

refundable and is deemed fully earned upon the opening of the Franchised Business for the deliverables described above and as provided in the Franchise Agreement. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or ~~post a surety bond deposit them into escrow~~ until we have met our initial obligations to you (see state addenda in Exhibit D).

**Area Development Agreement**

You may also purchase the rights to open multiple World of Sourdough franchises, in which case you will sign an Area Development Agreement, which is attached to this Disclosure Document as Exhibit 11 to the Franchise Agreement. If you sign an Area Development Agreement, you must develop at least ten (10) World of Sourdough Restaurants in the Development Territory. You must pay us a development fee when you sign the Area Development Agreement. The development fee is multiplied by the number of World of Sourdough Restaurants you agree to develop on the Development Schedule. The Development Fee is consideration for our signing the Area Development Agreement and not consideration for any Franchise Agreement, is based on a uniform calculation and is not refundable (the “Development Fee”).

We may permit you to develop fewer than (5) World of Sourdough Restaurants in certain markets that we periodically designate.

If you are signing a Franchise Agreement that is covered by an Area Development Agreement, and each Franchise Agreement will have one 10-year term with two (5)-year renewal options, then the initial franchise fee under each Franchise Agreement will be in accordance with the fee schedule set forth in the Area Development Agreement. When you sign each Franchise Agreement, we will apply \$15,000 of the development fee towards the applicable initial franchise fee, and you must pay us the remaining balance of the applicable initial franchise fee.

The protected area for a Franchised Business is determined once a specific location is identified and approved by us. The Initial Franchise Fee includes the development of a custom local affiliate website for your Franchise housed within our national website that will include online ordering functionality for your customers.

**ITEM 6**  
**OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Revenues. Weekly starting immediately once your Business is open for operation.	Weekly every Sunday	See Note 1.

protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify us from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

~~Franchisor's satisfaction of its initial obligations to franchisee shall be guaranteed by a surety bond. Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business.~~ The Minnesota Department of Commerce imposed this financial assurance deferral requirement due to Franchisor's financial condition.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

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

\_\_\_\_\_  
(Signature of Franchisee)

\_\_\_\_\_  
(Name of Franchisee)

\_\_\_\_\_  
(Title)

**RHODE ISLAND** Notwithstanding anything in this Agreement to the contrary, all Rhode Island located franchisees will be governed by the Rhode Island Franchise Investment Act.

**WASHINGTON** If any of the provisions of this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over inconsistent provisions of the Franchise Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

**WISCONSIN** Chapter 135, Stats. of the Wisconsin Fair Dealership Law supersedes any provisions of the Franchise Agreement that may be inconsistent with that law.

**II. POST-TERM COVENANTS NOT TO COMPETE**  
For franchises governed by laws of the following states: