than to my advisors, and will be returned to Jake’s Franchising, LLC promptly if I decide not to purchase a Wayback Burgers franchise.

DATE I RECEIVED THE COMPLETED AGREEMENTS: \_\_\_\_\_, 20\_\_.

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

(Attach additional signatures if necessary. If franchise is to be owned jointly or as community property by husband and wife, both must review all documents and sign. All partners of a partnership franchisee and the shareholders of a corporate franchise must review all documents and sign individually and on behalf of the entity.)

**Jake's Franchising LLC  
Franchise Disclosure Document**

**Exhibit N**

**Receipt of Disclosure Document**

**Receipt**  
**(Our Copy)**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Jake's Franchising, LLC offers you a franchise, Jake's Franchising, LLC must provide this disclosure document to you at least 14 calendar-days (or longer in some states) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that Jake's Franchising, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan also requires that Jake's Franchising, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Jake's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and to the relevant state agency listed in Exhibit G.

Our employed franchise sellers are John Eucalitto, William Chemero, and others whose names are in Item 2 above, and their address and phone number is Jake's Franchising LLC, 716 South Main Street, Cheshire, CT 06410, 203-439-7991. In certain regions, Jake's Franchising, LLC may use a franchisee referral source, and the name, address and phone number of that person, if applicable, is: \_\_\_\_\_

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Issuance Date: **April 19, 2019**

Exhibit G is a list of Jake's Franchising LLC's registered agents authorized to receive service of process.

I received the disclosure document dated **April 19, 2019** that included the following Exhibits:

- Exhibit A Franchise Agreement
- Exhibit B Development Agreement
- Exhibit C Walmart Sublease
- Exhibit D Sublease Addendum to Franchise Agreement
- Exhibit E Financial Statements
- Exhibit F List of Franchisees; Certain Former Franchisees; and Franchisee Organizations
- Exhibit G List of Certain State Regulatory Authorities and Registered Agents
- Exhibit H State Addenda

- Exhibit I Conditional Assignment of Telephone and Directory Listings
- Exhibit J Sample General Release
- Exhibit K Manual Table of Contents
- Exhibit L Franchise Disclosure Questionnaire
- Exhibit M Acknowledgment of Receipt of Completed Agreements
- Exhibit N Receipt of Disclosure Document

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

Please sign and date this Receipt (with the date that you received the disclosure document), and if you received it electronically via email, also:

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the state cover page of this disclosure document, stating that you received and downloaded this disclosure document; AND:
2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail or fax to us at the address or fax number on the state cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners of an entity franchisee, or two authorized officers, must review all documents and sign individually and on behalf of any legal entity.

**RETURN THIS COPY TO US**

Jake's Franchising LLC  
716 South Main Street  
Cheshire, CT 06410

**Receipt**  
**(Your Copy)**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Jake's Franchising, LLC offer you a franchise, Jake's Franchising, LLC must provide this disclosure document to you at least 14 calendar-days (or longer in some states) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- Exhibit N Receipt of Disclosure Document

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
NAME (Please print)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

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NAME (Please print)

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\_\_\_\_\_  
Address

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1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the state cover page of this disclosure document, stating that you received and downloaded this disclosure document; AND:
2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail or fax to us at the address or fax number on the state cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners of an entity franchisee, or two authorized officers, must review all documents and sign individually and on behalf of any legal entity.

**KEEP THIS COPY FOR YOUR RECORDS**