FRANCHISE DISCLOSURE DOCUMENT

WCSD, Inc.
A California corporation
520 9th Street, Suite 230
Sacramento, California 95814
Tel: (415) 789-3300
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www.wcsourdough.com

The franchise that we offer is to operate as our area representative within a designated territory to solicit, screen, recruit, train, and support West Coast Sourdough restaurant franchisees within a designated territory (the "Area Representative Business" or "Franchised Business").

The total investment necessary to begin operation of a West Coast Sourdough Area Representative Business is $73,250 to $~~609~~1,109,000. This includes $50,000 to $~~500~~1,000,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact ~~Kay Uppal~~Manjinder Deol, Chief Executive Officer ~~and Director~~, WCSD, Inc., ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814, (415) 789-3300.

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

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

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

Issuance Date: ~~March 13, 2024~~April 14, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only West Coast Sourdough Area Representative business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.

What's it like to be a West Coast Sourdough Area Representative franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know about Franchising *Generally*

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

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

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

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

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

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

When your franchise ends. The area representative agreement may prohibit you from operating a similar business or soliciting customers after the term of your area representative agreement ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Short Operating History**. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Support**. 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.

4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchises or the franchisors. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

NOTICE REQUIRED BY THE STATE OF 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.

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

WCSD, Inc., the franchisor of the West Coast Sourdough franchise system, is referred to in this franchise disclosure document (this "Disclosure Document") as "we," "us," or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership or other legal entity (a "Corporate Entity"), our area representative agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

We are a California corporation established on February 14, 2020. Our business address is ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814. We conduct business under our corporate name WCSD, Inc. and under the West Coast Sourdough trade name. Our business is operating the West Coast Sourdough restaurant franchise system and granting franchises to third parties like you to develop and operate an Area Representative Business. Under a separate disclosure document, we also offer qualified individuals the right to develop and operate individual unit West Coast Sourdough restaurant franchises (each a "Unit Franchise"). We began offering franchises on August 27, 2021 and other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, and we have not offered or sold franchises in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

The Franchised Business, also referred to as an Area Representative Business, provides for the development and operation of a business where you (referred to as our "Area Representative") solicit, screen, recruit, train, and support West Coast Sourdough Restaurant unit franchises (each referred to as a "Unit Franchise") within a designated territory (referred to as your "Area Representative Territory") and you participate in sales, training, support, and administrative obligations subject to our instruction, direction, and the requirements of our System (defined below). This Disclosure Document only relates to your Area Representative Business. Separately, you should review and evaluate our franchise disclosure document for Unit Franchises (our "Unit Franchise Disclosure Document").

Separate and apart from this Disclosure Document, under our Unit Franchise Disclosure Document and our franchise agreement for Unit Franchises (our "Unit Franchise Agreement") we license a system (the "System") for the development and operation of Unit Franchises comprised of West Coast Sourdough restaurants serving a menu of specialty sandwiches, soups, salads, beverages, and other menu items that we authorize (the "Approved Services and Products"). Each Unit Franchise is developed and operated by a franchisee (each, a "Unit Franchisee") within a designated territory (a "Unit Franchise Designated Territory") and from a restaurant location designated, licensed, and approved by us.

The System is presently identified by the West Coast Sourdough trademark, and other trademarks, service-marks, logotypes, and commercial symbols as we designate, modify and adopt from time to time for use in the System and as may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the "Licensed Marks"). Unit Franchisees are required to develop and operate their West Coast Sourdough Restaurant in conformity with the specifications, procedures, and requirements that we designate in our confidential Operations Manual and other proprietary manuals that we may designate and, as we may, supplement and modify from time to time (collectively, the "Manuals"). The System also includes our specifications, criteria, and requirements respecting the development and operation of your Area Representative Business as designated by us, as specified in the Manuals, and as we may supplement and modify from time to time.

Area Representative Agreement

You may enter into an Area Representative Agreement in the form attached to this Disclosure Document as Exhibit E (the "Area Representative Agreement") to develop and operate an Area Representative Business within your designated Area Representative Territory. As an area representative, subject to the terms of your Area Representative Agreement, you will receive the following compensation from us:

Franchise Fee Compensation – For each Unit Franchise that we authorize and approve for development and operation within your designated Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you a one-time payment / amount equal to 50% of the net initial net franchise fee that is unconditionally paid to us and received by us (the "AR Franchise Fee Compensation"). You will not receive any Franchise Fee Compensation for Unit Franchises developed within your Area Representative Territory after the initial term of you Area Representative Agreement; and

Royalty Compensation – For each Unit Franchise that is developed and first opened within your Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you 40% of the net royalty fees paid to us by each Unit Franchise with an authorized West Coast Sourdough Restaurant located within your Area Representative Territory during the initial term of your Area Representative Agreement and, if applicable, the renewal term of your Area Representative Agreement (the "AR Royalty Compensation"). You will not receive AR Royalty Compensation for Unit Franchisees located within your Area Representative Territory that signed a Unit Franchise Agreement prior to your Area Representative Agreement. You will not receive any Royalty Compensation for Unit Franchises developed within your Area Representative Territory after the initial term of you Area Representative Agreement.

The AR Franchise Fee Compensation is a one-time fee and is calculated based on the net initial franchise fee less brokerage commissions, escrow, and deferral obligations that are imposed, paid, or owed by us. The AR Royalty Compensation is calculated based on net royalty fees paid to us from authorized franchisees of Unit Franchises with West Coast Sourdough Restaurants located within your Area Representative Territory. The AR Royalty Compensation does not include and is not calculated based on any other fees paid to us from Unit Franchisees including, without limitation, brand development fund fees, renewal fees, transfer fees, training fees, interest fees, audit fees, attorney fees, or any other fees paid to us or our affiliates by Unit Franchisees. You are solely liable for and shall directly pay all broker fees, referral fees, lead generation fees, and other franchise sales expenses related to the sale of Unit Franchises in your Area Representative Territory ("Franchise Sales Expenses"). Franchise Sales Expenses will be paid by you from your AR Franchise Fee Compensation, AR Royalty Compensation, and other funds that you invest in your Area Representative Business.

As an area representative you are not be authorized to sign any documents on our behalf or on behalf of the System. You will refer all qualified franchisee candidates to us and we may, in our sole and absolute discretion, determine whether or not we approve or disapprove of each respective franchisee candidate. If we reject a franchisee candidate or elect to not enter into a Unit Franchise Agreement with a franchisee candidate, you will not receive any compensation. As an area representative, as to your Area Representative Territory and Unit Franchisees located within your Area Representative Territory, you will have the following on-going responsibilities, all subject to our then current System standards, specifications, and requirements: (a) to solicit, screen, and recruit franchisee candidates that meet our qualifications and requirements; (b) to refer qualified franchisee candidates to us; (c) to provide franchisees with site selection assistance; (d) to provide franchisees with construction and pre-opening assistance; (e) to provide franchisees with training; (f) to provide franchisees with marketing and sales support; (g) provide franchisees with operational support and assistance; (h) to conduct on-site inspections; (i) to conduct recurring performance and quality control assessments and instruction; and (j) to monitor and maintain franchisee relations and operations in compliance with the System requirements as designate by us and as may be modified by us from time to time. As an Area Representative you will be responsible for complying with all applicable laws, rules, and regulations related to the offer and sale of franchises including the proper disclosure of our Unit Franchise Disclosure Document, the disclosure

and registration of your activities as a franchise seller, and adherence to all laws, rules, and regulations related to the offer and sale of franchises.

Our ~~Affiliate~~Affiliates

SFB Holdings Inc.
Our affiliate SFB Holdings Inc. is a California corporation established on April 10, 2023. This affiliate maintains a principal business address at ~~3204 Sparrow Drive~~520 9th Street, Suite 230, Sacramento, California ~~9583~~95814. This affiliate is the owner of the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

SSS Foods 1 LLC
Our affiliate SSS Foods 1 LLC is a California limited liability company established on December 18, 2024. This affiliate maintains a principal business address at 520 9th Street, Suite 230, Sacramento, California 95814. This affiliate operates a business similar to the Franchised Business and utilizes the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

SSS Foods 3 LLC
Our affiliate SSS Foods 3 LLC is a California limited liability company established on December 18, 2024. This affiliate maintains a principal business address at 520 9th Street, Suite 230, Sacramento, California 95814. This affiliate has not in the past and does not now offer franchises in any lines of business.

Market and Competition
The general market for the services and products offered by the Franchised Business typically includes well-capitalized individuals interested in investing in, establishing, and operating a franchised restaurant. The franchise industry is competitive and you will be competing with other restaurant franchises and other franchise investment opportunities engaged in the offer and sale of franchises. The market for the services that you will offer are not seasonal, are well established, and are very highly competitive.

Industry Specific Laws
You will be subject to federal and state specific franchise laws, rules, and regulations related to the offer and sale of franchises, the issuance and disclosure of a franchise disclosure document, state specific franchise and business opportunity registration requirements, and franchise seller disclosures and registration requirements. In certain states, as an area representative, you may be required to register as a franchise broker. You must carefully review the franchise regulations and laws that will govern your operation of the Area Representative Business and the offer of sale of franchises within your Area Representative Territory.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 2
BUSINESS EXPERIENCE

~~Kay Uppal,~~ Manjinder ("Manny") Deol, Chief Executive Officer
Manny Deol is Chief Executive Officer and ~~Director~~

~~Kay Uppal is our CEO and Director and Kay~~ has served in this role since April 5, 2024. From our formation on February 14, 2020~~. Since 2020 and continuing~~ to ~~date, Kay has~~April 5, 2024, Manny served as ~~Director and CEO of West Coast Sourdough headquartered in San Francisco, California. From 2015 to 2020, Kay was Operations Manager at Pete's Restaurant and Brewhouse in California.~~

~~Manjinder Deol, Chief Financial Officer, Director, and Secretary~~
~~Manjinder Deol is~~ our CFO, Director, and Secretary ~~and Manjinder has served in this role since our formation on February 14, 2020.~~ in Sacramento, California. Since 2018 and continuing to date, ~~Manjinder~~Manny has served as Manager of the West Coast Sourdough Restaurant ~~franchised outlet~~ located in Manteca, California and Sacramento, California. ~~From 2015 to 2018, Manjinder was Operations Manager at Metro PCS in Woodland, California.~~

Damon Bhatia, ~~Director~~Chief Financial Officer and Secretary
Damon Bhatia is ~~our Director~~Chief Financial Officer and Secretary and Damon has served in this role since July 12, 2023. From our formation on February 14, 2020~~. Since 2018 and continuing~~ to ~~date~~July 11, 2023, Damon ~~has~~served as our Director in Sacramento, California. From January 2018 to December 2023, Damon served as Assistant Manager of the West Coast Sourdough Restaurant ~~franchised outlet~~ located in Elk Grove, California.

Tresa Wrensch, Franchise Coordinator
Tresa Wrensch is our Franchise Coordinator and Tresa has served in this role since February 13, 2025. From September 2024 to January 2025, Tresa was Senior Customer Service Representative at Parks Medical Electronics located in Aloha, Oregon. From March 2024 to January 2025, Tresa was a part time Sales Specialist at REI located in Beaverton, Oregon. From February 2024 to May 2024, Tresa was a part time remote Project Manager at MSH Studios. From February 2021 to June 2023, Tresa was Credit Operations/Lending at Square located in San Francisco, California. From April 2019 to March 2020, Tresa was a Client Relationship Manager at Revivn located in San Leandro, California.

ITEM 3
LITIGATION

Sourdough & Co., Inc. v. WCSD, Inc., (United States District Court for the Eastern District of California, Case No. 2:20-cv-01226-TLN-CKD) In June 2020, Sourdough & Co., Inc. ("Sourdough Co.") filed a lawsuit against us, three of our former franchisees who had once been affiliated with Sourdough Co., and one of our principals seeking unspecified monetary damages and injunctive relief based on allegations of trademark and trade dress infringement along with claims for declaratory relief, unfair competition, false advertising, intentional interference with prospective economic advantage and intention interference with existing contracts. Sourdough Co. has also alleged that we violated franchise laws by selling franchises before it was legal to do so. We have denied all of Sourdough Co.'s allegations of wrongdoing and filed a counterclaim against Sourdough Co. seeking a declaratory judgment that our prototypical interior décor design does not infringe upon Sourdough Co.'s purported trade dress. In January 2022, Sourdough Co. amended its complaint to remove its allegations of trademark infringement and shifted its focus to claims of trade dress infringement. Sourdough Co. has only sued or threatened suit against those of our franchisees who previously operated under the Sourdough Co. brand. Sourdough Co. has neither sued nor, to our knowledge, threatened suit against any of our franchisees who have decorated their stores using the prototypical West Coast Sourdough interior and exterior décor. On April 3, 2023, we filed a motion for judgment on the pleadings, requesting complete dismissal of this matter. A hearing on such motion is currently scheduled to take place on May 18, 2023. The parties reached a settlement on May 19, 2024.

WCSD, Inc. v. Westcoastsourdough.com, (United States District Court for the Eastern District of California, Case No. 2020-cv-01538-TLN-CKD) On June 4, 2020, we filed a lawsuit in the United States District Court for the Eastern District of Virginia alleging misappropriation of our initial website domain by an unknown individual. This case was subsequently transferred to the United States District Court for

the Eastern District of California and consolidated with the above referenced case, on April 1, 2021, based on stipulation of the parties because the individual alleged to have misappropriated our initial website domain name is David Bagley, one of Sourdough Co.'s principals.

In the Matter of The Commissioner of Financial Protection and Innovation v. WCSD, Inc., before the Department of Financial Protection and Innovation of the State of California. As a result of an investigation into our franchise related activities, the Commissioner of Financial Protection and Innovation ("Commissioner") concluded that grounds existed to allege that we violated the registration and disclosure provisions of the California Franchise Investment Law ("FIL") in relation to the offer and sale of eight West Coast Sourdough franchises. We have acknowledged that, during the time we were not registered to offer and sell franchises in California, we entered into eight Franchise Agreements, each referred to as a "Trademark License Agreement," in California which the Commissioner concluded constituted unlawful sales of a franchise. On August 25, 2022, we entered into a consent order with the Commissioner whereby we agreed to: immediately and permanently desist and refrain from the offer and sale of franchises in violation of the FIL; pay an administrative penalty; file and pursue a post-effective amendment to our California registration application, which shall include updated disclosures; and file and pursue a modification to our renewal application, which shall include updated disclosures.

Other than the foregoing, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

When you sign an Area Representative Agreement you will pay to us a non-refundable area representative fee (the "Area Representative Fee") in an amount ranging from $50,000 to $~~500~~1,000,000. The Area Representative Fee is fully earned by us upon payment.

The amount of the Area Representative Fee is calculated based on our determination of your Area Representative Territory and the number of Unit Franchises that we designate for potential development within your Area Representative Territory. The Area Representative Fee is $10,000 for each Unit Franchise that we designate for potential development within your Area Representative Territory and for each Unit Franchise that has been developed and, as of the date of your Area Representative Agreement is open and in operation within the Area Representative Territory. The minimum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is five, and the maximum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is ~~50~~100.

The Area Representative Fee is in addition to the initial fees that you will pay to us at the time of signing the Franchise Agreement for your first Unit Franchise to be developed and operated by you in your Area Representative Territory. If at the time of signing your Area Representative Agreement you pay the Area Representative Fee in full and, you agree to the development of not less than 20 Unit Franchises within your Area Representative Territory, we will waive the initial franchise fee for the first Unit Franchise to be developed, owned, and operated by you within the Area Representative Territory. We do not offer Unit Franchises under this Disclosure Document. Unit Franchises are offered under our Unit Franchise Disclosure Document. The terms of the Unit Franchise Agreement for your Unit Franchise and other disclosures as to your Unit Franchise are separately disclosed in our Unit Franchise Disclosure Document and not this Disclosure Document.

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ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Local Marketing	Minimum $250 per month	Monthly	Must be spent each month on pre-approved marketing within your area representative territory.
Supplemental Training (Management)	Our then current training fee, currently $300 per person per day plus expenses	When invoiced and prior to training	Applies to additional training for new managers, replacement managers, and supplemental training programs that we may designate.
Supplemental Training (Field Consultant)	Our then current training fee, currently $300 per person per day plus expenses	When invoiced and prior to training	Applies to additional training for Restaurant field consultants and supplemental training programs that we may designate.
Insurance	Amount of premiums	Prior to opening	You must purchase and maintain insurance coverage that we designate
Audit	Actual costs	On receipt of invoice	You must pay to us the costs that we incur in reviewing and auditing your records if the review or audit performed by us results in a finding that you failed to comply with the terms of your Area Representative Agreement.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Area Representative Agreement.
Interest Charges	18% per annum from due date	On demand	Applies to past due payments of all fees, charges, interest and payments due from you to us.
Non-Compliance	Amount of fees, costs and expenses that we incur	As invoiced	You must pay and reimburse us for all costs, fees and expenses that we incur arising out of, or related to, your breach of the Area Representative Agreement. Including legal, fees, expenses, and costs that we incur.
Transfer	$40,000	On demand	Payable if we approve your transfer request.
Renewal	$25,000	On demand	Payable if we approve renewal of your Area Representative Agreement. You will be required to sign our then current Area Representative Agreement.

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Explanatory Note to Item 6

The above table describes fees and payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Area Representative Fee (Note 1)	$50,000 - $1,000,000	Lump sum	Signing of Area Representative Agreement	Us
Leasehold Improvements (Note 2)	$0 - $25,000	Varies	Prior to opening	Contractors, suppliers, and/or Landlord
Furniture, Fixtures and Equipment (Note 3)	$500 - $5,000	As billed	As incurred	Suppliers
Lease Deposits (Note 4)	$0 - $5,000	Lump sum	Varies	Landlord
Computer, Software and Point of Sales System (Note 5)	$250 - $2,500	As billed	As incurred	Suppliers
Insurance Deposits (Note 6)	$1,000 - $3,000	As billed	Varies	Insurers
Travel for Initial Training (Note 7)	$5,000 - $15,000	As incurred	Before opening	Airlines, hotels, restaurants
Professional Fees (Note 8)	$5,000 - $15,000	As billed	Before opening	Attorneys and accountants
Business Licenses and Permits (Note 9)	$500 - $1,000	As incurred	Before opening	Government
Office Supplies	$1,000 - $2,500	As billed	Before opening	Third party

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Additional Funds –Three Months (Note 10)	$10,000 - $35,000	As incurred	Before opening	Employees, suppliers, landlord, utility suppliers
Total Estimate (Note 11)	$73,250 - $1,109,000 - Area Representative Agreement only			
Total Estimate (Note 12)	$370,250 - $1,551,000 - Area Representative Agreement plus One Unit Franchise			

Explanatory Notes to Item 7

Note 1: Area Representative Fee – The Area Representative Fee is calculated based on the number of Unit Franchises authorized for potential development under your Area Representative Agreement. The minimum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is five and the maximum number is ~~50~~100. The Area Representative Fee is $10,000 per Unit Franchise authorized by us for potential development within the Area Representative Territory. ~~The Area Representative Fee is fully earned by us upon payment from you and is not refundable.~~All fees are non-refundable. We do not finance any portion of your initial fees.

Note 2: Leasehold Improvements – This estimate is for the cost to configure and build-out an office for the administrative operations of your Area Representative Business. We have based our estimates on the assumption that the typical square footage for an office will range from 300 to 750 square feet, and that the office facility will already be in a suitable condition for your Area Representative Business. Subject to our approval and depending on the office space that may be available within a Unit Franchise owned and operated by you, we may authorize you to operate your Area Representative Business from an office located on-site at your West Coast Sourdough Restaurant.

Note 3: Furniture, Fixtures and Equipment – You will be required to purchase office furniture and interior signs.

Note 4: Lease Deposits – Three Months – You must operate your Area Representative Business from an administrative office that we approve comprising approximately 300 to 750 square feet of administrative office space. Subject to our approval and suitable office facilities, your administrative office may be located within a West Coast Sourdough Restaurant that you own, control, and that is located within your Area Representative Territory. This estimate is for your initial lease deposit and estimated three months of lease payments. This estimate does not include the purchase of real property.

Note 5: Computer, Software and Point of Sales System – You will be required to purchase a computer for the operation of the Franchised Business. You may be required to use certain software as part of the Franchised Business. Additional information about the computer system is disclosed in Item 11 of this Disclosure Document.

Note 6: Insurance Deposits – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments.

Note 7: Travel for Initial Training – You must complete our pre-opening training program before opening and commencing the operations of the Franchised Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 8: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, accountants and other advisors to review your Area Representative Agreement and advise you as to legal, accounting and other obligations and responsibilities.

Note 9: Business Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate the Area Representative Business. The licenses will vary depending on the state within which you operate and the location of your Area Representative Business. Depending on the location of your Area Representative Business you may be required to register as a franchise seller with a state franchise regulator.

Note 10: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be needed to cover operating expenses such as employee salaries, rent, and utilities for the initial three month period following the opening of your Area Representative Business. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or loan obligations. This estimate includes only our minimum marketing requirement of $250 per month and, subject to your discretion, franchise leads, and your personal network of prospective franchise buyers, you may incur significant franchise recruitment and marketing expenses that far exceed our minimum monthly requirement.

Note 11: Total - Area Representative Agreement Only – This is an estimate of the initial start-up expenses for an Area Representative Business. We have based these estimates on our experiences in selling Unit Franchises. These are only estimates and your costs and, the range of those costs, may vary. This is an estimate for an Area Representative Agreement only.

Note 12: Total - Area Representative Agreement Plus One Unit Franchise – As an area representative, subject to the terms of our Unit Franchise Agreement separately disclosed to you through our Unit Franchise Disclosure Document, you will be required to develop and operate one Unit Franchise within your Area Representative Territory. You must sign your Unit Franchise Agreement at the same time that you sign your Area Representative Agreement, and you must open your Unit Franchise within nine months of the effective date of your Franchise Agreement and the Area Representative Agreement. The Item 7 estimated initial investment for a Unit Franchise under the Unit Franchise Disclosure Document is $297,000 to $~~421,500~~442,000, which includes an initial franchise fee in the amount of $25,000. The estimated initial expenses for developing and operating your Unit Franchise is separately disclosed in the Unit Franchise Disclosure Document, separately disclosed from this Disclosure Document.

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ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that our standards and specifications of quality, service, and System development are maintained, you must operate your Area Representative Business in strict conformity with the Area Representative Agreement and the methods, standards, specifications, and sources of supply that we designate and prescribe in the Manuals and that we approve for the promotion of Unit Franchises.

Source Restricted Purchases and Leases - Generally

We may designate a supplier, including ourselves or our affiliates, as the exclusive supplier for the System and your Area Representative Business. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, and other forms of communication. We formulate and modify our standards and specifications based on our industry experience and our management decisions as to the overall operation and expansion of the West Coast Sourdough System and the support of Unit Franchisees. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services, marketing materials, presentations, and other media used to promote Unit Franchises and the Area Representative Business. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Currently, we are not and our affiliates are not approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and evaluating an alternate supplier, product, and/or service requested by you. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information that we may request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our Area Representative franchisees except that when evaluating the approval of a particular supplier, among other things, we consider whether the supplier can demonstrate to our satisfaction the ability to meet our standards, specifications and production requirements, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System and our company.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 50% of your total purchases and leases in establishing the Franchised Business and approximately 20% of the on-going operating expenses of your Area Representative Business. We require that you purchase or lease the following source restricted goods and services:

1. Computer Equipment and Software – You are required to purchase a new computer. Although we presently have not designated any business system or customer management relationship system for your Area Representative Business, we reserve the right to do so in the future.

2. Branded Items and Marketing Media – All materials and media bearing the Licensed Marks including stationary, business cards, brochures, digital media, apparel, signs and displays must meet our standards and specifications and must be purchased from either us or our designated suppliers. All of your marketing materials, mediums, and digital media must comply with our standards and specifications and must be approved by us before you use them. You may only market the sale of Unit Franchises through approved digital media, and social media platforms provided that you do so in accordance with our marketing, digital media and social media policies.

3. Branded Items and Marketing Materials – All materials bearing the Licensed Marks including stationary, business cards, brochures, apparel, signs and displays must meet our standards and specifications and must be purchased from either us or our designated suppliers. All of your marketing materials, mediums, and digital media must comply with our standards and specifications and must be approved by us before you use them. You may only market the sale of Unit Franchises within your Area Representative Territory through approved digital media and social media platforms provided that you do so in accordance with our marketing, digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

5. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days of the Effective Date of the Area Representative Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Manuals.

Insurance Requirements

(a) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 in aggregate;

(b) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least $1,000,000;

(c) Commercial umbrella liability insurance with a total liability limit of at least $1,000,000;
(d) Employment practices liability insurance with a limit of at least $2,000,000, including actions of a third party and a minimum limit of $100,000 for wage and hour disputes; and

(e) All other insurance that we require in the Manual or that is required by law or the lease or sublease for your Franchised Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all Area Representative Businesses and Unit Franchises under the System and, in doing so, we may limit the number of approved vendors and/or

suppliers that you may purchase from and we may designate one vendor as your sole supplier. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases
We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers. ~~As of the Issuance Date of this Disclosure Document~~During the fiscal year ending December 31, 2024, we did not receive any rebates or other payments to us from designated and preferred vendors and suppliers on account of area representative franchisee purchases.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.1, 2.3	7, 8, 11, 12
b. Pre-opening purchases and leases	2.3, 3	6, 7, 8, 11
c. Site development and other pre-opening requirements	2.3, 3, 6, 9	6, 7, 8, 11
d. Initial and ongoing training	6	7, 11
e. Opening	2.3, 3.1, 3.2, 3.3, 3.4, 3.13, 6.1, 9	11
f. Fees	4.2, 5, 6.2, 6.3, 10.3, 11.1, 12.3, 13.1	5, 6, 7, 8, 11
g. Compliance with standards and policies / manual	2.5, 3, 4, 5, 6, 8, 9	8, 11
h. Trademarks and proprietary information	7, 8	13, 14
i. Restrictions on products and services offered	2.1, 3, 6, 9, 11.3	8, 11, 12, 16
j. Warranty and customer service requirements	2, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13	11, 16
k. Territorial development and sales quotas	4, Schedule 2	12
l. Ongoing product and service purchases	3	6, 8
m. Maintenance, appearance and remodeling requirements	3.1	7, 8, 11, 16, 17
n. Insurance	9.8	7, 8

Obligation	Section(s) in Agreement	Disclosure Document Item
o. Advertising	3.5, 3.6, 3.10, 3.12	6, 7, 8, 11
p. Indemnification	14.25	6
q. Owner's participation, management, staffing	9.6, 10.4	11, 15
r. Records and reports	9.10, 9.11	6, 11
s. Inspections and Audits	9.13	6, 11
t. Transfer	10	6, 17
u. Renewal	11	6, 17
v. Post-termination obligations	7.1, 7.2, 7.3, 7.5, 7.6, 7.7, 7.8, 13	17
w. Non-competition covenants	7.1, 7.2, 7.3, 7.5, 7.6, 7.7, 7.8, 13.2, 13.3	15, 17
x. Dispute resolution	14	15, 17
y. Other: Individual guarantee of Area Representative obligations	Exhibit 1	9

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or other obligation on your behalf.

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

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

Pre-Opening Obligations

1. Grant of Area Representative Rights – We will grant to you the right to operate the Area Representative Business within a designated area representative territory. (Area Representative Agreement, Section 2);

2. Designate Area Representative Territory – We will define the Area Representative Territory for the Area Representative Business and include the geographic boundaries and/or a description of your Area Representative Territory within the attachments to the Area Representative Agreement. (Area Representative Agreement, Section 2 and Schedule 1);

3. Access to Unit Franchise Disclosure Document – We will provide you with access to our current Unit Franchise Disclosure Document. (Area Representative Agreement, Section 3.11);

4. Manuals – We will loan you a copy of our confidential and proprietary Manuals. You must operate the Area Representative Business in accordance with the Manuals and all applicable laws, rules, and regulations. At all times, we reserve the right to supplement, modify and update the Manuals (Area Representative Agreement, Section 6.5.) The ~~Operations Manual~~operations manual as of the Issuance Date of this Disclosure Document currently consists of 30 pages, and the table of contents to the ~~Operations Manual~~operations manual is attached as Exhibit C to this Disclosure Document. The major subjects contained in the ~~Operations Manual~~operations manual consists of establishing, developing, marketing and operating the Franchised Business~~.~~;

5. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them) either as part of the Manuals or otherwise in writing. (Area Representative Agreement, Section 6.5);

6. Signs, Equipment, Furniture, and Fixtures – We may provide you with a list of our approved signage, equipment, furniture and fixtures (to the extent that we have designated them) either as part of the manuals or otherwise in writing. (Area Representative Agreement, Section 6);

7. Website and Digital Media – We will identify you on our website to the extent that our website includes specific franchise sales information as to those geographic territories that are directly located within your Area Representative Territory. You may not utilize any websites, web based media, or digital media unless expressly approved by us in writing. We strictly control how you may use websites and digital media, and you must assign all website media and digital media accounts to us. (Area Representative Agreement, Section 6); and

8. Initial Training – Not less than 45 days prior to commencing the operations of the Area Representative Business, you or your Managing Owner must attend and complete our initial training program. We will provide you and, up to one of your designated managers, with training in accordance with our initial training program at no additional fee or charge. (Area Representative Agreement, Section 6.1.) Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one operating manager at our corporate offices located at ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814, and a certified training Restaurant located in Sacramento, California that we designate. The training program takes place over an approximate six week period in Sacramento, California. and is further described below in this Item 11 in more detail.

Site Selection

Although you are responsible for selecting an office site for your Area Representative Business, you must obtain our approval of your office location. Generally we do not own or lease the real property that will serve as your office location, and you are responsible for all costs and expenses in locating and evaluating proposed sites for your office location. Before you enter into a lease or other agreement for your office location, you must obtain our approval. We will provide you with site selection guidelines. Although there is no specified time limit for us to review the proposed site for your office location, we will do so within a reasonably time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request concerning the proposed site. In determining whether to approve or disapprove a proposed site for your office location, factors that we take into consideration include characteristics of the proposed site and the location of your proposed site relative to your Area Representative Territory. Provided that there is suitable office space we may approve an office location within a West Coast Sourdough Restaurant that is owned and controlled by you.

Time to Open

You may not open or commence the operations of the Area Representative Business until you have completed our initial training requirements and obtained the necessary licensing and authorization from state and regulatory agencies within your Area Representative Territory including, if applicable, registration of the Unit Franchise Disclosure Document, filing of the Unit Franchise Disclosure Document, and all appropriate waivers and requirements related to the sale of franchises and/or business opportunities within your Area Representative Territory and any other state that maintains jurisdiction related to the operations of the Area Representative Business.

We estimate that the length of time between the signing of your Area Representative Agreement and opening the Area Representative Business to be approximately one to three months. Factors that may affect this estimated time period include the length of time taken by you to complete, to our satisfaction, our initial training program. You must open the Area Representative Business within three months from the date of signing your Area Representative Agreement, or otherwise we may terminate your Area Representative Agreement without refunding any fees or other funds to you.

Post-Opening Obligations

1. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Area Representative Business including, but not limited to, System related marketing materials, franchisee candidate presentations, status of referred franchisee candidate approval or disapproval, and other standards and specifications as we may designate, modify, supplement and amend from time to time as set forth in the Manuals. (Area Representative Agreement, Sections 6 and 7);

2. Access to Unit Franchise Disclosure Document and Sales Materials – We will provide you with access to our then current Unit Franchise Disclosure Document and to our approved franchise sales materials and media. (Area Representative Agreement, Section 6.4.) You must ensure that the Unit Franchise Disclosure Document is current and in compliance with all laws, rules, and regulations within your Area Representative Territory, including, without limitation, all franchise disclosure document disclosure, registration, filing, and franchise sales requirements. (Area Representative Agreement, Section 6.4);

3. Payment of Fees Under the Area Representative Agreement – During the initial term of the Area Representative Agreement and for so long as you are in compliance with the terms and conditions of the Area Representative Agreement, we pay the following fees to you:

Franchise Fee Compensation – For each Unit Franchise that we authorize and approve for development and operation within your designated Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you a one-time payment / amount equal to 50% of the net initial net franchise fee that is unconditionally paid to us and received by us (the

"AR Franchise Fee Compensation"). You will not receive any Franchise Fee Compensation for Unit Franchises developed within your Area Representative Territory after the initial term of you Area Representative Agreement; and

Royalty Compensation – For each Unit Franchise that is developed and first opened within your Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you 40% of the net royalty fees paid to us by each Unit Franchise with an authorized West Coast Sourdough Unit Franchise located within your Area Representative Territory during the initial term of your Area Representative Agreement and, if applicable, the renewal term of your Area Representative Agreement (the "AR Royalty Compensation"). You will not receive AR Royalty Compensation for Unit Franchisees located within your Area Representative Territory that signed a Unit Franchise Agreement prior to your Area Representative Agreement. You will not receive any Royalty Compensation for Unit Franchises developed within your Area Representative Territory after the initial term of you Area Representative Agreement~~.~~;

4. Refresher Training – We may provide refresher training programs or seminars, including national and regional meetings. (Area Representative Agreement, Section 7.4);

5. Marketing Standards and Approval – We may establish, update, and communicate to you our standards for the marketing and promotion of Unit Franchises, including, without limitation, the marketing materials and marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and media that may be requested by you for use in the marketing and promotion of Unit Franchises. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of Unit Franchises and the promotion of your Area Representative Business. (Area Representative Agreement, Sections 6.4 and 9.9);

6. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the System that you must utilize in the operations of your Area Representative Business. (Area Representative Agreement, Section 6.4);~~ and~~

7. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees~~.~~; and

8. Pricing – We shall exclusively designate and determine all pricing as set forth in our Unit Franchise Disclosure Document relating to initial franchise fees, royalty fees, and all other fees associated with a Unit Franchise.

Advertising

1. Generally – All marketing, marketing materials, and marketing media used by you in the marketing and promotion of your Area Representative Business and the promotion of Unit Franchises must be pre-approved by us in writing and conform to our standards and specifications. You may only use the marketing, marketing materials, and media that we designate and approve in writing. In our sole and absolute discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy, and digital media that you may use at your own expense. If you wish to use marketing materials or media that are not currently approved by us in writing, you may submit a written request for permission, and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount in the marketing, sale or promotion of Unit Franchises within your Area Representative Territory or otherwise (Area Representative Agreement, Sections 1, 3.10, 3.12, and 9.9); and

2. Local Marketing – You are not authorized to engage in any marketing (including, without limitation, all public relations, promotions, local marketing, digital media, or web based marketing) unless we pre-

approve such marketing in writing. (Area Representative Agreement, Sections 1, 3.12 and 9.9.) You are required to market and promote Unit Franchises within local markets comprising your Area Representative Territory and spend not less than $250 per month on these local marketing efforts. We will review your local marketing programs and notify you if we approve same. We will make available to you, and provide you with access to, our approved brochures, displays, presentations, and marketing campaigns (in the form of a source document) that you may use. In those instances where we provide you with access to our marketing campaigns, we will provide you with the source designs and design specifications. You will incur the direct costs associated with broadcasting, using, and distributing such marketing campaigns. All digital media and marketing must be approved by us. (Area Representative Agreement, Sections 1, 3.12 and 9.9.)

Computer System

You must use the computer systems, customer relationship management systems, and business management systems that we specify and designate. We may require that all franchise sales leads and activity entered, tracked, and monitored through systems controlled, managed, and operated by us. You must are required to maintain and utilize a notebook computer that is exclusively devoted to the operations of your Area Representative Business. The cost of the computer system that you will be required to purchase varies depending on the vendor and manufacturer and is estimated to cost between $250 to $2,500. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer, and the customer relationship management and business management systems that we designate. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair, and updates for the computer and point of sale systems is $500 per year. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to the information and data that is electronically collected and stored on your computer system. Subject to applicable laws, if any, there are no contractual limitations on our right to access such information respecting the Franchised Business.

Initial Training

We will provide initial training for you or, if you are a Corporate Entity, your Managing Owner and one operating manager at no additional fee or charge. Either you or your Managing Owner must successfully complete the initial training program to our satisfaction prior to commencing the operations of, and opening, the Franchised Business. The initial training program takes place over an approximate six week period. Although we provide you or, if you are a Corporate Entity, your Managing Owner and one operating manager, with initial training at no additional fee or charge, you will be responsible for all travel and accommodation expenses in connection with your attendance and participation in our initial training program. (Area Representative Agreement, Section 3.4.) Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

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TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Restaurant Build-Out	4	2	Sacramento, CA or other designated location

Restaurant Opening	5	0	Sacramento, CA or other designated location
Restaurant Operations	0	50	Sacramento, CA or other designated location
Multi-Area Management	0	10	Sacramento, CA or other designated location
Marketing	5	0	Sacramento, CA or other designated location
Standard Controls	8	0	Sacramento, CA or other designated location
Compliance	5	0	Sacramento, CA or other designated location
How to Train Your Trainers	0	10	Sacramento, CA or other designated location
Subtotal Hours	27	72	
Total Hours	99		

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our Chief Executive Officer, Manny Deol and ~~Director, Kay Uppal. Kay Uppal is~~ our ~~CEO~~Chief Financial Officer, Damon Bhatia. Manny Deol is Chief Executive Officer and ~~Director and Kay~~ has served in this role since April 5, 2024. From our formation on February 14, 2020~~.~~ to April 4, 2024, Manny served as our CFO, Director, and Secretary in Sacramento, California. Since ~~2020~~2018 and continuing to date, ~~Kay~~Manny has served as ~~Director and CEO~~ Manager of the West Coast Sourdough ~~headquartered in San Francisco, California. From 2015 to 2020, Kay was Operations Manager at Pete's~~ Restaurant ~~and Brewhouse in~~ located in Manteca, California and Sacramento, California. Damon Bhatia is Chief Financial Officer and Secretary and Damon has served in this role since July 12, 2023. From our formation on February 14, 2020, to July 11, 2023, Damon served as our Director in Sacramento, California. From January 2018 to December 2023, Damon served as Assistant Manager of the West Coast Sourdough Restaurant located in Elk Grove, California. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business.

After the opening of your West Coast Sourdough Restaurant, we reserve the right to require that you or, your Managing Owner if you are a Corporate Entity, attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned West Coast Sourdough Restaurant in Sacramento, California or other location we designate and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

ITEM 12
TERRITORY

Grant of Area Representative Territory

Under the Area Representative Agreement we grant to you, subject to our Reserved Rights defined below, the right to develop and operate an Area Representative Business within a designated territory that is referred to as your Area Representative Territory. The scope and size of your Area Representative Territory will vary depending on a number of factors that include geography, population, and the agreed upon number of Unit Franchises designated for potential development within the Area Representative Territory. At the time of signing your Area Representative Agreement we will mutually agree to and identify your Area Representative Territory and the number of Unit Franchises that must be sold, developed, operated and supported by you within the Area Representative Territory. We may identify your Area Representative Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

Relocation

Your right to relocate your Area Representative Territory is not guaranteed and approval of a request by you to relocate your Area Representative Territory is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Area Representative Territories, our expansion plans, and other factors that are relevant to us at the time of a relocation request.

Establishment of Additional Area Representative Businesses

You do not have the right to establish additional Area Representative Businesses.

Area Representative Territory Rights

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, other channels of distribution or competitive brands that we control. However, during the term of your Area Representative Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not grant any other person the right to operate an Area Representative Business within your Area Representative Territory.

The continuation of Area Representative Territory rights are dependent and subject to your achievement of a certain sales volume, market penetration, and other contingencies in addition to your continued compliance with and satisfaction of, the terms and conditions of your Area Representative Agreement. To retain the rights of your Area Representative Business and to your rights in your Area Representative Territory, as to each and every year and development period identified in your Area Representative Agreement, you must satisfy a development quota (the "Development Quota") as to the total number of Franchise Agreements signed with Unit Franchises designated and to be located within the Area Representative Territory and, the number of Unit Franchises located within your Area Representative Territory that are developed, open, and operating in conformity with the requirements of our System. Your Development Quota will be determined and agreed to by both of us at the time of signing the Area Representative Agreement. Your failure to comply with the Development Quota is a violation of your Area Representative Agreement and will result in the termination of your rights as our Area Representative. We cannot alter the size of your Area Representative Territory without your written consent. We will not shrink the size of your Area Representative Territory if the population within your Area Representative Territory increases during the term of your Area Representative Agreement. We will not increase the size of your Area Representative Territory if the population within your Area Representative Territory decreases during the term of your Area Representative Agreement.

We and our affiliates reserve to ourselves on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you, to engage in the following activities (our "Reserved Rights"): (a) develop and operate, and grant to others the right to develop and operate, Unit Franchises and West Coast Sourdough Restaurants using the System and Licensed Marks within your Area Representative Territory and outside your Area Representative Territory; (b) operate and grant to others the right to develop and operate Area Representative Business using the System and Licensed Marks for the development of Unit Franchises and/or West Coast Sourdough Restaurants located outside of your Area Representative Territory, as we deem appropriate and irrespective of the proximity to your Area

Representative Territory; (c) acquire, be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services and/or franchises that are the same as or similar to Unit Franchises, West Coast Sourdough Restaurants, other area representative business, and/or the Franchised Business, and after such acquisition, merger or affiliation, to own, operate, and franchise, or license others to own and operate, and to continue to own and operate, such businesses of any kind, even if such businesses offer and sell products, services, and/or franchises that are the same as, or similar to, Unit Franchises, West Coast Sourdough Restaurants, the Franchised Business, and/or other area representative business (but not area representative business utilizing the Licensed Marks) within your Area Representative Territory; (d) use the Licensed Marks and System to promote, market, and sell West Coast Sourdough Restaurant franchises, area representative businesses, and Unit Franchises, and to promote, market, sell and distribute the Approved Services and Products offered and sold by West Coast Sourdough Restaurants, the offer and sale of West Coast Sourdough Restaurant franchises, the Area Representative Business, and/or other area representative business in alternative channels of distribution including directly or indirectly through national media, internet, third party brokers, franchise sales companies, in-house commissioned salespersons and/or lead generation services within or outside the Area Representative Territory; and (e) use the Licensed Marks and System, and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Area Representative Agreement.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory
There are no territorial restrictions from accepting business from prospective franchisees located outside of your Area Representative Territory, but interested in developing a Unit Franchise to be located within your Area Representative Territory or outside your Area Representative Territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Competition by Us Under Different Trademarks
We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13
TRADEMARKS

Under the terms of the Area Representative Agreement, you will be granted a license to use the "West Coast Sourdough" trademark and those other marks that we designate. Our affiliate SFB Holdings Inc. is the owner of the Licensed Marks and has granted to us a license with an initial 20 year term and with automatic renewal thereafter to use the Licensed Marks (the "License Agreement"). Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Marks pursuant to the terms of their Franchise Agreement. Termination of the License Agreement does not terminate use of the Marks by our authorized franchisees. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your West Coast Sourdough Restaurant. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office
The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the "USPTO") and, unless otherwise

designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	USPTO Registration Number	Registration Type	Registration Date
West Coast Sourdough Deli	6324643	Supplemental	April 13, 2021
	6349858	Principal	May 11, 2021
West Coast Sourdough	6132333	Supplemental	August 18, 2020

~~Principal Trademarks Not Registered with the United States Patent and Trademark Office~~

~~The following principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, and will be used by you in the operations of the Franchised Business but are not registered with the USPTO. As to each of these principal trademarks:~~

~~We do not have a federal registration for each of these principal trademarks. Therefore, the trademarks identified below do not have many legal benefits and rights that are afforded to federally registered trademarks. If our right to use the trademarks (identified below) is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

San Francisco Born & Bread	7246272	Principal	December 19, 2023

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal trademarks.

We know of superior rights, and potentially infringing uses, that could materially affect your use of the Registered Marks or other related rights in certain geographic areas throughout the United States.

You are required to provide us with written notice as to any claims that you may become aware of respecting the Licensed Marks including, without limitation, your use of the Licensed Marks and/or a claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks that we have licensed to you. We maintain the exclusive discretion to take any and all actions, or to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. We possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlements respecting any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable, out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Area Representative Agreement and Franchise Agreements, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising

out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Area Representative Agreement and Franchise Agreements, the Manuals, our written instructions to you, and you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Area Representative Agreement and Franchise Agreements. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion, that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks, and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights to, or licenses in any patent or copyrights material to the franchise System**.** We may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manuals, any supplements to the Manuals, and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud based network that is a part of the System or designated by the System) used in connection with the Franchised Business. The Manuals contain information about our System, Approved Services and Products, System Supplies, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record or reproduction of this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including, without limitation, our Manuals. We will take any and all action(s) (or refrain from same) that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Area Representative Agreement requires that you or, if you are a Corporate Entity, that your managing shareholder, member or partner (your "Managing Owner") be personally responsible for the management and overall operations of your Franchised Business. Your Managing Owner must complete,

to our satisfaction, our initial training program and be approved by us. At all times, the Franchised Business must be managed and supervised by you or your Managing Owner.

You and, if you are Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners") must personally guarantee the obligations under the Area Representative Agreement. Each Owner must personally guarantee your obligations to us under the Area Representative Agreement. You and each Owner must agree that during the term of the Area Representative Agreement and for 24 months following the expiration or termination of your Area Representative Agreement that each of you will not: (a) participate in any business that competes with the Area Representative Business or any West Coast Sourdough Restaurant, and that for 24 months after the expiration or termination of the Area Representative Agreement neither of you will participate in any business that competes with the Area Representative Business or any West Coast Sourdough Restaurant that is located within, and/or services customers and/or prospective franchisees within your Area Representative Territory, within a 10 mile radius surrounding your Area Representative Territory, or within a 10 mile radius surrounding the Restaurant location for West Coast Sourdough Restaurant's located within your Area Representative Territory; or (b) solicit, divert, or attempt to divert active or potential Unit Franchisee to other restaurant franchise opportunities.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only promote the sale of Unit Franchises as approved by us in writing and subject to our pricing, standards, and specifications as set forth in our Manuals. As an Area Representative you are not authorized to enter any Agreements on our behalf and we possess sole discretion as to whether or not we approve Unit Franchisees. There is no limitation on our right to change the terms and conditions upon which we may offer Unit Franchises.

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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.

Provision	Section in Area Representativ	Summary
a. Length of the franchise term	2.2	10 years.
b. Renewal or extension of the term	11	Limited 10 year renewal term but rights afforded upon renewal are limited to existing individual Unit Franchises as of the end of the initial term and does not include continued development rights related to the sale of new Unit Franchises. Commissions during the renewal term are limited to area representative royalty commissions paid by area representative system franchisees during the renewal term. You are not afforded additional development rights during the renewal term in the Area
c. Requirements for franchisee to renew or extend	11	To renew your area representative franchise you must be in compliance with the terms of your Area Representative Agreement, provide us with 180 days prior written notice of your request to renew, not be in default of any Franchise Agreement, own and operate not less than one Restaurant within the Area Representative Territory, pay all monetary obligations owed to us, execute a general release, undertake additional training if required by us, and pay a renewal fee. Upon renewal your rights in the Area Representative Business is restricted to providing services on behalf of existing individual Unit Franchises as of the end of the initial term and does not include continued development rights
d. Termination by Area Representative	12.2	You may terminate the Area Representative Agreement if you are in compliance with its terms, we are in material breach of the Area Representative Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	12.1	We can terminate if you are in default of the terms of the Area Representative Agreement.

Provision	Section in Area Representativ	Summary
g. “Cause” defined – curable defaults	12.1(c)	You will have 30 days to cure a default where you, fail to: timely develop and open the Area Representative Business; operate the Area Representative Business in compliance with applicable federal, state, and local laws, rules, and regulations, including laws, rules and regulations governing the offer and/or sale of franchises and such failure was inadvertent and was not the result of intentional, reckless, or negligent action or inaction by you; obtain and maintain, at all times, insurance coverage and policies as set forth in the operations manual and/or as otherwise required by us; timely submit, on an on-going basis, all records, reports, data and information related to your Area Representative Business as set forth in the operations manual and/or as otherwise required by us; timely satisfy and pay all vendors, suppliers, and/ or franchise brokers in connection with the development and/or operations of your Area Representative Business, and/or the marketing, promotion, and/or sale of Unit Franchises; comply with any specification, standard, or operating procedure designated by us or otherwise set forth in the operations manual; comply with and/or satisfy any term, condition, or requirement of the Area

Provision	Section in Area Representativ	Summary
h. “Cause” defined – non-curable defaults	12.1(a), 12.1(b)	The following are defaults that cannot be cured: you abandon and/or fail to operate your Area Representative Business; three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Area Representative Agreement, and/or the standards specifications, and/or requirements set forth in the operations manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations including laws, rules and regulations governing the offer and/or sale of franchises; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations manual and/or of confidential information; you or your Owners engage in any activity that that injures, harms, damages, or otherwise has a material adverse effect on us, our System, the Licensed Marks, West Coast Sourdough Restaurant, the Area Representative Business, and/or the reputation of the West Coast Sourdough brand; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the AR Owner Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you become or are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Area Representative Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against your Area Representative Business to foreclose on a lien on your Area Representative Business and such action is not dismissed after 60 days; you fail to comply with Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244; you misappropriate, misuse, make, or permits any unauthorized use of the Licensed Marks, our confidential information, and/or the System, you materially impair the goodwill associated with the Licensed Marks, the our confidential information, and/or the System, and/or you apply for registration

Provision	Section in Area Representativ	Summary
i. Area Representative's obligations on termination/ non-renewal	13	You must: pay all sums that you owe to us under the Area Representative Agreement and all other agreements with us; cease owning and operating the Area Representative Business; cease representing yourself as an Area Representative of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations manual; return the operations manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the operations of your Area Representative Business; as requested by us, transfer to us all data, listings, digital media, accounts, web listings and websites associated with the Area Representative Business;
j. Assignment of contract by	10.1	No restriction on our right to assign.
k. "Transfer" by Area Representative defined	1, 2.7, 10.2, 10.3, 10.4, 10.5, 10.6	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to
l. Franchisor's approval of transfer by Area Representative	10.1, 10.2, 10.3, 10.4, 10.5, 10.6	Transfers require our prior written consent, which may be granted or withheld in our discretion.

Provision	Section in Area Representativ	Summary
m. Conditions for franchisor's approval of transfer by Area Representative	10.1, 10.2, 10.3, 10.4, 10.5, 10.6	The proposed transfer must be at least 24 months following the signing of the Area Representative Agreement, is subject to our prior right of first refusal, and is subject to our discretion including, without limitation: the transferee must have sufficient business experience and financial resources to operate the Area Representative Business, as determined in our sole discretion; you must pay all amounts due us and our affiliates; assignee and the assignee's owners must successfully complete our Initial Training Program for Unit Franchisees and area representatives; you, and each Owner, must sign a general release of us, our affiliates, and respective shareholders, officers, directors, employees and agents; assignee must agree to bring the Area Representative Business up to current standards; if you and each Owner have not previously signed our AR Owner Agreement and Guaranty (Area Representative Agreement, Exhibit 1) you must do so and, in doing so individually agree to our restrictive covenants and obligations; the assignee, and each Owner must sign our Area Representative Agreement, our AR Owner
n. Franchisor's right of first refusal to acquire Area Representative's business	10.6	We have a 30 day right of first refusal. We have the right to match any bona fide, arms-length offer for your Area Representative Business.
o. Franchisor's option to purchase Area Representative's business	Not applicable	Not applicable.
p. Death or disability of Area Representative	10.4	Area Representative Business and/or replacement Managing Owner must be transferred and/or designated within not more than 120 days following the death or disability.
q. Non-competition covenants during the term of the Franchise	7.2, 7.3, 7.4, 7.6	You and your Owners cannot own, operate and/or engage in any business that is competitive to the Area Representative Business and/or a Restaurant and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the Franchise is terminated or expires	7.2, 7.3, 7.5, 7.6	No involvement, ownership or interest whatsoever for 24 months in any competing Area Representative Business or Restaurant in: your Area Representative Territory; a 10 mile radius surrounding your Area Representative Territory; a 10 mile radius surrounding the Restaurant location of each Restaurant located in your Area Representative Territory; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.

Provision	Section in Area Representativ	Summary
s. Modification of the Agreement	14.1, 14.2, 14.13	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clause	14.13	Only the terms of the Area Representative Agreement and schedules to the Area Representative and the respective signed exhibits to the Area Representative Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	14.7	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Sacramento County, California and, if mediation is unsuccessful, then to binding arbitration in Sacramento County, California. This provision is subject to applicable state law.
v. Choice of forum	14.7	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Sacramento County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	14.6	California law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit H to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote ~~the~~our franchise. No public figure is currently involved in our management.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (i) a franchisor provides the actual records of an existing outlet you are considering buying; or (ii) 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 ~~Kay Uppal~~Manny Deol, Chief Executive Officer~~ and Director~~, WCSD, Inc. at ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814 and (415) 789-3300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Outlet and Franchisee Information relates to the West Coast Sourdough Area Representative Business and not Individual Unit Franchises or West Coast Sourdough Restaurants

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TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS ~~2021~~2022 to ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS ~~2021~~2022 to ~~2023~~2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
California	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Totals	2022	0	0	0	0	0	0	0

Totals	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

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TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS ~~2021~~2022 to 2024~~2023~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2024~~2023~~

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Texas	0	1	0
Totals	0	1	0

Notes to Tables:

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

During the last three fiscal years, no current or former area representative franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as an area representative franchisee in our franchise system. We know of no area representative franchisee organizations that are associated with our System and utilize our Licensed Marks or the West Coast Sourdough trade name as part of the franchisee organization's name.

Exhibit F to this Disclosure Document contains a list of our then current franchisees of Area Representative Businesses as of the end of the Issuance Date of this Disclosure Document.

Exhibit G to this Disclosure Document contains a list of an area representative franchisees that had their Area Representative Agreement cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Area Representative Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements as of December 31, 2024~~2023~~, December 31, 2023~~2022~~, and December 31, ~~2021. Additionally included are our unaudited financial statements from January 1, 2024, to November 30, 2024.~~2022. We were established on February 14, 2020~~,~~ and our fiscal year ends on December 31.

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ITEM 22
CONTRACTS

Exhibits to this Disclosure Document

Exhibit E	Area Representative Agreement
Exhibit H	State Specific Addenda

Schedules and Exhibits to the Area Representative Agreement

Exhibit 1	AR Owner Agreement and Guaranty
Exhibit 2	Confidentiality Agreement

Individual state law may supersede the provisions contained in your Area Representative Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. Please review the state specific addenda contained in Exhibit H of this Disclosure Document.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit I are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address: ~~Kay Uppal~~Manny Deol, CEO~~ and Director~~, WCSD, Inc., ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~9411~~95814. The duplicate is for your records.

[THE DISLCOSURE DOCUMENT ENDS HERE]

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

List of State Administrators

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

New York
New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-2222

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota
Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Department 414
Bismarck, ND 58505-0510
Phone 701-902-8700

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

Agents for Service of Process

WCSD, Inc.,
~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814
Attn: ~~Kay Uppal~~Manny Deol, Chief Executive Officer ~~and Director~~

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Dept of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Suite 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York
Secretary of State of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
OPERATIONS MANUAL TABLE OF CONTENTS

West Coast Sourdough Area Representative Operations Manual

Preface

1 – What Successful Development Will Look Like

2 – Marketing & Vetting Potential Franchisees

3 – Corporate Training Store(s)

4 – Selling Franchises & Franchise Law Compliance

5 - Finding & Leasing Locations

6 – From Lease to Ready to Open

7 – Franchisee Training

8 – Opening

9 – Marketing

10 – Maintaining Standards Across Chain

11 – General Operational Support

12 – Insurance & Other Compliance

Total Pages: **30**

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS

CONSENT

Velez & Hardy, LLC consents to the use in the Franchise Disclosure Document issued by WCSD, Inc. ("Franchisor") on April 14, 2025, as it may be amended, of our report dated March 7, 2025, relating to the financial statements of Franchisor for the years ending December 31, 2024 and 2023.

Velez & Hardy

April 14, 2025
Las Vegas, Nevada

WCSD, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

V|H VELEZ◆HARDY
CPAs and Advisors

WCSD, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

To the Shareholders
WCSD, Inc.

Opinion

We have audited the accompanying financial statements of WCSD, Inc. (a California S-Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCSD, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCSD, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WCSD, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Velez & Hardy

March 7, 2025
Las Vegas, NV

WCSD, INC.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash	$ 326,316	$ 325,417
Accounts receivable, net	119,251	1,034
Due from affiliate	65,000	-
Total current assets	510,567	326,451
Property and Equipment, net	43,431	55,955
Total Assets	$ 553,998	$ 382,406
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 1,646	$ -
Deferred revenue	11,133	26,048
Current maturities of deferred franchise fees	17,000	-
Total current liabilities	29,779	26,048
Long-Term Liabilities:		
Deferred franchise fees, net of current	51,000	-
Total Liabilities	80,779	10,251
Shareholders' Equity:		
Common stock, no par value; 100,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital	136,235	136,235
Retained earnings	336,984	220,123
Total Shareholders' Equity	473,219	356,358
Total Liabilities and Shareholders' Equity	$ 553,998	$ 382,406

See accompanying notes to the financial statements.

WCSD, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Revenue	$ 1,507,173	$ 1,000,213
Operating Expenses:		
Advertising	243,031	191,988
Depreciation	12,524	6,665
Legal and professional fees	327,500	205,726
Office expense and other	27,865	5,383
Salaries, wages, and related	220,672	-
Supplies	14,764	-
Travel and meals	22,593	-
Total operating expenses	868,949	409,762
Opertaing income	638,224	590,451
Other income	27,172	34,215
Net Income	665,396	624,666
Retained Earnings (Accumulated Deficit), Beginning of Period	220,123	(111,049)
Shareholder distributions	(548,535)	(293,494)
Retained Earnings, End of Period	$ 336,984	$ 220,123

See accompanying notes to the financial statements.

WCSD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Net income	$ 665,396	$ 624,666
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,524	6,665
Changes in:		
(Increase) decrease in accounts receivable	(118,217)	(1,034)
(Increase) decrease in due from affiliate	(65,000)	-
Increase (decrease) in accounts payable	1,646	(8,142)
Increase (decrease) in deferred revenues	(14,915)	(14,915)
Increase (decrease) in deferred franchise fees	68,000	-
Net cash provided by operating activities	549,434	607,240
Cash Flows From Investing Activities:		
Purchase of property and equipment	-	(62,620)
Cash Flows From Financing Activities:		
Member distributions	(548,535)	(293,494)
Net Change in Cash	899	251,126
Cash, Beginning of Period	325,417	74,291
Cash, End of Period	$ 326,316	$ 325,417

See accompanying notes to the financial statements.

NOTE 1 – NATURE OF THE BUSINESS

The Company was incorporated on February 14, 2020 under the laws of the state of California. The Company offers a franchise opportunity for a fast casual restaurant offering specialty sandwiches, soups, and salads for dine-in or take-out, operating using the franchisor's proprietary recipes and techniques under the trade name "West Coast Sourdough" and "West Coast Sourdough Deli".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of WCSD, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Business

The Company was incorporated on February 14, 2020 under the laws of the state of California. The Company offers a franchise opportunity for a fast casual restaurant offering specialty sandwiches, soups, and salads for dine-in or take-out, operating using the franchisor's proprietary recipes and techniques under the trade name "West Coast Sourdough" and "West Coast Sourdough Deli".

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

As of December 31, accounts receivable consisted of the following balances:

	2024	2023
Accounts receivable	$ 119,251	$ 1,034
Allowance for credit losses	-	-
Accounts receivable, net	$ 119,251	$ 1,034

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

Revenue Recognition

For the periods ended December 31, 2024 and 2023, in accordance with ASC 606, the Company applied each of the following steps in the recognition of contract revenue:

1. Identified contracts with customers.
2. Identified performance obligations in contracts.
3. Determined transaction prices.
4. Allocated transaction prices to performance obligations in the contracts.
5. Recognized revenue when performance obligations were satisfied.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Initial franchise fees are recognized as revenue upon the completion of initial training. The Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	2024	2023
Deferred franchise fees	$ 68,000	$ -
Less: current maturities	(17,000)	-
	$ 51,000	$ -

As of December 31, the Company expects to recognize contract liability revenue over the remaining term of the associated franchise agreements as follows:

2025	$ 17,000
2026	17,000
2027	17,000
2028	17,000
	$ 68,000

Continuing fees are recognized monthly, as they are earned.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2024 and 2023, total advertising costs were $243,031 and $191,988, respectively.

Income Taxes

As an S-Corporation, the Company's taxable income or loss is allocated to the shareholders. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

No provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2021.

NOTE 3 – PROPERTY AND EQUIPTMENT

As of December 31, property and equipment consisted of the following:

	2024	2023
Building improvements	56,620	56,620
Equipment	6,000	6,000
Less: accumulated depreciation	(19,189)	(6,665)
	$ 43,431	$ 55,955

Depreciation expense for the years ending December 31, 2024 and 2023 was $12,524 and $6,665, respectively.

NOTE 4 – REVENUE RECOGNTION

As of December 31, the timing and recognition of revenue was as follows:

	2024	2023
Services transferred at a point in time	$ 1,490,173	$ 1,000,213
Services transferred over time	17,000	-
	$ 1,507,173	$ 1,000,213

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

NOTE 5 – DUE FROM AFFILIATE

As of December 31, 2024, the Company is due $65,000 from entities related to the Company through common ownership. The amount is due on demand and bears no interest.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

NOTE 7– MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 7, 2025, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

CONSENT

Velez & Hardy, LLC consents to the use in the Franchise Disclosure Document issued by WCSD, Inc. ("Franchisor") on March 13, 2024, as it may be amended, of our report dated February 29, 2024, relating to the financial statement of Franchisor for the period ending December 31, 2023.

Velez & Hardy

March 13, 2024
Las Vegas, Nevada

WCSD, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

V|H VELEZ◆HARDY
CPAs and Advisors

WCSD, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

To the Shareholders
WCSD, Inc.

Opinion

We have audited the accompanying financial statements of WCSD, Inc. (a California S-Corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and retained earnings (accumulated deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCSD, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCSD, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WCSD, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Velez & Hardy

February 29, 2024
Las Vegas, NV

WCSD, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	$ 325,417	$ 74,291
Accounts receivable, net	1,034	-
Total current assets	326,451	74,291
Property and Equipment, net	55,955	-
Total Assets	$ 382,406	$ 74,291
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ -	$ 8,142
Deferred revenue	26,048	40,963
Total current liabilities	26,048	49,105
Shareholders' Equity:		
Common stock, no par value; 100,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital	136,235	136,235
Retained earnings (accumulated deficit)	220,123	(111,049)
Total Shareholders' Equity	356,358	25,186
Total Liabilities and Shareholders' Equity	$ 382,406	$ 74,291

See accompanying notes to the financial statements.

WCSD, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenue	$ 1,000,213	$ 382,393
Operating Expenses:		
Advertising	191,988	23,756
Depreciation	6,665	-
Legal and professional fees	205,726	213,908
Office expense and other	5,383	5,505
Total operating expenses	409,762	243,169
Opertaing income	590,451	139,224
Other income	34,215	38,226
Net Income	624,666	177,450
Accumulated Deficit, Beginning of Period	(111,049)	(129,744)
Shareholder distributions	(293,494)	(158,755)
Retained Earnings (Accumulated Deficit), End of Period	$ 220,123	$ (111,049)

See accompanying notes to the financial statements.

WCSD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Net income	$ 624,666	$ 177,450
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	6,665	-
Changes in:		
(Increase) decrease in accounts receivable	(1,034)	-
Increase (decrease) in accounts payable	(8,142)	4,089
Increase (decrease) in deferred revenues	(14,915)	12,953
Net cash provided by operating activities	607,240	194,492
Cash Flows From Investing Activities:		
Purchase of property and equipment	(62,620)	-
Cash Flows From Financing Activities:		
Member distributions	(293,494)	(158,755)
Net cash used in financing activities	(293,494)	(158,755)
Net Change in Cash	251,126	35,737
Cash, Beginning of Period	74,291	38,554
Cash, End of Period	$ 325,417	$ 74,291

See accompanying notes to the financial statements.

NOTE 1 – NATURE OF THE BUSINESS

The Company was incorporated on February 14, 2020 under the laws of the state of California. The Company offers a franchise opportunity for a fast casual restaurant offering specialty sandwiches, soups, and salads for dine-in or take-out, operating using the franchisor's proprietary recipes and techniques under the trade name "West Coast Sourdough" and "West Coast Sourdough Deli".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of WCSD, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Business

The Company was incorporated on February 14, 2020 under the laws of the state of California. The Company offers a franchise opportunity for a fast casual restaurant offering specialty sandwiches, soups, and salads for dine-in or take-out, operating using the franchisor's proprietary recipes and techniques under the trade name "West Coast Sourdough" and "West Coast Sourdough Deli".

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

Revenue Recognition

For the periods ended December 31, 2023 and 2022, in accordance with ASC 606, the Company applied each of the following steps in the recognition of contract revenue:

1. Identified contracts with customers.
2. Identified performance obligations in contracts.
3. Determined transaction prices.
4. Allocated transaction prices to performance obligations in the contracts.
5. Recognized revenue when performance obligations were satisfied.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Initial franchise fees are recognized as revenue upon the completion of initial training. The Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

Continuing fees are recognized monthly, as they are earned.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2023 and 2022, total advertising costs were $191,988 and $23,756, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

As an S-Corporation, the Company's taxable income or loss is allocated to the shareholders. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

No provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

NOTE 3 – PROPERTY AND EQUIPTMENT

As of December 31, property and equipment consisted of the following:

	2023	2022
Building improvements	56,620	-
Equipment	6,000	-
Less: accumulated depreciation	(6,665)	-
	$ 55,955	$ -

NOTE 4 – REVENUE RECOGNTION

As of December 31, the timing and recognition of revenue was as follows:

	2023	2022
Services transferred at a point in time	$ 1,000,213	$ 382,393
Services transferred over time	-	-
	$ 1,000,213	$ 382,393

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

NOTE 6– MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 29, 2024, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
AREA REPRESENTATIVE AGREEMENT

West Coast Sourdough
AREA REPRESENTATIVE AGREEMENT

AREA REPRESENTATIVE:

West Coast Sourdough Area Representative Agreement

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AREA REPRESENTATIVE AGREEMENT

This Area Representative Agreement (the "Agreement") is entered into on _____ (the "Effective Date"), by and between WCSD, Inc., a California corporation with a principal place of business located at ~~100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~94111~~95814 ("Franchisor"), and _____ ("Area Representative").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the development and operation of a West Coast Sourdough restaurant that offers and provides a menu of specialty sandwiches, soups, salads, beverages, and other menu items that Franchisor authorizes (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "West Coast Sourdough Restaurant");

WHEREAS, this Agreement is for the development and operation of an area representative business (the "Area Representative Business") that provides franchise sales, franchise development, franchise marketing, and franchisee training and support services (the "AR Services") on behalf of Franchisor in connection with the sales, development, training and support of West Coast Sourdough Restaurant franchisees (each a "Unit Franchise") in accordance with the requirements of this Agreement and the System (defined below);

WHEREAS, as part of the System, Franchisor has developed systems and procedures for the marketing and promotion of Unit Franchises and the training and operational support of franchisees of Unit Franchises, and the term "System" further includes Franchisor's designated procedures, specifications, marketing plans, development strategies, equipment, supplies, confidential information, and trade secrets for the development and operation of an Area Representative Business that offers and provides the AR Services;

WHEREAS, Area Representative has requested the non-exclusive license and right to develop and operate an Area Representative Business to be developed and operated within a designated geographic territory (the "Area Representative Territory") and to provide, on behalf of Franchisor and in accordance with the terms of this Agreement, AR Services related to the Area Representative Territory Unit Franchisee's that are located within and operate within the Area Representative Territory; and

WHEREAS, each Unit Franchise to be developed and operated within the Area Representative Territory must be developed and operated, as designated by Franchisor, in compliance with the System and the applicable franchise agreement (each, a "Unit Franchise Agreement") between Franchisor and each authorized franchisee (each, an "AR Unit Franchisee") of a West Coast Sourdough Restaurant developed during the initial term of this Agreement and located within the Area Representative Territory.

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

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SECTION 1
DEFINITIONS

Supplementing the terms and definitions contained in the foregoing Recitals:

"**Abandon**" means the conduct of Area Representative, including acts of omission as well as commission, indicating the willingness, desire or intent of Area Representative to discontinue the operations of the Area Representative Business.

"**Aggregate Development Quota**" means, in aggregate, the number of Development Unit Franchises that must be established and in operation within the Area Representative Territory during the Initial Term of this Agreement and in accordance with the Development Schedule. Area Representative's Aggregate Development Quota is identified and set forth in Schedule 2 of this Agreement.

"**Approved Services and Products**" shall have the meaning defined in the Recitals section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for West Coast Sourdough Restaurants.

"**AR Affiliates**" means, individually and/or collectively: (a) if Area Representative is a Corporate Entity, each current and, if applicable, prior Owner of Area Representative; (b) if Area Representative is an individual or individuals, each individual identified as an Area Representative; (c) a Corporate Entity that is in any way owned or controlled by an Owner or prior Owner irrespective of the percentage of ownership or control; and (d) a Corporate Entity that is in any way owned or controlled by any individual identified as an Area Representative.

"**AR Franchise Fee Compensation**" means, subject to the terms of this Agreement, the one-time fee payable by Franchisor to Area Representative equal to 50% of the Net Franchise Fee paid by AR Unit Franchisees to Franchisor during the Initial Term of this Agreement. The AR Franchise Fee Compensation shall be paid within 30 days of the later to occur of Franchisor's receipt of the applicable Franchise Fee or satisfaction of any contingencies related to the franchise sale upon which the Franchise Fee is based including, without limitation, any Franchise Fee deferral conditions or requirements.

"**AR Initial Training Program**" shall have the meaning defined and set forth in Section 6.1 of this Agreement.

"**AR Office**" means the commercial office used by Area Representative for the administration, management, and operation of the Area Representative Business.

"**AR Owner Agreement and Guaranty**" means the form agreement attached to this Agreement as Exhibit 1.

"**AR Royalty Compensation**" means, subject to the terms of this Agreement, the contingent fees payable by Franchisor to Area Representative equal to 40% of the Royalty Fee paid by AR Unit Franchisees to Franchisor during the Initial Term of this Agreement and, if applicable, the Renewal Term except that Area Representative shall not receive any AR Royalty Compensation related to Legacy AR Unit Franchisees. The AR Royalty Compensation shall be paid within 30 days of Franchisor's receipt of a Royalty Fee and is contingent on Area Representative's compliance with the terms and conditions of this Agreement. Without limiting the foregoing, the AR Royalty Compensation Royalty Fee shall only relate to Royalty Fees paid by Area Representative Territory Franchisees. Area Representative agrees that Franchisor may waive or reduce any AR Unit Franchisee's royalties and/or royalty rate in Franchisor's sole discretion and, in doing so, Area Representative shall not be entitled to any additional compensation.

"**AR Services**" shall have the meaning set forth in the Recitals and shall further refer to, mean and include, individually and collectively, Area Representative's ongoing performance of the Referral Services, Site Services, Pre-Opening and Opening Services, On-Going Support Services, Franchisee Relationship Services, and Inspection Services. All AR Services must be performed by Area Representative for the benefit of Franchisor and subject to Franchisor's standards and specifications, which Franchisor may modify from time to time in Franchisor's sole discretion.

"**AR Unit Franchise**" means, individually and in aggregate, the Unit Franchises owned by Area Representative and/or AR Affiliates that are and physically located within the Area Representative Territory pursuant to the terms and conditions of each respective Unit Franchise Agreement that exists separate and apart from this Agreement. Area Representative must and shall utilize an AR Unit Franchise that is approved by Franchisor for Area Representative's performance of the AR Services including, without limitation, the Pre-Opening Services.

"**AR Unit Franchisee**" shall have the meaning set forth in the Recitals and shall further refer to and mean a Unit Franchisee that, during the Initial Term of this Agreement, enters into a Unit Franchise Agreement with Franchisor where: (a) the Unit Franchise Agreement is executed by Franchisor and the Unit Franchisee; (b) all initial fees have been paid and released to Franchisor; (c) the Unit Franchise Agreement provides for the development of a Unit Franchise physically located within the Area Representative Territory during the Initial Term of this Agreement; and (d) the Unit Franchisee develops and opens a Unit Franchise that is physically located within the Area Representative Territory in accordance with the terms of the Unit Franchise Agreement.

"**Area Representative Business**" shall have the meaning set forth in the Recitals.

"**Area Representative Territory**" means the geographic area identified and described in Schedule 1 to this Agreement.

"**Area Representative Territory Fee**" means the area representative territory fee to be paid by Area Representative to Franchisor in the amount identified and set forth in Schedule 2 of this Agreement.

"**Assignee Corporate Entity**" shall have the meaning defined and set forth in Section 10.5 of this Agreement.

"**Authorized Franchise Sales Agent**" means a Franchise Sales Agent authorized by Franchisor in writing and as to the Area Representative Territory.

"**Breach**" the term "breach" shall be interchangeable and synonymous with the word "default."

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based systems, point of sale systems, and franchisee relationship management systems as same may individually, or collectively, by designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by Area Representative and the Area Representative Business.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, franchisee information, franchisee candidate information, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Area Representative or a Unit Franchisee into any Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Area Representative Business or any underlying West Coast Sourdough Restaurant.

"**Commissions**" shall have the meaning defined and set forth in Section 5.3 of this Agreement.

"**Competitive Business**" refers to and means any business that is the same as or similar to: (a) a Unit Franchise; (b) a West Coast Sourdough Restaurant including any business or restaurant including, traditional restaurants and outlets, mobile kiosks, food trucks and/or non-traditional outlets, that operate as a restaurant that offers, sells and/or provides a menu that includes sandwiches, soups, and/or salads, and other related menu items; and/or (c) the Area Representative Business as it relates to franchise sales, franchisee training, and/or franchisee support related to a restaurant that is the same as or similar to a West Coast Sourdough Restaurant including any business or restaurant including, traditional restaurants and outlets, mobile kiosks, food trucks and/or non-traditional outlets, that operate as a restaurant that offers, sells and/or provides a menu that includes sandwiches, soups, and/or salads, and other related menu items.

"**Confidential Information**" means all of Franchisor's and/or Franchisor's affiliates' trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) franchise sales processes, franchise sales presentations, franchise sales projections, West Coast Sourdough franchisee and prospective franchisee candidate contacts, West Coast Sourdough franchisee and prospective franchisee information, prospective franchisee lead generation sources, West Coast Sourdough franchisee and prospective franchisee surveys, West Coast Sourdough franchisee financial data; (b) methods, specifications, standards, policies, procedures, information, concepts, recipes, programs and systems relating to the development, establishment, marketing, promotion and operation of West Coast Sourdough Restaurants; (c) methods, specifications, standards, policies, procedures, information, concepts, recipes, programs and systems relating to the development, establishment, marketing, promotion and operation of the Area Representative Business; (d) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of West Coast Sourdough Restaurants and the Area Representative Business; (e) customer lists and information related to West Coast Sourdough Restaurant Unit Franchises, and the Area Representative Business; (f) Business Management System Data; (g) current and future information contained in the Operations Manual; (h) Know-How; and (i) franchisee recruitment and marketing data, information, and plans respecting Unit Franchisees, Unit Franchisee candidates, and the sale of Unit Franchises.

"**Confidentiality Agreement**" means the form Confidentiality Agreement attached to this Agreement as Exhibit 2.

"**Controlling Interest**" shall exist for the following individuals, Owners, partners and/or entities: (a) (if Area Representative is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Area Representative as (i) shall permit voting control of Area Representative on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (if Area Representative is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Area Representative as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (if Area Representative is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (if Area Representative is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

"**Copyrights**" means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Entity**" means a corporation, limited liability company, partnership, or other legal entity that is not an individual person.

"**Development Period**" means, as applicable, each period of time designated and identified in the Development Schedule attached to this Agreement as Schedule 2. There are multiple Development Periods and, as to each Development Period, Area Representative possesses specific Development Quota Obligations.

"**Development Quota Obligations**" means, pursuant to the Development Schedule and as to each and every Development Period: (a) the required number of Development Unit Franchise Agreements that must be signed during a particular Development Period in accordance with the terms of this Agreement and the respective Franchise Agreement, and (b) the number of Development Unit Franchises that must be open and in operation, in accordance with the terms of each respective Development Unit Franchise Agreement, within the Area Representative Territory as of the last day of the last calendar month for the particular Development Period. Area Representative's Development Quota Obligations, as to each and every Development Period that is identified in the Development Schedule, each represent independent development obligations that must be satisfied by Area Representative individually and in the aggregate.

"Development Schedule" refers to and means the development schedule identified, defined, and set forth in Schedule 2 of this Agreement.

"Development Unit Franchise" means a Unit Franchise developed and operated by an AR Unit Franchisee and/or Area Representative that is physically developed and located within the Area Representative Territory during the Initial Term of this Agreement and in compliance with the terms and conditions of each respective Unit Franchise Agreement.

"**Development Unit Franchise Agreement**" means a fully executed Unit Franchise Agreement for the development and operation of a Development Unit Franchise that is fully executed by Franchisor and an AR Unit Franchisee that has been approved by Franchisor and where the initial franchise fee has been satisfied and paid in full and the Unit Franchise Agreement is in full force and effect.

"**Digital Media**" refers to and means any interactive or static digital document, application or media that is connected to and/or in a network of computers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone application or social media platform such as Facebook, LinkedIn, ~~Twitter~~X, Pinterest, Instagram, SnapChat, and YouTube, and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, West Coast Sourdough Restaurant, the Area Representative Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.
"**FDD**" refers to and means franchise disclosure document.

"**Financial Performance Representation**" refers to and means any written or oral statement, presentation, depiction, pro forma, display, or communication referencing and/or including information as to the financial performance of Restaurants or Unit Franchises, the potential financial performance of Restaurants or Unit Franchises, and/or any other financial information respecting and/or relating to a

Restaurant or Unit Franchise including, without limitation, revenue, gross sales, costs, expenses, sales data, proformas, projections, profits, and/or profit margins.

"**Franchise Agreement**" shall have the same meaning as "Unit Franchise Agreement."

"**Franchise Fee**" means the initial one-time franchise fee paid by an AR Unit Franchisee to Franchisor at the time of signing a Unit Franchise Agreement and occurring during the Initial Term of this Agreement. For purposes of clarification, the Franchise Fee is comprised of that portion of the initial fee disclosed in Item 5 of the applicable Unit Franchise Disclosure Document upon which the Franchise Agreement is based, but does not include any Item 5 disclosed fees associated with AR Unit Franchisee's purchase of initial inventory or other pre-opening purchases required by the AR Unit Franchisee and paid to Franchisor or Franchisor's affiliates. All determinations as to the Franchise Fee, including, without limitation, the amount of the Franchise Fee and modifications of the Franchise Fee, shall be made by Franchisor in Franchisor's sole discretion. Without limiting the foregoing, as between Franchisor and Area Representative, the term Franchise Fee does not include fees paid to Franchisor in connection with an AR Unit Franchisee's transfer of a Unit Franchise.

"**Franchise Sales Agent**" means third party franchise brokers, consultants, business coaches, and/or agents, whether or not specifically licensed and/or certified in franchise sales, who solicit and/or introduce franchisors to qualified franchisee lead prospects and/or perform and/or provide services in support of, or in furtherance to, the Referral Services. Franchise Sales Agents do not include employees, members, managers, officers, agents, and/or independent contractors of Area Representative.

"**Franchise Sales Agent Fee**" means all fees and expenses charged, directly or indirectly, to Franchisor in connection with services performed by a Franchise Sales Agent.

"**Franchise Sales Listings**" means print and web based franchise listing services and portals that market and promote franchise opportunities and/or procure and distribute franchise sales leads.

"**Franchise Shows**" refers to and means tradeshows and events that promote the sale of franchises and franchise opportunities.

"**Franchisor's Reasonable Business Judgment**" or "**Reasonable Business Judgment**" means any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System, West Coast Sourdough Restaurant, and the Area Representative Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of West Coast Sourdough Restaurant, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Area Representative agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action or choice made by Franchisor shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Area Representative agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Area Representative's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Area Representative agrees that neither Area Representative and/or any third party, including, without

limitation, any third party acting as a trier of fact, shall substitute Area Representative's or such third party's judgment for Franchisor's Reasonable Business Judgment. Area Representative further agrees that should Area Representative challenge Franchisor's Reasonable Business Judgment in any legal proceeding, then Area Representative shall possess the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**Immediate Family**" refers to and means the spouse, parent, sibling, or parent of a person and any other household member of such person.

"**Initial Term**" refers to and means the period of time set forth and defined in Section 2.2 of this Agreement.

"**Inspection Services**" means calendar year quarterly in-depth, on-site field inspections to be performed by Area Representative as to each and every aspect of each AR Unit Franchisee's and Legacy AR Unit Franchisee's Unit Franchise with such inspection to be performed in accordance with Franchisor's standards and specifications in compliance with Franchisor's written reporting requirements as to AR Unit Franchisee Unit Franchises.

"**Know-How**" refers to and means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Restaurant and/or Area Representative Business, including, without limitation, methods, techniques, specifications, food preparation, procedures, policies, marketing strategies, and information reflected in, included in, comprising, and/or constituting a part of the System. Without limiting the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Legacy AR Unit Franchisee**" means each respective West Coast Sourdough Restaurant that is a Unit Franchise that was developed and opened within the Area Representative Territory prior to the Effective Date of this Agreement and/or the subject of a Unit Franchise Agreement signed prior to the Effective Date of this Agreement.

"**Licensed Marks**" shall have the meaning set forth in the Recitals and shall further refer to and mean the trademarks, service marks, emblems, and indicia of origin, including the "West Coast Sourdough" trademark, the West Coast Sourdough logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of the System, West Coast Sourdough Restaurants, and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"**Managing Owner**" if Area Representative is a Corporate Entity, the Managing Owner shall be the Owner responsible for the day to day oversight, management, and operation of the Area Representative Business. The Managing Owner must possess and maintain an ownership and equity interest in the Area Representative such that said individual owns, holds, and controls not less than 25% of the equity and ownership interests in Area Representative. At all times the Managing Owner must manage the operations of the Area Representative Business.

"**Net Franchise Fee**" refers to and means the Franchise Fee less any amounts that Franchisor pays to any Franchise Sales Agents or that is payable by Franchisor to any Franchise Sales Agents. All determinations as to whether or not any amount is due or payable to a Franchise Sales Agent shall be exclusively determined by Franchisor.

"**Non-Compliance Event**" shall have the meaning defined and set forth in Section 3.11 of this Agreement.

"**Offer**" shall have the meaning defined and set forth in Section 10.6 of this Agreement.

"**On-Going Support Services**" means providing AR Unit Franchisees and Legacy AR Unit Franchisees on-going support, consultations, training, inspections and advice, as directed and required by Franchisor and in accordance with Franchisor's standards and specifications including, without limitation, Area Representative's on-going obligation to: (a) provide AR Unit Franchisees and Legacy AR Unit Franchisees with on-going consultation and advise as to the operations of a West Coast Sourdough Restaurant in conformity with the requirements of the System AR Unit Franchisees with monthly on-site consultation and/or telephone consultations evaluating West Coast Sourdough Restaurant performance, compliance with Franchisor's standards, specifications, advice, and guidance regarding Franchisor's System requirements; (b) provide AR Unit Franchisees and Legacy AR Unit Franchisees with ongoing updates of information, industry regulations, System training requirements and programs regarding Approved Services and Products, business operations in general, West Coast Sourdough Restaurants, Unit Franchises, and the System, including, without limitation, information about special or new services offered by Franchisor and System Inventory and Equipment; (c) provide AR Unit Franchisees and Legacy AR Unit Franchisees with on-going advice in assisting AR Unit Franchisees in improving the operations and performance of AR Unit Franchisee Unit Franchises, including, without limitation, advertising, marketing, financial controls, operational controls, and customer service; (d) as to each and every AR Unit Franchisee and Legacy AR Unit Franchisees, conduct a quarterly on-site quality and service inspection at the location of each AR Unit Franchisee Unit Franchise and, following such inspection, to prepare written inspection reports that conform to Franchisor's requirements; (e) provide AR Unit Franchisees and Legacy AR Unit Franchisees with access to Franchisor's approved marketing materials as may be developed by Franchisor periodically; (f) assist with the establishment and implementation of advertising cooperatives that Franchisor may or may not authorize for AR Unit Franchisees; (g) provide and submit Franchisor with detailed reports as designated by Franchisor, but not less frequently than every month, concerning the performance and operation of AR Unit Franchisees and Legacy AR Unit Franchisees and their respective compliance with the System; and (h) take such action as Franchisor shall reasonably request to ensure and monitor AR Unit Franchisee compliance and Legacy AR Unit Franchisee compliance with the terms and conditions of each AR Unit Franchisees' and Legacy AR Unit Franchisees' obligations under their respective Unit Franchise Agreements.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of an Area Representative Business, Restaurants, and/or Unit Franchises including, without limitation, the policies, procedures and requirements for the development and operation of other area representative businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Area Representative (including the officers and directors of any general partner of Area Representative) who hold an ownership interest in Area Representative; (b) the managing member or manager of Area Representative, if Area Representative is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Area Representative and/or of any entity directly or indirectly controlling Area Representative; and (d) the Managing Owner(s). Area Representative's Owners are identified in Schedule 3 to this Agreement.

"**Person**" refers to and means any person, individual, limited liability company, partnership, corporation, company, or any other legal entity.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which

Area Representative, in compliance with the terms of this Agreement, Transfers this Agreement to another person.

"**Pre-Opening and Opening Services**" refers to and means: (a) providing AR Unit Franchisees with Franchisor's then current standards and guidelines for the development and opening of Restaurants and Unit Franchises including, without limitation, System Build-Out Requirements, System Inventory and Equipment, and Approved Services and Products; (b) providing AR Unit Franchisee's assistance and guidance in carrying out and complying with Franchisor's System Build-Out Requirements; (c) providing AR Unit Franchisees with initial franchisee training as may be designated by Franchisor from time to time and as Franchisor may require, at Franchisor's election, to be performed by Area Representative from a training facility located within the Area Representative Territory and including the AR Unit Franchise and/or facilities designated by Franchisor anywhere in the United States and outside the Area Representative Territory; (c) assisting AR Unit Franchisees in developing and implementing a grand-opening marketing plan in conformity with Franchisor's standards and specifications; and (d) inspecting and certifying each AR Unit Franchisees' compliance with Franchisor's pre-opening and grand-opening requirements.

"**Prohibited Activities**" shall have the meaning defined and set forth in Section 7.4 of this Agreement.

"**Published Content**" refers to and means any and all information, data, articles, communications, videos and other information relating to or concerning the Area Representative Business, the System, Restaurants, West Coast Sourdough Restaurant, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to, posted or distributed through Digital Media.

"**Referral Services**" refers to and means: (a) the marketing and promotion of Unit Franchises to prospective qualified franchisees located within the Area Representative Territory who are interested in developing, opening and operating a Restaurant within the Area Representative Territory; (b) evaluating prospective Unit Franchisee leads, applications and qualifications; (c) at the direction of Franchisor, conducting prospective Unit Franchisee interviews, web-based and in-person information gathering sessions, franchise opportunity presentations, and discovery days; and (d) preparing and submitting periodic reports (not less than monthly), as directed by Franchisor and in a format determined by Franchisor, to Franchisor identifying Referral Services performed by Area Representative, identification of all prospective Unit Franchisee leads that Area Representative communicated with and/or was contacted by, and identification of all qualified prospective Unit Franchisee leads. All Referral Services shall be performed by Area Representative at Area Representative's sole cost and expense. All Referral Services must be performed by Area Representative in accordance with the terms and conditions of this Agreement, and in compliance with all applicable laws including, without limitation, federal and state franchise laws, business opportunity laws, and all other laws that govern and/or relate to commercial relationships, the offer and sale of franchises and/or franchise relationships.

"**Renewal Fee**" the Renewal Fee is the fixed sum of $25,000.

"**Renewal Term**" refers to and means the time period that commences on the expiration of the Initial Term and continues for a period of 10 years (or 120 months), unless earlier terminated pursuant to the terms of this Agreement. The Renewal Term applies only if Area Representative is entitled to invoke, and does invoke, Area Representative's renewal rights in accordance with the terms of this Agreement, including, without limitation, Section 11 of this Agreement.

"**Reserved Rights**" shall have the meaning set forth and defined in Section 2.4 of this Agreement.

"**Restaurant**" shall have the meaning defined in the Recitals section of this Agreement and have the same meaning as West Coast Sourdough Restaurants .

"**Restaurant Location**" means the fixed Restaurant retail locations from which West Coast Sourdough Restaurants and Unit Franchises are established, operated, and managed, including, without limitation, the sale of Approved Services and Products.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Area Representative's Area Representative Territory; (b) comprising a 10 mile radius surrounding Area Representative's Area Representative Territory; and (c) comprising a 10 mile radius surrounding the Restaurant location for each West Coast Sourdough Restaurant located and/or under development within Area Representative's Area Representative Territory. If a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area comprising Area Representative's Area Representative Territory plus a 10 mile radius surrounding Area Representative's Area Representative Territory.

"**Royalty Fee**" refers to and means the net royalty fee paid by an AR Unit Franchisee to Franchisor during the Term of this Agreement and pursuant to, and in accordance with, the terms and conditions of the respective Unit Franchise Agreement and less any special tax and/or assessment imposed by any federal, state, and/or local government and/or entity. For purposes of clarification, the Royalty Fee is exclusively comprised of the Royalty Fee disclosed in Item 6 of the applicable Unit Franchise Disclosure Document upon which the Franchise Agreement is based and does not include any other fees charges by Franchisor to an AR Unit Franchisee including, without limitation, brand development fees, national marketing fees, designated marketing area fees, local marketing fees, technology fees, call center fees, business management system fees, training fees, late charges, interest charges, audit fees, transfer fees, renewal fees, or fees and/or payments associated with System Inventory and Equipment. Franchisor, in Franchisor's sole discretion, may modify, reduce, suspend, and/or forgive payment of a Royalty Fee.

"**Scheduled Business Commencement Date**" refers to and means the date that occurs on the three month anniversary of the Effective Date of this Agreement.

"**Site Services**" refers to and means: (a) providing AR Unit Franchisees with Franchisor's then current guidelines for the location and development of Restaurants and Unit Franchises; (b) assisting AR Unit Franchisees in identifying potential Restaurant locations and sites; (c) assisting AR Unit Franchisees in documenting their potential site selections and in organizing and submitting all required documentation and information as required by Franchisor and/or requested by Franchisor in connection with Franchisor's review of a potential Restaurant location and/or site. Area Representative acknowledges and agrees that Area Representative does not possess the authority to approve of a proposed site or Restaurant location.

"**System**" shall have the meaning set forth in the Recitals and, as to Area Representative, shall further refer to and mean Franchisor's standards, specifications, operating requirements, and criteria respecting the development and operation of an Area Representative Business.

"**System Build-Out Requirements**" means Franchisor's criteria and requirements for the build-out and construction of Restaurants and Unit Franchises, including Franchisor's approved suppliers and Franchisor's standards and specifications for Restaurant design, furniture, fixtures and improvements, equipment, point of sale systems, grand-openings, and other requirements designated by Franchisor.

"**System Inventory and Equipment**" means the products, equipment, supplies, inventory, materials, franchise sales presentations, franchise sales displays, and services, including, without limitation, branded and unbranded materials, uniforms, displays, and retail merchandise, and the Business Management System designated by Franchisor in the Operations Manual and as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment.

"**System Website**" means the web page and/or pages located on the world wide web at the www.wcsourdough.com and shall further include all webpages and subdomains relating to Restaurants, Unit Franchises, and/or the promotion, marketing and sale of Unit Franchises.

"**Term**" means: (a) the Initial Term, and (b) the Renewal Term if Area Representative invokes Area Representative's limited renewal rights as set forth in this Agreement, including, without limitation, Section 11 of this Agreement.

"**Transfer**" means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, conveyance, hypothecation, transfer, pledge, or sub-franchise; (b) the grant of a mortgage, charge, lien, or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Area Representative.

"**Transfer Fee**" means the fixed sum of $40,000.

"**Unit Franchise**" shall have the meaning defined in the Recitals section of this Agreement and refers to West Coast Sourdough Restaurant authorized for development and operation pursuant to a Unit Franchise Agreement.

"**Unit Franchise Agreement**" shall have the meaning set forth in the Recitals and shall further refer to and mean Franchisor's Franchise Agreement and/or development agreement for a Unit Franchise as such agreements may or may not be designated and determined by Franchisor from time to time, in Franchisor's sole discretion, and as Franchisor may supplement, modify, and/or amend in Franchisor's sole discretion including, without limitation, supplementing, modifying, and/or amending the form Franchise Agreements and all exhibits and schedules attached thereto, including exhibits, riders, collateral assignments of lease or sublease, and personal guarantees designated by Franchisor. Franchisor possesses the exclusive right to designate and determine the form of the Franchise Agreement and the terms thereto and Franchisor, in Franchisor's sole discretion, may modify and amend the material terms of the Franchise Agreement including, without limitation, modification of franchise fees, royalty fees, brand development fund fees, territories, and all other legal rights and obligations.

"**Unit Franchise Disclosure Document**" means a franchise disclosure document for the development and operation a West Coast Sourdough Unit Franchises.

"**Unit Franchisee**" means any person that has been approved by Franchisor, has entered into, and is a party to a Unit Franchise Agreement with Franchisor.

"**Unit Franchisee Relationship Services**" means providing services for, and on behalf of AR Unit Franchisees and Legacy AR Unit Franchisees wherein Area Representative, subject to the direction and instruction of Franchisor, shall be delegated certain obligations of Franchisor, as such obligations of Franchisor may exist pursuant to the Unit Franchise Agreement(s) for each respective AR Unit Franchisee and Legacy AR Unit Franchisee. In this regard, Area Representative agrees that, among other things, Area Representative, pursuant to the written instruction of Franchisor and/or the Operations Manual, shall be delegated certain obligations and take such actions on behalf of Franchisor as designated by Franchisor.

"**Unit Franchisee Training Program**" refers to and means any training program designated by Franchisor for Unit Franchisees.

"**West Coast Sourdough Restaurant**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the foregoing, includes all Restaurants operating under the System and Licensed Marks, whether owned by Franchisor, Franchisor's affiliates, and/or franchisees of the System.

SECTION 2
AREA REPRESENTATIVE GRANT AND OBLIGATIONS

2.1 GRANT AND AREA REPRESENTATIVE OBLIGATIONS

Area Representative has requested that Franchisor grant to Area Representative the non-exclusive license and right to develop, own and operate an Area Representative Business within a specified territory. Relying on the representations made by Area Representative and/or Area Representative's Owners in any submitted application and during the application process and, subject to the terms and conditions of this Agreement, Area Representative's request has been approved by Franchisor, subject to the following terms and conditions:

(a) During the Term of this Agreement and subject to the rights of Franchisor, including, without limitation, the Reserved Rights, Franchisor grants to Area Representative and Area Representative accepts, the non-exclusive license, right and obligation to develop and operate the Area Representative Business within the Area Representative Territory as the Area Representative Territory is set forth and defined in Schedule 1 to this Agreement. The rights set forth in this Agreement relate only to the Area Representative Territory and, to be effective, Schedule 1 must be signed by Franchisor and designate a specific Area Representative Territory. If Schedule 1 is not signed by Franchisor, or if Schedule 1 does not identify and describe an Area Representative Territory, then there shall be no Area Representative Territory, and Area Representative shall not possess any rights as an area representative;

(b) Except as otherwise provided in this Agreement including, without limitation, the Reserved Rights, provided that at all times Area Representative is and remains in compliance with the terms and provisions of this Agreement, then during the Term of this Agreement, Franchisor will not grant an area representative franchise to any third party to establish or operate, an area representative business using the Licensed Marks and System within the Area Representative Territory. Notwithstanding the foregoing, Area Representative agrees that Area Representative may face competition from other area representatives of Unit Franchises that operate in other territories; and

(c) The foregoing rights granted in this Section 2.1 are subject to and contingent upon each and every term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.2 TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement is for a period of 10 consecutive years commencing on the Effective Date (the "Initial Term"). Provided that Area Representative satisfies the terms and conditions of this Agreement, including and subject to Section 11 of this Agreement, Area Representative may renew a portion of this Agreement for the Renewal Term.

2.3 AREA REPRESENTATIVE'S UNIT FRANCHISE

Upon execution of this Agreement, Area Representative shall have also entered into a Unit Franchise Agreement for Area Representative's development, ownership, and operation of an AR Unit Franchise. Commencing no later than nine months from the Effective Date of this Agreement and continuing throughout the Term of this Agreement, Area Representative must own and operate an AR Unit Franchise in accordance with the terms and conditions of the Franchise Agreement for such AR Unit Franchise. As to the AR Unit Franchise, Area Representative agrees that:

(a) Commencing no later than nine months from the Effective Date of this Agreement and at all times thereafter throughout the Term of this Agreement, Area Representative must own and operate at least one AR Unit Franchise in accordance with the terms and conditions of the applicable Franchise Agreement;

(b) At all times, Area Representative shall operate each respective AR Unit Franchise in accordance with the terms and conditions of the respective Franchise Agreement for each Unit Franchise. In the event that any Franchise Agreement for an AR Unit Franchise is terminated by Franchisor as a result of Area Representative's breach, as a franchisee of a Franchise Agreement for a Unit Franchise, then such breach shall also constitute a default of this Agreement entitling Franchisor, among other things, to terminate this Agreement; and

(c) Without limiting Section 2.3(a) and Section 2.3(b) above, if, at the time of signing this Agreement, the Aggregate Development Quota as set forth in Schedule 2 of this Agreement is equal to 20 or more Development Unit Franchises, then, at the time of signing the Franchise Agreement for Area Representative's first AR Unit Franchise, Franchisor will waive the Franchise Fee (limited to the initial one-time franchise fee) for Area Representative's first AR Unit Franchise. The foregoing waiver is contingent upon Area Representative's compliance with the terms and conditions of this Agreement. Area Representative agrees that if Area Representative transfers a Franchise Agreement for a Unit Franchise for which Area Representative received a waiver of the Franchise Fee pursuant to this Section 2.3(c), and such transfer is made prior to the full development and opening of the Unit Franchise, then Area Representative shall immediately pay to Franchisor the full amount of the Franchise Fee (the foregoing shall not be construed as consent as to any transfer or sale of a Unit Franchise or Franchise Agreement owned by Area Representative).

2.4 FRANCHISOR'S RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates, and its assigns, retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Area Representative to engage in the following activities (the "Reserved Rights"): (a) develop and operate, and grant to others the right to develop and operate, Unit Franchises and Restaurants using the System and Licensed Marks within the Area Representative Territory and outside the Area Representative Territory; (b) develop and operate, and grant to others the right to develop and operate, area representative business using the System and Licensed Marks for the development of Unit Franchises and/or Restaurants located outside the Area Representative Territory as Franchisor deems appropriate and irrespective of the proximity to the Area Representative Territory; (c) acquire, be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products, services, and/or franchises that are the same as, or similar to, the Unit Franchises, Restaurants, the Area Representative Business, or other area representative business, and after such acquisition, merger, or affiliation, to own and operate, and to franchise or license others to own and operate, and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services and/or franchises that are the same as, or similar to, Unit Franchises, Restaurants, the Area Representative Business, and/or other area representative business within the Area Representative Territory, (but other area representative businesses shall not utilize the Licensed Marks); (d) use the Licensed Marks and System to promote, market, and sell Unit Franchises, Area Representative Businesses, and to promote, market, sell and distribute the Approved Services and Products offered and sold by Unit Franchises, Restaurants, the Area Representative Business, and/or other area representative business in alternative channels of distribution including directly or indirectly through national media, internet, third party brokers, franchise sales companies, in-house commissioned salespersons and/or lead generation services within or outside the Area Representative Territory; and (e) use the Licensed Marks and System, and to franchise or license others to use the Licensed Marks and System and to engage in all other activities not expressly prohibited by this Agreement.

2.5 MODIFICATION OF SYSTEM

Franchisor, in Franchisor's sole discretion, reserves the right, at all times, to supplement, modify, alter, and/or amend the System, including any and/or all components of the System and the terms and conditions of the Franchise Agreements that may or may not be offered. Area Representative shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification, and/or enhancement to any and/or all components of the System. Franchisor shall provide Area Representative with a reasonable amount of time to comply with any change or modification to the System, which shall be communicated to Area Representative by Franchisor, including, without limitation, communication through the Operations Manual.

2.6 CORPORATE ENTITY OWNERSHIP

If Area Representative is at any time a Corporate Entity, Area Representative represents that the information contained in Schedule 3 to this Agreement is true and accurate.

2.7 NOT TRANSFERABLE OR ASSIGNABLE BY AREA REPRESENTATIVE

Area Representative agrees that Area Representative does not possess and shall not possess the right to franchise, sub-franchise, license, sublicense, assign and/or otherwise Transfer Area Representative's rights under this Agreement. The rights and privileges granted and conveyed to Area Representative in this Agreement may not be Transferred unless otherwise agreed by Franchisor and subject to the requirements, restrictions, and conditions set forth in Section 10 of this Agreement.

2.8 INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP

Franchisor and Area Representative agree that this Agreement does not create a fiduciary relationship between Franchisor and Area Representative. Franchisor and Area Representative further agree that Franchisor and Area Representative are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employer, employee, or servant of the other for any purpose. Area Representative agrees that Area Representative shall be and is the sole employer of its employees. Area Representative has the sole right to select, hire and discharge Area Representative's employees. Area Representative is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, and paying wages to, and withholding and paying taxes for, Area Representative's employees. Area Representative, each Owner, and Area Representative's officers, directors, manager, agents, representatives, independent contractors, and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. Area Representative agrees that there is no joint employer relationship between Franchisor and Area Representative or Area Representative's employees. Area Representative's compliance with all federal, state, and local labor laws rules and regulations shall be exclusively determined and managed by Area Representative. To the extent that the Operations Manual includes information, specifications, procedures, criteria, and/or requirements as to employees of the Area Representative Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

SECTION 3
DEVELOPMENT AND OPERATION OF THE AREA REPRESENTATIVE BUSINESS

3.1 AREA REPRESENTATIVE OFFICE

Area Representative shall operate and manage the Area Representative Business from an AR Office that: (a) is established and maintained by Area Representative at a commercial office location within the Area Representative Territory; (b) satisfies and meets Franchisor's standards and specifications; (c) is timely presented by Area Representative to Franchisor for approval as Area Representative's proposed AR Office; (d) is approved by Franchisor as Area Representative's AR Office; (e) is timely secured by Area

Representative within 60 days of the Effective Date of this Agreement as evidenced by a binding lease with a duration equal to, or greater, than the Initial Term; (f) is, and at all times shall be, exclusively dedicated to the operation of the Area Representative Business; (g) is located within the Area Representative Territory; and (h) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications. Area Representative's AR Office may be located within an AR Unit Franchise.

Area Representative will not lease, purchase, or otherwise acquire a proposed AR Office until such information as Franchisor may require as to the proposed AR Office has been provided to Franchisor by Area Representative and Franchisor has approved the proposed AR Office. Franchisor shall respond to Area Representative's request for approval of a proposed AR Office within a reasonable time period, but not exceeding 30 days following Franchisor's receipt from Area Representative of complete written information about Area Representative's proposed AR Office. If Franchisor rejects or disapproves Area Representative's proposed AR Office, Area Representative must nevertheless identify and obtain Franchisor's approval of a proposed AR Office within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed AR Office shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

3.2 COMMENCEMENT OF AREA REPRESENTATIVE BUSINESS

Area Representative must develop and commence the day-to-day operations of the Area Representative Business on or before the Scheduled Business Commencement Date and, thereafter, throughout the Term of this Agreement. Prior to opening and commencing the operations of the Area Representative Business, including, without limitation, the AR Services, Area Representative must, as determined by Franchisor: (a) comply with the terms and conditions of this Agreement; (b) satisfy the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) complete and satisfy the AR Initial Training Program; (d) complete and satisfy the Franchisee Initial Training Program; (e) obtain all required licenses and satisfy all legal obligations and requirements related to the operations of the Area Representative Business; (f) satisfy Franchisor's designated insurance requirements; and (g) obtain Franchisor's written consent to open and commence the operations of the Area Representative Business.

3.3 AREA REPRESENTATIVE OPERATIONS AND ON-GOING OBLIGATIONS

If Area Representative is a Corporate Entity, then at all times during the Term of this Agreement, the Area Representative Business shall be directly managed and supervised by Area Representative's Managing Owner on a day-to-day basis. Franchisor must approve Area Representative's Managing Owner. Area Representative shall not delegate and/or assign Area Representative's obligations under this Agreement to a third party. As to the Area Representative Territory, Area Representative shall, at Area Representative's sole cost and expense: (a) exclusively operate the Area Representative Business from and within the Area Representative Territory; (b) exclusively offer, provide, and perform the AR Services for the benefit of Franchisor, the System, and Franchisor's affiliates and assigns; (c) satisfy and complete all initial and supplemental area representative and Unit Franchisee Training Programs designated by Franchisor; (d) exclusively utilize the Business Management System as directed by Franchisor; (e) own and operate at least_one AR Unit Franchise and, as directed by Franchisor provide Pre-Opening Services and AR Services utilizing the AR Unit Franchise; (f) timely satisfy Area Representative's Aggregate Development Quota obligations and Development Quota Obligations in accordance with the terms of this Agreement including, without limitation, Section 4 and Schedule 2 of this Agreement; (g) communicate and work with Authorized Franchise Sales Agents in promoting, qualifying, and referring qualified prospective Unit Franchisees to Franchisor; (h) if approved and authorized in accordance with Section 3.6 of this Agreement, manage Franchise Sales Listings; (i) if approved and authorized in accordance with Section 3.6 of this Agreement, attend and promote the sale of Unit Franchises at Franchise Shows; (j) comply with the operating standards set forth by Franchisor as to the operations of the Area Representative Business, including, without limitation, the operating standards set forth in Section 3 and Section 4 of this Agreement; (k) operate the Area Representative Business in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual

may be modified and supplemented from time to time in the future by Franchisor in Franchisor's sole discretion; (l) operate the Area Representative Business in conformity with the highest ethical and professional standards, including, without limitation, those standards specified by Franchisor in the Operations Manual; (m) operate the Area Representative Business in conformity with all applicable federal and state franchise laws, business opportunity laws, and commercial laws, including, without limitation, franchise disclosure and filing document disclosure laws and obligations, franchise disclosure document registration obligations imposed on area representatives, franchise seller disclosure and/or registration and filing requirements, and business opportunity disclosure and/or registration and filing requirements; and (n) otherwise comply with the terms and conditions of this Agreement. The foregoing shall be undertaken by Area Representative at Area Representative's sole cost and expense and without any contribution, rebate, or credit from Franchisor.

3.4 AREA REPRESENTATIVE TRAINING

Within 60 days of the Effective Date of this Agreement, Area Representative shall complete, to Franchisor's satisfaction, the AR Initial Training Program and the Franchisee Initial Training Program.

3.5 THIRD PARTY FRANCHISE SALES AGENTS AND SALES AGENT FEES

Area Representative shall not engage any Franchise Sales Agent without the express written consent of Franchisor. If Area Representative wishes to recruit, utilize, and/or benefit from the services of a Franchise Sales Agent then: (a) Area Representative must obtain Franchisor's written approval, which Franchisor may grant or refuse in Franchisor's sole discretion; and (b) the Franchise Sales Agent must enter into a written franchise sales agent agreement approved by Franchisor and signed by Franchisor. Area Representative agrees that, at all times, Franchisor may, without notice to Area Representative and/or without requiring the consent of Area Representative, engage a Franchise Sales Agent in connection with the sale of Unit Franchises within the Area Representative Territory. Area Representative agrees that critical to the System is Franchisor's reputation and the System's reputation for paying Franchise Sales Agents in connection with the sale of Unit Franchises. To protect the System, Area Representative acknowledges and agrees that in the event of a dispute between Area Representative and a Franchise Sales Agent as to a commission and/or fee that may be payable to the Franchise Sales Agent, that Franchisor possesses the sole discretion and authority in determining whether or not such commission and/or fee shall be paid.

3.6 FRANCHISE SALES LISTINGS AND FRANCHISE SHOWS

Area Representative may not use any Franchise Sales Listings without the express written consent of Franchisor. If Area Representative wishes to use any Franchise Sales Listings, then: (a) Area Representative must obtain Franchisor's written approval, which Franchisor may grant or refuse in Franchisor's sole discretion; (b) the Franchise Sales Listings must comply with all of Franchisor's criteria and requirements for Franchise Sales Listings; and (c) Area Representative shall be solely and exclusively responsible for all fees and expenses associated with the Franchise Sales Listings.

Area Representative may not attend and/or promote Unit Franchises at any Franchise Shows without the express written consent of Franchisor. If Area Representative wishes to attend a Franchise Show to promote Unit Franchises, then: (a) Area Representative must obtain Franchisor's written approval, which Franchisor may grant or refuse in Franchisor's sole discretion; (b) the Franchise Show displays, advertising, and marketing materials must be approved by Franchisor and otherwise comply with all of Franchisor's criteria and requirements; and (c) Area Representative shall be solely and exclusively responsible for all fees and expenses associated with the Franchise Shows.

3.7 NO AUTHORITY TO AWARD FRANCHISES OR ENTER INTO ANY AGREEMENTS AND NO RIGHTS AS A THIRD PARTY BENEFICIARY

Notwithstanding anything contained in this Agreement to the contrary, under no circumstance is Area Representative authorized to enter into any agreement on behalf of Franchisor, award any Unit Franchises, sign any Franchise Agreement, make any promises on behalf of Franchisor, and/or make any

representations and/or statements other than those disclosed by Franchisor in Franchisor's then current and issued and, if applicable, registered and/or filed Unit Franchise Disclosure Document. Area Representative's rights as set forth in this Agreement is that of an agent of Franchisor to act in accordance with the terms and conditions of this Agreement. Under no circumstance shall or will Area Representative acquire any ownership interests and/or rights in or to the System, the Licensed Marks, improvements, modifications, and/or enhancements to the System and/or Licensed Marks. Under no circumstance shall or will Area Representative acquire any interests and/or rights in or to the Franchise Agreements with AR Unit Franchisees and/or any other contracts, agreements, and/or legal rights between Franchisor and AR Unit Franchisees. Area Representative is not intended to be, and shall not be, a third party beneficiary in or to the Franchise Agreements with AR Unit Franchisees and/or any other contracts, agreements, and/or legal rights between Franchisor and Unit Franchisees.

3.8 FRANCHISOR'S RIGHTS REGARDING INSPECTIONS AND FRANCHISOR'S EXCLUSIVE RIGHT TO TAKE ACTION UNDER A FRANCHISE AGREEMENT

As to the Inspection Services and the on-site quality, operations, support, customer experience, and service inspections that are to be undertaken by Area Representative as a part of Area Representative's On-Going Support Services, Area Representative agrees that: (a) Area Representative's inspections shall be advisory only and, at all times, Franchisor possesses and retains the right to inspect all AR Unit Franchisee Unit Franchises; and (b) at Franchisor's sole discretion, to otherwise directly inspect and/or ascertain whether AR Unit Franchisees are in compliance with the terms and conditions of their respective Franchise Agreements and System requirements.

Notwithstanding any term or condition in this Agreement to the contrary, Area Representative agrees that as to the legal rights of AR Unit Franchisees, Franchisor possesses the sole and exclusive right to: (a) determine whether an AR Unit Franchisee is in compliance with the terms and conditions of its Franchise Agreement; (b) terminate an AR Unit Franchisee's Franchise Agreement; (c) send notices of default to AR Unit Franchisees and/or other legal notices involving AR Unit Franchisee rights and/or obligations under each respective Area Representative Franchise Agreement(s); (d) terminate a Franchise Agreement due to the occurrence of an AR Unit Franchisee's default and/or for failure to cure a default; and (e) take any legal action with respect to any default by an AR Unit Franchisee and/or any violation of an AR Unit Franchisee, as such default and/or violation may be exclusively determined by Franchisor.

If Area Representative believes and/or possesses knowledge or information that indicates that an AR Unit Franchisee has and/or may be in violation of the terms or conditions of the AR Unit Franchisee's Franchise Agreement, or the AR Unit Franchisee is otherwise in violation of the requirements of the System, Area Representative shall immediately notify Franchisor in writing. Franchisor shall determine whether to investigate the alleged violation. If Franchisor determines that there is a breach by an AR Unit Franchisee of its Franchise Agreement, then Franchisor may, in Franchisor's sole discretion, take such action as Franchisor deems appropriate. Area Representative shall take such action as Franchisor directs in support of the determination and decision of Franchisor.

3.9 FRANCHISOR'S DESIGNATED FACILITIES AND EVENTS

Although Area Representative's rights in and to the Area Representative Business are limited to the Area Representative Territory, Area Representative agrees that, at the sole discretion of Franchisor, Franchisor may require Area Representative, at Area Representative's sole cost and expense, to carry-out and discharge certain AR Services from facilities and locations that may be located outside the Area Representative Territory as same may be designated by Franchisor from time to time. Among other things, at the election of Franchisor, Area Representative and Area Representative's employees may be required to attend discovery days and training events at facilities and locations designated by Franchisor that are outside the Area Representative Territory, and Area Representative shall be required to attend Franchisee conferences and events designated by Franchisor.

3.10 DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Area Representative acknowledges the significance of Digital Media to the System and necessity for

Franchisor's control over Digital Media. Between Franchisor and Area Representative, Franchisor is the absolute owner of the Digital Media and nothing contained in this Agreement grants to Area Representative any ownership interest in or to the Digital Media. Area Representative shall not utilize, access, or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing, which approval Franchisor may withhold, condition, or limit as determined by Franchisor in Franchisor's sole discretion, and which approval, if given, shall be limited to the marketing and promotion of Unit Franchise sales in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Area Representative's right to utilize the Digital Media and/or any rights of Area Representative in or to the Digital Media shall be automatically terminated and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Area Representative shall be transferred to Franchisor. Under no circumstance shall Area Representative utilize the Digital Media for purposes or with the effect of libeling or disparaging another person, nor shall Area Representative violate any copyrights, trademarks, or other intellectual property rights of any person. As to such actions between Area Representative and any third party, Area Representative is exclusively responsible for disparagement, libel, and/or intellectual property infringement if Area Representative published and/or caused such content to be published.

Area Representative agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor, or otherwise acceptable to Franchisor as meeting Franchisor's standards, shall be owned by Franchisor. As between Franchisor and Area Representative, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration, termination, or Transfer of this Agreement. Area Representative acknowledges and agrees that the System Website, Digital Media, and Published Content, and all improvements and modifications made to the System Website, Digital Media, and Published Content, are, and shall be, the exclusive property of Franchisor.

3.11 FDD REGISTRATION, DISCLOSURE AND COMPLIANCE OBLIGATIONS

Area Representative shall not market, promote, or solicit franchise sales at any time during which any one of the following non-compliance events occurs (a "Non-Compliance Event"): (a) Franchisor's Unit Franchise Disclosure Document, as designated and determined by Franchisor in Franchisor's sole discretion, is not current and updated in accordance with federal law, rules, and regulations, including, without limitation, 16 CFR Parts 436 and 437; (b) Franchisor's Unit Franchise Disclosure Document, is not currently filed, registered, or authorized in accordance with applicable franchise filing requirements, registration requirements, and/or business opportunity laws if such laws and regulations are applicable to jurisdictions that include the Area Representative Territory; (c) Area Representative, if applicable to the jurisdictions that include the Area Representative Territory, does not register as a franchise seller and is required to register as a franchise seller under applicable law; and/or (d) Area Representative, if applicable to the jurisdictions that include the Area Representative Territory and, subject to Franchisor's written consent and approval, does not register or file an Area Representative FDD that Area Representative is required to register or file under applicable law. Area Representative expressly acknowledges and agrees that certain jurisdictions may require that Area Representative register its own FDD and/or that Area Representative make specific filings and registrations and, if applicable to the Area Representative Territory and/or the operations of Area Representative, upon the request of Franchisor, Area Representative, at Area Representative's sole cost and expense and subject to Franchisor's standards, specifications, and written approval, shall cause its Area Representative's FDD to be prepared, registered and filed, as applicable, in accordance with Franchisor's instruction and at Area Representative's sole cost and expense.

If a Non-Compliance Event occurs as a result of subsections (a) or (b) of the first paragraph of this Section 3.11 and such Non-Compliance Event was not caused by any action or inaction of Area Representative including, but not limited to, Area Representative's failure to provide or timely provide

information, documentation, compliance certifications, financial statements, and/or other documents as may be requested by Franchisor in connection with Franchisor's preparation, update, filing, and/or registration of Franchisor's Unit Franchise Disclosure Document, then the Development Schedule shall be suspended for such time until the subsection (a) or (b) Non-Compliance Event (as set forth in this Section 3.11) is cured. Franchisor, in Franchisor's sole determination, shall designate and determine whether or not the Non-Compliance Event has been cured.

Without limiting the foregoing, Area Representative agrees that if requested by Franchisor, Area Representative shall timely and consistently provide Franchisor with all information that Franchisor requests in connection with the preparation, update, registration, and/or renewal of the Unit Franchise Disclosure Document, the operations of the Area Representative Business, and as to all AR Unit Franchisees. Area Representative shall also timely provide Franchisor with Area Representative's audited financial statements no later than March 1 of each calendar year during the Term of this Agreement.

3.12 ADVERTISING, RECRUITING, SCREENING, AND APPROVALS

Area Representative shall advertise for, recruit, screen, and review prospective AR Unit Franchisees subject to Franchisor's instructions and System standards. Area Representative must spend a minimum of $250 per month on the solicitation of prospective AR Unit Franchisees, except that there is no minimum expenditure for the first six months of the Term. Area Representative must submit monthly reports to Franchisor showing the advertising expenditures. If Area Representative fails to spend the required minimum of $250 per month, Franchisor may require Area Representative to pay this amount to Franchisor or its affiliates to spend on solicitation and advertisement. Area Representative shall provide prospective AR Unit Franchisees with information in print, digital, webinar, and other mediums approved or designated by Franchisor.

Area Representative shall submit all qualified prospective AR Unit Franchisees to Franchisor for approval. Area Representative shall follow those submission processes designated by Franchisor, including, without limitation, required information gathering sessions that must be undertaken by Area Representative and the preparation and submission of prospective AR Unit Franchisee applications, data, and reports that must be submitted by Area Representative to Franchisor prior to Franchisor considering and/or evaluating a prospective AR Unit Franchisee.

Upon Area Representative's submission of all information required by Franchisor, a prospective AR Unit Franchisee's submission of all information required by Franchisor, and completion of Franchisor's internal review and qualification process, Franchisor shall approve or disapprove the award of Unit Franchises to prospective AR Unit Franchisees by delivery of written notice to Area Representative. Franchisor agrees to exert good faith efforts to deliver such notification to Area Representative within 10 business days after the later of: (a) receipt by Franchisor of a complete application, financial statement, and other materials requested by Franchisor regarding the prospective AR Unit Franchisee; or (b) the personal interview of the prospective AR Unit Franchisee applicant, at the expense of the prospective AR Unit Franchisee, by Franchisor at Franchisor's designated corporate offices. Franchisor shall determine whether the prospective AR Unit Franchisee applicant possesses sufficient financial and managerial capability and satisfies the other criteria then-utilized by Franchisor in granting Unit Franchises. Franchisor may refuse to grant a franchise to a prospective AR Unit Franchisee applicant for any reason or no reason at all in Franchisor's sole discretion. The grant of a Unit Franchise shall be effective only upon and after the full execution of the then current Franchise Agreement by Franchisor and the prospective AR Unit Franchisee applicant.

3.13 AREA REPRESENTATIVE STAFFING AND EMPLOYEE RELATIONSHIPS

Area Representative shall hire a sufficient number of employees to carry-out, perform, and satisfy Area Representative's obligations under this Agreement. Area Representative acknowledges and agrees that Area Representative is and shall be the sole employer of its employees. Area Representative has the sole right to select, hire, and discharge Area Representative's employees. Area Representative is solely

responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for, Area Representative's employees. Area Representative agrees that there is no joint employer relationship between Franchisor and Area Representative. Area Representative's compliance with all federal, state, and local labor and wage laws, rules, and regulations shall be exclusively determined and managed by Area Representative. To the extent that the Operations Manual includes information, specifications, procedures, criteria, and/or requirements as to employees of the Area Representative Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the goodwill associated with the System, and to ensure System uniformity requirements and standards concerning the System. Under no circumstance shall such information, specifications, procedures, criteria, and/or requirements relate to the employer-employee relationship. As to the foregoing issue of joint employer and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

3.14 IMAGE AND FINANCIAL DATA RELEASE

Area Representative agrees and authorizes Franchisor to use Area Representative's likeness in photographs, videos, and all other media in which Area Representative's likeness appears and to use same in any and all Digital Media and other publications and advertisements of Franchisor. Area Representative agrees that any photograph or image using Area Representative's likeness will become Franchisor's property and not returned to Area Representative. Area Representative agrees and irrevocably authorizes Franchisor to use, edit, alter, copy, exhibit, publish, or distribute any photograph and/or image (digital, video, print, or otherwise) of Area Representative for any lawful purpose and to do so without payment of any royalty or fee to Area Representative. Area Representative, at all times, further authorizes Franchisor to publicly disclose and publish financial data and information related to the financial performance of the Area Representative Business in Franchisor's Franchise Disclosure Documents and other media designated by Franchisor.

3.15 RELOCATION

Under no circumstance will Area Representative be permitted to relocate the Area Representative Business, relocate the Area Representative Territory, and/or modify the Area Representative Territory, without the prior written consent of Franchisor, which Franchisor may withhold in its sole discretion. If Area Representative wishes to relocate the AR Office, Area Representative must obtain Franchisor's prior written consent, which Franchisor will not unreasonably withhold so long as the proposed new AR Office is located within the Area Representative Territory.

SECTION 4
DEVELOPMENT QUOTA, AREA REPRESENTATIVE FEE, AND DEVELOPMENT SCHEDULE

4.1 REPRESENTATIONS, DEVELOPMENT QUOTA AND QUOTA OBLIGATIONS

Franchisor acknowledges and Area Representative agrees and represents that: (a) the Aggregate Development Quota is identified and set forth in Schedule 2 of this Agreement; (b) as to each and every Development Period, the Development Quota Obligations are identified and set forth in Schedule 2 of this Agreement; (c) the Aggregate Development Quota is fair and reasonable; (d) the Development Quota Obligations are fair and reasonable; (e) Franchisor has not made any representations and/or warranties as to the number of Development Unit Franchises that may or will be established within the Area Representative Territory, except as set forth in subsection (f) of this Section 4.1; (f) in agreeing to the Aggregate Development Quota, the Development Schedule, and the Development Quota Obligations, Franchisor solely and exclusively represents that the Aggregate Development Quota represents a number of Development Unit Franchise Agreements that Franchisor will approve for development and operation within the Area Representative Territory provided that the prospective Unit Franchisees are qualified, meet Franchisor's then current standards and criteria for Unit Franchises, and are otherwise approved by Franchisor, in Franchisor's sole and exclusive discretion; (g) Area Representative has independently

evaluated the Area Representative Territory to independently determine and assess potential Unit Franchise sales, the availability of potential Development Unit Franchise locations, the potential successful operation of Development Unit Franchises, and the overall suitability of the Area Representative Territory; (h) Area Representative has independently investigated and evaluated all regulatory laws, rules, and requirements related to the marketing and promotion of Unit Franchises within the Area Representative Territory and that Franchisor has advised Area Representative to obtain the advice of legal counsel; (i) Franchisor possesses sole discretion as to whether or not Franchisor elects to enter into a Franchise Agreement with a proposed AR Unit Franchisee and Franchisor, in Franchisor's sole discretion, can reject potential AR Unit Franchisees for any reason or no reason at all; and (j) under no circumstance is Franchisor under any obligation to market the sale of Unit Franchises within or related to the Area Representative Territory.

4.2 AREA REPRESENTATIVE TERRITORY FEE

In exchange for the rights set forth and granted to Area Representative pursuant to the terms of this Agreement, upon execution of this Agreement, Area Representative shall pay to Franchisor the Area Representative Territory Fee. The Area Representative Territory Fee is identified in Schedule 2 of this Agreement, the Area Representative Territory Fee is fully earned by Franchisor upon execution of this Agreement, and the Area Representative Territory Fee is not refundable under any circumstance. Area Representative agrees that, among other things, the Area Representative Territory Fee is not a Franchise Agreement fee of any kind nor is it in lieu of any Franchise Agreement fee but, rather, is a fee paid by Area Representative to Franchisor in connection with the rights set forth in this Agreement relating to Area Representative's right to operate the Area Representative Business. Area Representative acknowledges and agrees that the Area Representative Territory Fee is calculated based on the aggregate number of Development Unit Franchises authorized for potential development by this Agreement.

4.3 DEVELOPMENT SCHEDULE

Area Representative agrees that to induce Franchisor to enter into this Agreement that Area Representative, in connection with Area Representative's development and operation of the Area Representative Business and Area Representative's performance of the AR Services, shall timely meet and satisfy the development requirements set forth in the Development Schedule, including, without limitation, the Aggregate Development Quota and the Development Quota Obligations. The Development Schedule is attached to this Agreement as a part of Schedule 2. Area Representative's failure to timely meet – *with time being of the essence* - and satisfy the Aggregate Development Quota, the Development Schedule, and/or the Development Quota Obligations shall constitute a material default of this Agreement and, among other things, entitle Franchisor to terminate this Agreement. Time is of the essence. Each and every Development Period shall be independent of the other, and Area Representative's failure to meet Area Representative's Development Quota Obligations for any particular Development Period shall constitute a material default of this Agreement. Deficits and/or deficiencies as to any one particular Development Period cannot be carried over, satisfied, and/or made up in any subsequent Development Period.

4.4 REASONABLENESS OF DEVELOPMENT SCHEDULE

Area Representative agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Development Unit Franchises within the Area Representative Territory, Area Representative approves of the Development Schedule as being reasonable and achievable, and Area Representative agrees that failure to timely meet and satisfy – *with time being of the essence* - the Aggregate Development Quota and the respective Development Quota Obligations shall constitute a material breach of this Agreement. Additionally, as to the Development Schedule, Area Representative agrees that: (a) the Development Schedule is fair and reasonable; (b) Franchisor has not made any representations and/or warranties as to the number of Development Unit Franchises that will or may be established within the Area Representative Territory; (c) Franchisor has not made any representations and/or warranties as to the number of Development Unit Franchise Agreements that will or may be signed as to the Area Representative Territory and/or within the respective Development

Periods; (d) in agreeing to the Development Schedule, Franchisor solely represents that the Development Schedule represents a number of Development Unit Franchise Agreements that Franchisor may approve for development and operation within the Area Representative Territory provided that the prospective franchisees are qualified, meet Franchisor's then current standards and criteria for Unit Franchisees, and are otherwise approved by Franchisor; (e) that Area Representative has independently evaluated the Area Representative Territory to independently determine and assess potential franchise sales, the availability of potential Development Unit Franchise locations, the potential successful operation of Development Unit Franchises, and the overall suitability of the Area Representative Territory, the Aggregate Development Quota, and the Development Schedule; and (f) Franchisor possesses sole discretion as to whether Franchisor elects to enter into a Franchise Agreement with a proposed AR Unit Franchisee, and Area Representative acknowledges and agrees that Franchisor can reject potential AR Unit Franchisees for any reason or no reason at all in Franchisor's sole discretion. Under no circumstance is Franchisor under any obligation to market the sale of Unit Franchises within, or related to, the Area Representative Territory.

SECTION 5
CONTINGENT AREA REPRESENTATIVE COMMISSIONS

5.1 INITIAL NET FRANCHISE FEE COMPENSATION

During the Initial Term of this Agreement and subject to the terms and conditions of this Agreement, Franchisor shall pay to Area Representative the AR Franchise Fee Compensation.

5.2 AREA REPRESENTATIVE ROYALTY COMPENSATION

During the Term of this Agreement and subject to the terms and conditions of this Agreement, Franchisor shall pay to Area Representative the AR Royalty Compensation. Except for the AR Franchise Fee Compensation and AR Royalty Compensation, under no circumstances shall Area Representative be entitled to receive any commissions on any other revenue, receipts, rebates, fees, funds, and/or any other amounts paid to Franchisor or Franchisor's affiliates by an AR Unit Franchisee, Unit Franchisee, or any third party resulting from and/or relating to the Area Representative Territory or AR Unit Franchisees. Notwithstanding the foregoing, Area Representative agrees that Area Representative shall not receive any AR Royalty Compensation related to the Legacy AR Unit Franchisees.

5.3 COMPENSATION CONDITIONS

Without limitation to the terms and conditions set forth in this Agreement as to payment and calculation of AR Franchise Fee Compensation and AR Royalty Compensation (individually and collectively, the "Commissions"), Area Representative agrees:

(a) Upon the expiration, termination, or Transfer of this Agreement for any reason, Area Representative's right to receive Commissions and any other form of compensation under this Agreement shall immediately and automatically terminate. Within 30 days of the termination, expiration, or Transfer of this Agreement, Franchisor shall pay to Area Representative the Commissions that accrued and became payable and due to Area Representative up to the date of expiration, termination, or Transfer of this Agreement;

(b) In the event of a default of this Agreement by Area Representative where such default is curable by Area Representative, Area Representative shall waive, without the right to payment in the future, all rights to Commissions that Area Representative would have earned and/or would have been paid to Area Representative during the period in which Area Representative's default existed and remained uncured;

(c) Franchisor's payments of Commissions to Area Representative shall occur on a cash receipts accounting basis and not on an accounting accrual basis;

(d) If Franchisor, in Franchisor's sole discretion and for any reason, elects to refund and/or refunds all or a portion of an AR Unit Franchisees Franchise Fee and/or Royalty Fees, Franchisor may: (i) offset the amount of Commissions applicable to such refunds against any future Commissions payable and due by Franchisor to Area Representative; and/or (ii) demand from Franchisee a refund of the applicable Commissions originally paid to Franchisee as to the refunded Franchise Fee and/or Royalty Fees and upon such refund request Franchisee shall pay to Franchisor the requested refunded Commissions within five business days;

(e) Franchisor is permitted to set-off against Area Representative's Commissions all amounts and/or fees that may be payable and/or due from Area Representative to Franchisor;

(f) Under no circumstance is Area Representative granted any set-off rights as against Franchisor; and

(g) Under no circumstance shall Area Representative receive or collect any fees, receipts, and/or receive any credits or consideration from any AR Unit Franchisees, Unit Franchisees, or any third party in connection with and/or related to the System.

SECTION 6
AREA REPRESENTATIVE TRAINING AND OPERATING ASSISTANCE

6.1 AREA REPRESENTATIVE INITIAL TRAINING

Within 45 days of the Effective Date of this Agreement, Area Representative or, if Area Representative is a Corporate Entity, Area Representative's Owners, shall participate in Franchisor's initial training program for Area Representatives (the "AR Initial Training Program") if established and required by Franchisor. Area Representative and Area Representative's Owners, at Area Representative's sole cost and expense, must attend and complete the AR Initial Training Program and the Franchisee Initial Training Program to the satisfaction of Franchisor. The AR Initial Training Program shall be structured, configured, and established by Franchisor from time to time and may be structured by Franchisor so that it is offered and completed by Area Representative in various phases, which may require participation in interactive webinar type sessions and on-site training at Franchisor's corporate offices. Franchisor will not charge Area Representative tuition or other fees in connection with the AR Initial Training Program or the Franchisee Initial Training Program, however, Area Representative is responsible for all travel, living, and other reasonable expenses associated with attending the training programs.

6.2 REPLACEMENT TRAINING

The AR Initial Training Program will be made available to replacement or additional Owners and other management personnel of Area Representative that are approved by Franchisor. Franchisor can charge a tuition or supplemental training fee in the amount of $300 per day, which shall be paid by Area Representative to Franchisor in advance of such training. Area Representative shall be responsible for all travel, living, and other reasonable expenses incurred by Area Representative's personnel in connection with attendance at such training programs. If, at Franchisor's election, training occurs on-site within the Area Representative Territory or such other location selected at the request of Area Representative or for the benefit of Area Representative, then Area Representative shall also pay to Franchisor all travel, food, transportation, and lodging expenses incurred by Franchisor.

6.3 SEMINARS AND ON-GOING TRAINING

Periodically, Franchisor may, at Franchisor's election, present seminars, conventions, or continuing development programs for the benefit of the Area Representative. Franchisor can charge a fee up to $300 per day for such training or programs. Area Representative or its Owners are required to and shall attend all ongoing seminars, conferences, industry conventions, meetings, and programs as designated by Franchisor. If Area Representative fails to attend a Franchisor designated mandatory seminar, convention, meeting, training event, or program without obtaining Franchisor's prior written approval of the absence and fails to arrange for attendance at an alternate time, Area Representative shall be required

to make up the missed program at a time and place designated by Franchisor and pay Franchisor a fee equal to Franchisor's then current fee as set forth in the Operations Manual or otherwise in writing. Franchisor shall give Area Representative at least 60 days' prior written notice of any seminar, convention, training, or program designated as mandatory by Franchisor. Area Representative will be responsible for all travel, living, and other expenses associated with attendance at any ongoing training program, seminar, convention or program designated by Franchisor. Area Representative shall pay to Franchisor Franchisor's then current fee of up to $300 per day for attending any mandatory training, seminar or convention. Franchisor may preclude Area Representative from attending any seminar or convention if Area Representative is in default of this Agreement at the time of the training, seminar or convention or if Area Representative was issued two notices of default within 12 months prior to any seminar or convention.

6.4 FRANCHISOR'S OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's sole discretion, Franchisor may advise Area Representative of those applicable standards, procedures, and System requirements in connection with Area Representative's operation of the Area Representative Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(a) Establishing and communicating to Area Representative operating procedures, improvements to the System, and modifications to the System in connection with the Area Representative's operation of the Area Representative Business, the Approved Services and Products, and the procedures to be utilized by Area Representative in connection with Area Representative's training of AR Unit Franchisees, and Area Representative's marketing and promotion of the Area Representative Business;

(b) Upon the reasonable request of Area Representative, consultation by telephone regarding advice related to franchise sales, site selection, Franchisee support, and other required assistance. In providing assistance, Franchisor will be reasonably accessible during normal business hours by phone, fax, e-mail, or other means of communication reasonably determined by Franchisor. If Area Representative requests additional, special, on-premises training of its personnel or other assistance in operating its Area Representative Business and/or AR Unit Franchise, then Area Representative agrees to pay for all expenses for that training or assistance, including any per diem costs assessed by Franchisor, an amount equal to wages or compensation of Franchisor's personnel, and travel, living, and other reasonable expenses incurred by Franchisor's personnel. Franchisor shall have the right to charge Area Representative a fee in the amount of $300 per day, and Area Representative shall reimburse Franchisor for all related expenses for any assistance or services requested by Area Representative and not specifically required to be performed by Franchisor under this Agreement, including, without limitation, travel, lodging, transportation, and meal expenses. Area Representative acknowledges and agrees that different area representatives will require different levels of service and support, and Franchisor makes no warranties or guarantees that Area Representative will receive the same level of service and support as any other area representative;

(c) Establishing and communicating additional and/or modified System standards and requirements;

(d) Establishing and communicating franchise development standards and base campaigns that are authorized for use by Area Representative;

(e) Establishing and communicating advertising and promotional programs and standards for use by Area Representative;

(f) Approving or disapproving of Area Representative's request to utilize marketing and promotion materials and media not previously authorized by Franchisor;

(g) Establishing and communicating administrative and general operating procedures for use by Area Representative;

(h) Establishing, updating, revising, and communicating a list(s) of approved suppliers of products, supplies, equipment, software systems, and marketing related services including, without limitation, the System Inventory and Equipment, as Franchisor deems appropriate and as may be otherwise designated by Franchisor in Franchisor's sole discretion;

(i) Establishing and communicating guidance to Area Representative in the form of the Operations Manual and as Franchisor, in Franchisor's sole discretion deems appropriate, in the form of bulletins or other written materials, telephonic consultations, and/or consultations at the offices of Franchisor; and

(j) Maintaining an issued Unit Franchise Disclosure Document that is made available to Area Representative.

6.5 OPERATIONS MANUAL

Franchisor shall loan to Area Representative during the Term of this Agreement one copy of the Operations Manual in a format designated by Franchisor. The Operations Manual contains mandatory and suggested specifications, standards, and operating procedures that Franchisor prescribes for Restaurants, Unit Franchises, the Area Representative Business, other area representative business, and information relative to other obligations of Area Representative. Area Representative must operate the Area Representative Business in accordance with the specifications and requirements set forth in the Operations Manual, as same may be modified, updated, supplemented, revised, and/or changed by Franchisor from time to time. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in the System. Area Representative must keep its copy of the Operations Manual current and in a secure location at the AR Office. If the Operations Manual is provided to Area Representative in electronic format, Area Representative shall not permit third party access to the Operations Manual. The master copy of the Operations Manual that Franchisor maintains at Franchisor's principal office or electronically, whichever is most recently issued, controls if there is a dispute relative to the contents of the Operations Manual. Area Representative shall have a reasonable period of time to implement the changes in the System required by changes to the Operations Manual. Franchisor shall give Area Representative notice of such modifications, updates, supplements, revisions, and/or changes and a reasonable amount of time within which the changes must be implemented by Area Representative.

SECTION 7
AREA REPRESENTATIVE'S RESTRICTIVE COVENANTS AND OBLIGATIONS

7.1 NECESSITY FOR RESTRICTIVE COVENANTS

Area Representative agrees that only through the course of entering into this Agreement are Area Representative and Area Representative's Owners provided with access to the System, Franchisor's training, use of the Licensed Marks, and access to the Operations Manual and Confidential Information. Area Representative agrees that competition by Area Representative and/or Owners could jeopardize the entire System and cause irreparable harm to Franchisor, Franchisees, and other area representatives. Accordingly, Area Representative agrees to comply with the restrictive covenants set forth in this Section 7 and throughout this Agreement.

7.2 RESTRICTIVE COVENANTS: KNOW-HOW

Area Representative agrees that, at all times, Area Representative: (a) shall not use the Know-How in any business or capacity other than the operation of the Area Representative Business pursuant to this Agreement or, if applicable, as may be authorized pursuant to the terms of a Unit Franchise Agreement between Franchisor and Area Representative; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take

all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination, or Transfer of this Agreement unless doing so is otherwise authorized pursuant to the terms of a Unit Franchise Agreement between Franchisor and Area Representative. Area Representative agrees that the foregoing covenants and obligations shall also apply to: (i) Owners and each Owner shall execute the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1, and (ii) Area Representative's directors, officers, employees, and agents where disclosure of the Know-How was necessary for the operations of the Area Representative Business and such director, officer, employee, and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

7.3 RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Area Representative agrees that, at all times, Area Representative: (a) shall not use the Confidential Information in any business or capacity other than the Area Representative Business operated by Area Representative or, if applicable, as may be authorized pursuant to the terms of a Unit Franchise Agreement between Franchisor and Area Representative; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Area Representative from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination, or Transfer of this Agreement unless doing so is otherwise authorized pursuant to the terms of a Unit Franchise Agreement between Franchisor and Area Representative. Area Representative agrees that the foregoing covenants and obligations shall also apply to: (i) Area Representative's Owners and each Owner shall execute the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1, and (ii) Area Representative's directors, officers, employees, and agents where disclosure of the Know-How was necessary for the operations of the Area Representative Business and such director, officer, employee, and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

7.4 RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Area Representative agrees that during the Term of this Agreement, Area Representative shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding, and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; and (c) diverting, or attempting to divert, Unit Franchisees or prospective Unit Franchisee candidates to another restaurant franchise system and/or business opportunity. Area Representative acknowledges and agrees that if Area Representative were to engage in the Prohibited Activities, then such actions would be unfair, constitute unfair competition, and cause harm to Franchisor, the System, and Unit Franchisees. Area Representative agrees that the foregoing covenants and obligations shall also apply to Owners and each Owner shall each execute and deliver to Franchisor the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

7.5 RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Area Representative agrees that during the Post-Term Restricted Period, Area Representative will not engage in any Prohibited Activities within the Restricted Territory. If Area Representative engages in any Prohibited Activities during the Post-Term Restricted Period within the Restricted Territory, then Area Representative agrees that Area Representative's Post-Term Restricted Period will be extended by the period of time during which Area Representative engaged in such Prohibited Activity (any such extension

of time will not be construed as a waiver of Area Representative's breach or otherwise impair any of Franchisor's rights or remedies relating to Area Representative's breach). Area Representative acknowledges and agrees that if Area Representative were to engage in the Prohibited Activities during the Post-Term Restricted Period, then such actions would be unfair, constitute unfair competition, and cause harm to Franchisor, the System, and Unit Franchisees. Area Representative agrees that the foregoing covenants and obligations shall also apply to Owners and each Owner shall each execute and deliver to Franchisor the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

7.6 IMMEDIATE FAMILY MEMBERS

Area Representative acknowledges and agrees that should Area Representative circumvent the restrictive covenants and obligations due to Franchisor under this Section 7 by disclosing Confidential Information and/or Know-How to an Immediate Family member (*i.e.*, parent, sibling, child, or grandchild) that Franchisor, System, and Unit Franchisees would be irreparably harmed. Area Representative acknowledges and agrees that if Area Representative or one or more of Area Representative's Owners discloses the Know-How to an Immediate Family member, and the Immediate Family member used the Confidential Information or Know-How to engage in activities that, for Area Representative and Area Representative's Owners, qualify as Prohibited Activities, then Franchisor, the System, and Unit Franchisees would be irreparably harmed. Area Representative acknowledges and agrees that, as between Area Representative and Franchisor, that Area Representative and Area Representative's Owners are in a better position to know if Area Representative permitted and/or provided an Immediate Family member with access to the Confidential Information and/or Know-How. Therefore, Area Representative agrees that Area Representative will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Section 7 if any member of Area Representative's Immediate Family or the Immediate Family member of an Owner (a) engages in any Prohibited Activities in the Restricted Territory during any period of time during which Area Representative is prohibited from engaging in the Prohibited Activities and/or (b) uses or discloses the Confidential Information and/or Know-How. However, Area Representative may rebut this presumption by providing evidence conclusively demonstrating that neither Area Representative nor Area Representative's Owners disclosed the Confidential Information and Know-How to an Immediate Family member, and neither Area Representative nor Area Representative's Owners permitted disclosure of the Confidential Information or Know-How to an Immediate Family member of Area Representative or Area Representative's Owners. Area Representative agrees that the foregoing covenants, obligations, representations and burden of proof shall also apply to Owners, and that each Owner shall execute and deliver to Franchisor the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

7.7 REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Area Representative agrees that: (a) the terms of this Section 7 are reasonable both in time and scope of geographic area; and (b) Area Representative has sufficient resources, business experience, and opportunities to earn an adequate living while complying with the terms of this Section 7. **Area Representative hereby waives and releases any right to challenge the terms of this Section 7 as being overly broad, unreasonable, or otherwise unenforceable.** Although Area Representative and Franchisor both believe that the restrictive covenants and obligations set forth in this Section 7 to be reasonable in terms of scope, duration, and geographic area, Franchisor may at any time unilaterally modify the terms of this Section 7 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon Franchisee under this Section 7 to ensure that the terms and covenants are enforceable under applicable law.

7.8 BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Area Representative agrees that Area Representative's failure, and/or the failure of Area Representative's Owners, to comply with the restrictive covenants and obligations set forth in this Section 7 will cause irreparable harm to Franchisor, the System, and/or Unit Franchisees for which there is no adequate remedy at law. Therefore, Area Representative agrees that any violation of the restrictive covenants and obligations set forth in this Section 7 by Franchisee and/or any Owner shall entitle Franchisor to injunctive relief. Area Representative agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available in equity or at law. In the event of the entry of such injunctive relief, Area Representative's sole remedy will be the dissolution of such injunction, if warranted, upon a hearing duly held on such injunctive relief, and all claims for damages by Area Representative and/or any Owner for wrongful issuance of any such injunction are waived and released by Area Representative and/or any Owner. If a court requires the filing of a bond notwithstanding the foregoing provisions of this Section 7.8, then Area Representative and Franchisor agree that the amount of the bond shall not exceed $1,000. Franchisor's remedies under this Section 7.8 are not exclusive of any other remedy set forth in this Agreement, but may be combined with other relief available to Franchisor under this Agreement, at law, or in equity, including, without limitation, injunctive relief, specific performance, and recovery of monetary damages.

SECTION 8
LICENSED MARKS, SYSTEM AND INNOVATIONS TO SYSTEM

8.1 OWNERSHIP AND GOODWILL

Area Representative acknowledges and agrees that, as between or among Franchisor, Area Representative and any Owner, Franchisor is the owner of all right, title, and interest in and to the Licensed Marks, the System, Published Content, Digital Media and the goodwill associated with the Licensed Marks, the System, the Published Content, and Digital Media. Except as otherwise specifically provided in this Agreement, Area Representative agrees that Area Representative possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Published Content, Digital Media, and/or the goodwill associated with the Licensed Marks, the System, Published Content, and Digital Media. Area Representative's right to use the Licensed Marks, the System, the Published Content, and Digital Media is derived solely from this Agreement. Any unauthorized use of the Licensed Marks, the System, Published Content, and Digital Media by Area Representative or any AR Affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks, the System, Published Content, and Digital Media. Area Representative agrees that all usage of the Licensed Marks, the System, Published Content, and Digital Media by Area Representative, and all goodwill associated with the Licensed Marks, the System, Published Content, and Digital Media, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Area Representative, except for Area Representative's non-exclusive interest and limited right to use the Licensed Marks, the System, Published Content, and Digital Media in the operation of the Area Representative Business subject to, and in accordance with, the terms and conditions of this Agreement. Area Representative shall not, at any time during the Term or after the expiration, termination, or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks, the System, Published Content, and/or Digital Media, and at no time shall Area Representative assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Published Content, Digital Media, and/or the goodwill associated with the Licensed Marks, the System, Published Content, and Digital Media. Area Representative and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Published Content, Digital Media, and/or the goodwill associated with the Licensed Marks, the System, Published Content, and Digital Media.

8.2 USE OF THE LICENSED MARKS

Area Representative agrees that Area Representative's use of the Licensed Marks and System shall be limited to Area Representative's operation of the Area Representative Business in accordance with the

terms of this Agreement, in accordance with the standards and specifications set forth in the Operations Manual, any other standards and specifications of Franchisor, and/or as otherwise established by Franchisor from time to time in Franchisor's sole discretion. Area Representative shall not use the Licensed Marks as part of its corporate or other legal name, and Area Representative shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Area Representative shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

8.3 NOTIFICATION OF INFRINGEMENT AND CLAIMS

Area Representative must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Area Representative's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark, or service mark of which Area Representative becomes aware. Area Representative must not communicate with any person other than Franchisor and Franchisor's counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action that Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim, or otherwise relating to any Licensed Mark and/or the System. Area Representative agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks as directed by Franchisor. Franchisor will reimburse Area Representative for reasonable direct expenses incurred by Area Representative in assisting Franchisor in any such litigation or administrative proceeding so long as Area Representative timely notifies Franchisor of such litigation or administrative proceeding and complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

8.4 DISCONTINUANCE OF USE OF LICENSED MARKS

Area Representative acknowledges and agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Area Representative to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Area Representative shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Area Representative shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Area Representative is required to take action directed by Franchisor pursuant to this Section 8.4, or if Area Representative is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Area Representative shall be to reimburse Area Representative for the reasonable and direct costs incurred by Area Representative in complying with this obligation, which Area Representative shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute, and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

8.5 OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Area Representative agrees that with regard to the Area Representative Business, all customer lists, prospective franchisee lists, Unit Franchisee lists, and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was authored, created, or supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion, and operation of the Area Representative Business, Area Representative shall disclose to Franchisor all of Area Representative's, AR Affiliate's,

and/or Owner's, ideas, concepts, recipes, methods, products, and improvements conceived or developed by Area Representative, AR Affiliates, Owners, agents, and employees relating to the development and operation of West Coast Sourdough Restaurants and the Area Representative Business. Unit Franchises. All customer lists and their contents, Unit Franchisee lists, prospective unit franchisee lists and, all of Area Representative's and Area Representative's Owners ideas, concepts, recipes, methods, products, and improvements relating to the Licensed Marks, the System, and/or West Coast Sourdough Restaurants shall be owned by Franchisor and, if requested by Franchisor, shall be documented by a written, irrevocable, and unconditional royalty free / payment free assignment and transfer.

SECTION 9
OPERATING STANDARDS

9.1 OPERATING STANDARDS

Area Representative shall give prompt, courteous, and efficient AR Services and, in all dealings with such AR Unit Franchisees, prospective AR Unit Franchisees, prospective franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Without limiting the foregoing, at all times Area Representative shall adhere to the standards established by Franchisor from time to time and communicated by Franchisor to Area Representative.

9.2 COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

Area Representative shall secure and maintain in force all required licenses, permits, and certificates relating to the Area Representative Business. Area Representative acknowledges and agrees that Franchisor advised Area Representative that many jurisdictions have enacted laws, rules and/or regulations governing and/or regulating the sale of franchises and relationships with franchisees, including, without limitation, laws, rules, and regulations related to FDD disclosures, FDD registrations, renewals and updates, business opportunity disclosures, filings and requirements, and franchisor-franchisee relationships. Area Representative, at Area Representative's sole cost and expense, shall comply with all such laws, rules, and regulations as they relate to the Area Representative Business, and Area Representative shall only use such form FDDs and any other legal documents that Franchisor approved in writing for use by Area Representative. Area Representative agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). If there is a conflict between Franchisor's standards and policies, if any, pertaining to Privacy Laws and actual applicable law, Area Representative will: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict and/or the lack of required policies and procedures; and (c) promptly and fully cooperate with Franchisor and Franchisor's legal counsel in determining the most effective way, if any, to satisfy the applicable Privacy Laws. Area Representative agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

9.3 ACCURACY OF INFORMATION

Before Area Representative engages in the operations of the Area Representative Business and at all times thereafter, Area Representative shall independently evaluate and review Franchisor's designated FDD for accuracy as to Area Representative and the Area Representative Business, and Area Representative shall immediately notify Franchisor as to any inaccuracies and/or required updates and modifications. At all times, Area Representative shall review and confirm the accuracy of all information provided by Area Representative to prospective AR Unit Franchisees, AR Unit Franchisees, and to the public. All information that Area Representative distributes and/or otherwise provides to third parties must be pre-approved by Franchisor in writing. Franchisor shall provide Area Representative with any changes to Franchisor's then- current and applicable FDD and other agreements on a timely basis, and Franchisor shall, upon written request of Area Representative, provide Area Representative with confirmation that the information in any written materials or documents used by the Area Representative is accurate and appropriate. If Area Representative notifies Franchisor of an error in any information in Franchisor's

documents, Franchisor shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, or omissions in such information.

9.4 NO FINANCIAL PERFORMANCE REPRESENTATIONS

Under no circumstance shall Area Representative provide a prospective AR Unit Franchisee, a prospective Unit Franchisee, or the public with a Financial Performance Representation. Area Representative cannot and shall not provide any information that constitutes a Financial Performance Representation to anyone. If Franchisor includes a Financial Performance Representation in Item 19 of the FDD that Franchisor authorizes for the Area Representative Territory, then Area Representative may only refer a prospective franchisee to Item 19 for information as to a Financial Performance Representation.

9.5 NOTIFICATION OF LITIGATION

Area Representative shall notify Franchisor in writing within three days of the commencement of any action, suit, arbitration, proceeding, or investigation, and of the issuance of any order, writ, injunction, award, or decree by any court, agency, or other governmental instrumentality that names Area Representative, and/or an Owner as a party or otherwise concerns the operation or financial condition of Area Representative, the Area Representative Business, or any AR Unit Franchisee.

9.6 OWNERSHIP AND MANAGEMENT

At all times, the Area Representative Business shall be operated under the direct day to day supervision of Area Representative or, if Area Representative is a Corporate Entity, Area Representative's Managing Owner as designated and identified in Schedule 3 to this Agreement. Area Representative represents that the Statement of Area Representatives Owners attached to this Agreement as Schedule 3 is true, complete, and accurate. Area Representative shall promptly provide Franchisor with written notification if the information in the statement of ownership changes at any time during the Term of this Agreement and shall comply with the applicable transfer provisions contained in Section 10 of this Agreement.

9.7 NO CONFLICTS OF INTEREST AND CONTINUED PERFORMANCE

Area Representative shall at all times faithfully, honestly, and diligently perform its obligations under this Agreement, and Area Representative shall continuously and, in good faith and using its best efforts, offer and provide the AR Services. Other than the Area Representative Business, Area Representative shall not engage in any other business or other activity, directly or indirectly, except as applicable to the ownership and operation of a Unit Franchise. Under no circumstance shall Area Representative Abandon the Area Representative Business.

9.8 INSURANCE

At all times during the Term of this Agreement, Area Representative, at Area Representative's sole cost and expense, shall maintain in full force and effect insurance for the Area Representative Business of the types, in the amounts, and under such terms and conditions as Franchisor may periodically and reasonably prescribe in the Operations Manual or otherwise in writing. All insurance policies shall name Franchisor, its affiliates, and its designees as additional insureds, contain a waiver of the insurance company's right of subrogation against Franchisor, and provide that Franchisor will receive 30 days' prior written notice of termination, expiration, or cancellation of any such policy. Franchisor reserves the right to require Area Representative to participate in Franchisor's group errors and omissions insurance policy, if Franchisor maintains such a policy, and to require Area Representative to pay its pro rata share of such insurance coverage. In the event Area Representative fails to secure insurance as proscribed by Franchisor and does not cure same within a 48 hour period following notice, Area Representative shall be in default, and Franchisor may immediately terminate this Agreement. Area Representative shall provide proof of insurance to Franchisor prior to commencement of operations of the Area Representative Business and as otherwise requested by Franchisor.

9.9 ADVERTISING AND MARKETING MATERIALS

Prior to utilizing any advertising or marketing materials, including, without limitation, Published Content and Digital Media, Area Representative must submit all materials to Franchisor for approval. Franchisor, in Franchisor's sole discretion, may approve or disapprove of advertising and marketing materials submitted by Area Representative. Area Representative acknowledges and understands that certain states and state franchise regulators require the filing of franchise sales advertising materials with the appropriate state agency within prescribed time frames prior to dissemination to prospective franchisees. Area Representative shall independently evaluate all state franchise laws, rules, and regulations, and Area Representative, at Area Representative's sole cost and expense, shall fully and timely comply with the filing requirements as to all advertising and marketing materials. Franchisor may charge Area Representative for the costs incurred by Franchisor in developing and/or printing advertising and marketing materials supplied by Franchisor to Area Representative at Area Representative's request or for expenses incurred by Franchisor to file Area Representative's proposed advertising materials with the appropriate state authority. Franchisor must approve all proposed advertising materials Area Representative desires to utilize before Area Representative utilizes such advertising materials or Area Representative files or submits such advertising materials with or to the appropriate state authority.

9.10 ACCOUNTING, BOOKKEEPING AND RECORDS

Area Representative shall maintain at the AR Office all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms, bookkeeping, and AR Unit Franchisee and prospective AR Unit Franchisee records as Franchisor may periodically require. Without limiting the immediately preceding sentence, and as a supplement to the audited financial statement requirements set forth in Section 3.11 of this Agreement, Area Representative shall furnish to Franchisor, within 90 days after the end of Area Representative's fiscal year, a balance sheet, a statement of shareholders equity, a profit and loss statement, and a statement of cash flow for Area Representative's prior fiscal year, which should end on December 31st. Franchisor possesses the right, in Franchisor's sole discretion, to require that the foregoing financial statements, at the expense of Area Representative, be audited by a certified public accountant who issues an audit report and auditor's consent. Additionally, upon request of Franchisor, within 10 days after such returns are filed, exact copies of federal and state income, sales, and any other tax returns and such other forms, records, books, and other information as Franchisor may periodically require regarding the Area Representative Business shall be furnished to Franchisor. Area Representative shall maintain all records and reports of the Area Representative Business conducted pursuant to this Agreement for at least three years after the date of termination, expiration, or Transfer of this Agreement.

9.11 REPORTS

Area Representative shall, as often as required by Franchisor, deliver to Franchisor a written report of the Area Representative Business activities during such time period as requested by Franchisor and in such form and detail as Franchisor may periodically specify related to the Area Representative Business and/or the AR Services, prospective AR Unit Franchisees, and AR Unit Franchisees.

9.12 COMPUTERS AND BUSINESS MANAGEMENT

Area Representative, at its expense, shall purchase or lease, and thereafter maintain, such computer and telecommunication hardware, software, firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer related accessories or peripheral equipment as Franchisor specifies in the Operations Manual or otherwise in writing. Area Representative, at Area Representative's sole cost and expense, shall license and utilize the Business Management System as directed by Franchisor. Area Representative shall grant to Franchisor direct and independent access to the Business Management System utilized by Area Representative and the Business Management System Data.

9.13 INSPECTIONS AND AUDITS BY FRANCHISOR

To determine whether Area Representative is complying with this Agreement, Franchisor or its designee shall have the right at any time during normal business hours and within 48 hours' prior notice to Area Representative, to enter the AR Office or any other location in which Area Representative is then keeping

its business records, and inspect and audit the Area Representative Business records, bookkeeping and accounting records, invoices, payroll records, time cards, check stubs, bank deposits, receipts, sales tax records and returns, and any other business records and documents of the Area Representative Business. Area Representative and its employees shall fully cooperate with representatives of Franchisor in making, conducting, supervising, or observing any such inspection or audit.

From the Effective Date until three years after the expiration, termination, or Transfer of this Agreement, Franchisor and/or Franchisor's designee shall have the right to request, receive, inspect, and audit any of the records concerning all financial, marketing, and other operating aspects of the Area Representative Business conducted under this Agreement, wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Area Representative agrees to keep all records and reports for seven years from the date such records are created.

SECTION 10
TRANSFER OF INTEREST

10.1 BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to Transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor in Franchisor's sole discretion) to any person without the consent or approval of Area Representative. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin, or otherwise restrain Franchisor from selling, Transferring, conveying, or assigning this Agreement, and/or Franchisor's rights and obligations under this Agreement, to any person. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign its rights or obligations under this Agreement, in whole or in part, in Franchisor's sole and absolute discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or any or all of Franchisor's rights and obligations set forth in this Agreement to a person, then this Agreement shall survive, remain in full force and effect, and inure to the benefit of, the purchaser, transferee, conveyee, and/or assignee of this Agreement.

10.2 NO TRANSFER BY AREA REPRESENTATIVE WITHOUT FRANCHISOR APPROVAL

Area Representative agrees, and, Area Representative represents and warrants that Area Representative's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Area Representative and each Owner. Therefore, Area Representative agrees that:

(a) No ownership interest of any Owner in Area Representative may be Transferred without the prior written consent of Franchisor;

(b) No obligations, rights or interest of Area Representative in (i) this Agreement, (ii) the Area Representative Business, or (ii) all or substantially all of the assets of the Area Representative Business may be Transferred without the prior written consent of Franchisor;

(c) Without limiting the foregoing provision of this Section 10.2, any Transfer by Area Representative respecting and/or relating to this Agreement, the Area Representative Business, and/or assets associated with the Area Representative Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (i) divorce or legal dissolution of marriage; (ii) insolvency; (iii) dissolution of a Corporate Entity; (iv) last will and testament; (v) intestate succession; or (vi) declaration of, or transfer in, trust;

(d) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement, including, without limitation, this Section 10.2, shall constitute a breach of this

Agreement, be null, void, and of no effect, and convey to the transferee no rights or interests in this Agreement; and

(e) In the event of a Transfer of this Agreement that is approved by Franchisor, (i) Area Representative shall not be relieved of Area Representative's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer, (ii) such approval shall not be deemed Franchisor's consent or approval to any further Transfer of this Agreement, and (iii) the provisions set forth in this Section 10.2 shall remain in full force and effect and apply to any other transfer.

10.3 CONDITIONS FOR APPROVAL OF TRANSFER

Franchisor, in Franchisor's sole discretion, may withhold Franchisor's approval of a Transfer by Area Representative or an Owner. Without limiting the foregoing, if Franchisor approves of a Transfer and if Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Section 10.6 below, the proposed transferee including, such assignee's owners if the proposed transferee is a Corporate Entity, must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate the Area Representative Business, have separately been approved for the ownership and operation of a Restaurant within the Area Representative Territory, have acquired and/or owns a Restaurant within the Area Representative Territory, and otherwise meets Franchisor's then-applicable standards for area representatives as determined by Franchisor in Franchisor's sole discretion. Furthermore, the proposed transferee and the proposed transferee's owners may not own or operate, or intend to own or operate, a Competitive Business. Area Representative agrees that Franchisor may condition approval of a Transfer upon Area Representative's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following, which is not exhaustive:

(a) Area Representative must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Area Representative must have also satisfied the obligations set forth in Section 10.6 below;

(b) All accrued monetary obligations of Area Representative and all other outstanding obligations of Area Representative to Franchisor and/or Franchisor's affiliates under this Agreement and the agreements referenced or incorporated in, or attached to, this Agreement (collectively, the "Ancillary Agreements") must be satisfied in a timely manner, and Area Representative must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(c) Area Representative and each Owner must not be in default or material breach of this Agreement or the Ancillary Agreements;

(d) The transferee shall be bound by all terms and conditions of this Agreement, and execute an Area Representative Agreement in the same form as this Agreement, and each owner of the transferee shall personally execute the AR Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1;

(e) All obligations of Area Representative under this Agreement shall be assumed by the transferee and each individual owner of transferee in a manner satisfactory to Franchisor;

(f) Area Representative and each Owner must execute a general release in favor of Franchisor releasing Franchisor, Franchisor's affiliates, and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants, and employees, of any and all claims against Franchisor for any and all matters, claims, and causes of action, whether accrued or unaccrued, arising on, or before, the effective date of the Transfer;

(g) Area Representative and each Owner shall remain liable for all obligations to Franchisor set forth

in this Agreement;

(h) At the transferee's expense, the transferee and the transferee's owners must complete any training programs then in effect for area representatives upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(i) Area Representative must pay the Transfer Fee to Franchisor;

(j) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached to this Agreement as Exhibit 2;

(k) Area Representative and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for area representatives as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Area Representative Business;

(l) Area Representative and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(m) The Transfer must be made in compliance with all applicable laws;

(n) The Transfer cannot occur within 24 months of the Effective Date;

(o) The transferee must own and operate a Restaurant within the Area Representative Territory and in accordance with a Franchise Agreement with Franchisor; and

(p) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims Franchisor may have against Area Representative or any Owner or be deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

10.4 DEATH OR DISABILITY OF OWNER

Upon the death or permanent disability of Area Representative (if Area Representative is an individual and not a Corporate Entity) or the Managing Owner (if Area Representative is a Corporate Entity), the executor, administrator, conservator, or other personal representative of that person, or the remaining shareholders, members or partners, must appoint an Owner or Managing Owner (as applicable) within a reasonable time, which shall not exceed 120 days from the date of death or permanent disability. The appointed Owner or Managing Owner (as applicable) must serve and qualify as Managing Owner and attend and successfully complete the AR Initial Training Program within 90 days of the appointment. If Area Representative Business is not being managed by a Franchisor approved Owner or Managing Owner (as applicable) within 120 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Area Representative Business for, and on behalf of, Area Representative at Area Representative's sole costs until an approved assignee is able to assume the management and operation of Area Representative Business. Franchisor's appointment of a manager for the Area Representative Business does not relieve Area Representative of its obligations under this Agreement, including this Section 10.4, or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 12 below. At all times, including while the Area Representative's Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Area Representative Business

or to any creditor of Area Representative. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time in Franchisor's sole discretion.

Upon the death of Area Representative or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his or her interest to a person Franchisor approves within a reasonable time, which shall not exceed 12 months from the date of death.

If Area Representative is an individual, then in the event of the death or permanent disability of Area Representative, this Agreement may be Transferred to any designated person, heir, or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Area Representative shall be subject to the applicable terms and conditions of this Section 10, including Franchisor approval or disapproval of the Transfer in Franchisor's sole discretion and, if approved by Franchisor, the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's legal counsel deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, transferee must sign an Area Representative Agreement in the same form as this Agreement, personally guarantee the performance of Area Representative's obligations under this Agreement, and execute the AR Owner Agreement and Guaranty attached to this Agreement as Exhibit 1.

10.5 TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Area Representative is an individual/are individuals, this Agreement may be Transferred by Area Representative to a Corporate Entity owned by such transferring individuals (the "Assignee Corporate Entity"), provided that: (a) Area Representative has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Area Representative (individually, jointly and severally as to each individual Area Representative) shall sign and be bound, individually, by the AR Owner Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) Area Representative has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; (d) Area Representative is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements; and (e) the Area Representative who is an individual or are individuals must wholly own the Assignee Corporate Entity. Area Representative acknowledges and agrees that an assignment to an Assignee Corporate Entity shall not relieve Area Representative of Area Representative's individual obligations under this Agreement as such obligations existed between Area Representative and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

10.6 FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Area Representative or an Owner desires to engage, in whole or in part, in a Transfer of Area Representative, this Agreement, and/or the Area Representative Business, then Area Representative or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Area Representative and/or the Area Representative Business for the same price and upon the same terms contained in the Offer, provided, however, that Franchisor may substitute cash for any form of payment proposed in the Offer. If Franchisor notifies Area Representative within said 30 day period that Franchisor intends to purchase the interest, then Area Representative or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing and consummate the transaction. Franchisor shall be entitled to receive from Area Representative or Owner all customary representations and warranties given by Area Representative or Owner as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the

offer. If Franchisor does not exercise its right of first refusal, Area Representative or Owner may complete the Transfer to the purchaser pursuant to, and in accordance with, the terms of the Offer, provided that separate and apart from this Section 10.6 right of first refusal, Area Representative complies with the terms of this Section 10. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Section 10.6. Franchisor's right of first refusal in this Section 10.6 shall not apply to any Transfer pursuant to and in compliance with Section 10.5 of this Agreement.

SECTION 11
LIMITED RENEWAL OF PARTIAL AREA REPRESENTATIVE RIGHTS

11.1 LIMITED RENEWAL RIGHTS

Subject to Area Representative's satisfaction of the terms and conditions of this Section 11, for one Renewal Term, Area Representative possesses the option to renew Area Representative's obligations under this Agreement and certain rights of Area Representative under this Agreement, provided that:

(a) Area Representative has complied with and has satisfied all of the terms, provisions and conditions of this Agreement and Area Representative has not otherwise breached this Agreement at any time;

(b) At the time of renewal, Area Representative owns and operates not less than one AR Unit Franchise and is in full compliance with the terms and conditions of Area Representative is Franchise Agreements;

(c) Area Representative pays the Renewal Fee; and

(d) Area Representative complies with the terms and conditions of this Section 11.

11.2 RENEWAL NOTICE OBLIGATIONS

In addition to Area Representative satisfying the terms and conditions set forth in this Section 11, Area Representative must give Franchisor written notice of Area Representative's election to renew this Agreement not less than 180 days before the end of the Initial Term, with such time being of the essence, or otherwise Area Representative waives and releases Area Representative's right to renew this Agreement.

11.3 LIMITED RIGHTS UPON RENEWAL DURING THE RENEWAL TERM

Upon renewal of this Area Representative Agreement and during the Renewal Term, Area Representative's rights under this Agreement in and to the Area Representative Business and the Area Representative Territory shall revert back to Franchisor in their entirety, except, as to AR Unit Franchisees that signed a Unit Franchise Agreement during the Initial Term of this Agreement, Area Representative shall be entitled to the payment of the AR Royalty Compensation during the Renewal Term, provided that:

(a) Area Representative continues to perform and provide the AR Services comprised exclusively of the On-Going Support Services, Unit Franchisee Relationship Services, and Inspection Services in accordance with the terms of this Agreement and Franchisor's standards and specifications as determined by Franchisor from time to time; and

(b) Area Representative continues to comply with each and every term, provision, covenant, and obligation of this Agreement with the express understanding and agreement that except as to Area Representative's pre-renewal obligation to perform the Referral Services, Site Services, Pre-Opening

and Opening Services, each and every term, provision, covenant, and obligation of this Agreement shall be applicable to the Renewal Term.

Without limiting the foregoing, Area Representative acknowledges and agrees that during the Renewal Term, Area Representative shall not be entitled to payment of any AR Franchise Fee Compensation, and all compensation and/or Commissions to be paid to Area Representative during the Renewal Term shall be limited to AR Royalty Compensation based on AR Unit Franchisees that signed a Unit Franchise Agreement during the Initial Term of this Agreement. Without limiting the foregoing, all rights in the Area Representative Territory shall revert back to Franchisor, and Franchisor shall possess all rights to offer and sell Unit Franchises within the Area Representation Territory without any payments and/or compensation to Area Representative.

11.4 CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Section 11, each and every one of the following conditions and requirements must be satisfied by Area Representative before and at the time of renewal:

(a) Area Representative and each Owner must not be in material default of any provision of this Agreement, any amendment or successor agreement, and any Franchise Agreement; and Area Representative must have substantially and timely complied with all the terms and conditions of all agreements with Franchisor and Franchisor's affiliates;

(b) Area Representative must have timely satisfied all monetary obligations owed by Area Representative to Franchisor under this Agreement, Unit Franchise Agreements, and all other agreements between Area Representative and Franchisor or any of Franchisor's affiliates;

(c) Based upon an assessment of Area Representative's needs conducted by Franchisor prior to renewal, Area Representative must undertake such additional training, if any, as necessary to comply with Franchisor's then current training requirements, including Initial Franchisee Training; and

(d) Area Representative and each Owner must execute the general release in favor of Franchisor, Franchisor's affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Area Representative and each Owner shall execute an estoppel statement.

SECTION 12
DEFAULTS AND REMEDIES

12.1 DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(a) **Defaults and Automatic Termination** – At the election of Franchisor, Area Representative shall be in default of this Agreement and this Agreement shall be automatically and immediately terminated, without notice to Area Representative and without providing Area Representative any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(i) Area Representative becomes insolvent, and/or Area Representative makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(ii) Area Representative admits in writing Area Representative's inability to pay its debts as they mature, and/or Area Representative gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(iii) Area Representative files a voluntary petition in bankruptcy, Area Representative is adjudicated bankrupt or insolvent, and/or Area Representative files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(iv) An involuntary petition in bankruptcy is filed against Area Representative and Area Representative fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Area Representative seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Area Representative's business or any assets of Area Representative;

(v) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Area Representative for Area Representative's business or any assets of Area Representative is filed and Area Representative consents to same;

(vi) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Area Representative's business or any assets of Area Representative and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(vii) Area Representative initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Area Representative;

(viii) This Agreement, or any of Area Representative's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Area Representative Business or any assets of Area Representative, and/or a final judgment against Area Representative remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(ix) Area Representative is dissolved;

(x) A cause of action or lawsuit to foreclose any lien or mortgage against the assets of the Area Representative Business and is not dismissed within 60 days after the summons is served on Area Representative; and/or

(xi) Upon termination by Franchisor pursuant to Section 12.1(b) or Section 12.1(c) of this Agreement.

(b) **Defaults and Automatic Termination upon Written Notice without Cure Period** – Area Representative shall be in default of this Agreement and this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Area Representative and without providing Area Representative any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(i) Area Representative Abandons the Area Representative Business, surrenders and/or fails to continuously and actively operate the Area Representative Business;

(ii) Area Representative, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Section 12.1(c) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Area Representative pursuant to Section 12.1(c) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Area Representative paid any penalties or additional fees to Franchisor;

(iii) Area Representative, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, AR Unit Franchisee's, other System franchisees, and/or customers of the Area Representative Business;

(iv) Area Representative intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Area Representative Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct including, without limitation, laws, rules and regulations governing the offer and/or sale of franchises;

(v) Area Representative attempts to Transfers or, purportedly attempts to Transfer, this Agreement or any of Area Representative's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(vi) If Area Representative is a Corporate Entity, an Owner of Area Representative attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Area Representative without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(vii) Area Representative discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(viii) Area Representative discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(ix) Area Representative engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, West Coast Sourdough Restaurant, the Area Representative Business, and/or the reputation of the West Coast Sourdough brand;

(x) Area Representative and/or an Owner, as applicable and whether individually or jointly, breaches or is in default of the AR Owner Agreement and Guaranty and, if an applicable opportunity to cure exists, fails to timely cure the breach or default of the AR Owner Agreement and Guaranty;

(xi) Area Representative and/or an Owner of Area Representative is convicted of a felony crime,

and/or pleads guilty or nolo contendere to a felony crime;

(xii) Area Representative and/or an Owner of Area Representative engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, West Coast Sourdough Restaurant, the Area Representative Business, and/or the reputation of the West Coast Sourdough brand;

(xiii) Area Representative fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(xiv) Area Representative fails, upon receiving actual or constructive notice, to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including, notice to Franchisor and Area Representative's consultation with Area Representative's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(xv) Area Representative misappropriates, misuses, makes, or permits any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Area Representative materially impairs the goodwill associated with the Licensed Marks, and/or Area Representative applies for registration of the Licensed Marks anywhere in the world;

(xvi) Area Representative and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.;

(xvii) Area Representative and/or any AR Affiliate terminates the Franchise Agreement for any AR Unit Franchise;

(xviii) Area Representative and/or an AR Affiliate breaches the terms of a Franchise Agreement for an AR Unit Franchise and, if such breach is capable of a cure, Area Representative and/or the AR Affiliate fails to timely cure such breach;

(xix) Area Representative and/or an AR Affiliate breaches the terms of a Franchise Agreement for an AR Unit Franchise and such breach is not subject to curing pursuant to the terms of such Franchise Agreement; and/or

(xx) Area Representatives fails to timely meet and/or satisfy Area Representative's Development Quota Obligations and/or Area Representative's Aggregate Development Quota and/or Development Schedule obligations set forth in this Agreement including, without limitation, Section 4 and Schedule 2 of this Agreement.

(c) **Defaults and Automatic Termination After 30 Day Cure Period** – Area Representative shall be in default of this Agreement and this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Area Representative timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(i) Area Representative fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Section

12.1(a), or 12.1(b) of this Agreement;

(ii) Area Representative fails or refuses to comply with any term or condition of this Agreement or any other agreement between or among Franchisor, Franchisor's affiliates, Area Representative, and/or AR Affiliates;

(iii) Area Representative fails to timely develop, open, and operate the Area Representative Business in accordance with this Agreement and throughout the Term;

(iv) Area Representative inadvertently and without intent or through reckless or negligent actions and/or inaction operates the Area Representative Business in any manner that violates any federal, state, or local laws, rules, and regulations, including, without limitation, laws, rules and regulations governing the offer and/or sale of franchises within the Area Representative Territory;

(v) Area Representative fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Area Representative Business as set forth in this Agreement, and/or in the Operations Manual;

(vi) Area Representative fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor;

(vii) Area Representative fails to timely satisfy and pay all vendors, suppliers, and/or franchise brokers in connection with the development and/or operations of the Area Representative Business, and/or the marketing, promotion, and/or sale of AR Unit Franchises; and/or

(viii) Area Representative fails or refuses to comply with any specification, standard, or operating procedure designated by Franchisor or otherwise set forth in the Operations Manual.

The foregoing events of default set forth in this Section 12.1(c) shall exclude events of default that are otherwise governed by and/or constitute events of default under Section 12.1(a) or Section 12.1(b). In the event of any inconsistency or conflict between the provisions of this Section 12.1(c) with Section 12.1(a), Section 12.1(a) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Section 12.1(c) with Section 12.1(b), Section 12.1(b) shall take precedence and govern.

12.2 TERMINATION BY AREA REPRESENTATIVE

If Area Representative and each Owner are in full compliance with each and every term and condition of this Agreement, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Area Representative may terminate this Agreement in the event of the following: (a) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Area Representative's written notice of such material breach to Franchisor; or (b) in a case where Franchisor's material breach cannot reasonably be cured within 30 days of Franchisor's receipt of Area Representative's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Area Representative of Franchisor's current, continuing, and/or planned efforts to correct the material breach within a reasonable time.

In either case, Area Representative's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above or such reasonable time period as necessary to cure the material breach, and Area Representative delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Area Representative's notice of termination.

Area Representative's termination of this Agreement for any reason other than in compliance with this Section 12.2 shall not constitute the termination of this Agreement, shall constitute a material breach of this Agreement by Area Representative, and shall be of no force or effect.

To induce Franchisor to enter into this Agreement, Area Representative and each Owner agree that if Area Representative terminates this Agreement pursuant to this Section 12.2, then Area Representative and each Owner shall nevertheless comply with, and be bound by, all restrictions and the post-term obligations set forth in Section 7 of this Agreement.

12.3 FRANCHISOR'S OTHER REMEDIES

In the event of Area Representative's breach of any provision of this Agreement or Area Representative's default under this Agreement, Franchisor, at Franchisor's sole discretion, shall be entitled to the following remedies and rights in addition to any other rights and remedies available to Franchisor set forth in this Agreement, at law, or in equity: (a) void and terminate this Agreement, and market, sell, transfer, convey, and/or assign the rights granted to Area Representative under this Agreement to any other person at Franchisor's sole discretion; (b) hold Area Representative liable for, and recover from Area Representative, all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges resulting from Area Representative's default or material breach; (c) exercise all legal and equitable rights and remedies allowable by applicable law; (d) recover from Area Representative all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges to reclaim the rights granted to Area Representative under this Agreement, and marketing, selling, transferring, conveying or assigning those rights to another person; (e) enjoin, restrain, prohibit, or otherwise prevent Area Representative from operating the Area Representative Business or exercising any rights granted to Area Representative under this Agreement pursuant to a court ordered restraining order, injunction, or other means; (f) recover from Area Representative all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, enjoining, restraining, prohibiting, or otherwise preventing Area Representative from operating Area Representative Business or exercising any rights granted to Area Representative under this Agreement pursuant to a court ordered restraining order, injunction, or other means; (g) a declaratory judgment that this Agreement and all rights granted to Area Representative under this Agreement are terminated, null, and void; and (h) recover from Area Representative all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Area Representative pursuant to this Agreement. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled at law or in equity to enforce.

SECTION 13
OBLIGATIONS UPON TERMINATION, EXPIRATION, AND CONTINUING OBLIGATIONS

13.1 PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limiting any other term or condition of this Agreement, upon expiration or termination of this Agreement for any reason, Area Representative shall immediately pay to Franchisor all sums and fees due

from Area Representative to Franchisor under the terms of this Agreement including, without limitation, Royalty Fees, Advertising Contributions, and all other sums and fees due from Area Representative to Franchisor, Franchisor's affiliates, and Franchisor's suppliers under this Agreement or otherwise due and owing to Franchisor, Franchisor's affiliates, and Franchisor's suppliers from Area Representative.

13.2 CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM

Except as may be separately authorized pursuant to the terms of a Unit Franchise Agreement between Franchisor and Area Representative, upon expiration, termination, or Transfer of this Agreement for any reason, Area Representative shall possess no rights in or to the Area Representative Business, the Area Representative Territory, or any rights granted to Area Representative in this Agreement, and Area Representative shall immediately:

(a) Permanently cease operating the Area Representative Business;

(b) Permanently cease holding itself/himself/herself out to any person, or represent itself/himself/herself, as a present or former area representative of the System;

(c) Permanently cease to use, in any manner: (i) the System, including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (ii) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; and (iii) any other advertising, marketing, media, and any other information, documents, or things associated with Franchisor, the System, the Licensed Marks, and the Area Representative Business;

(d) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including, without limitation, the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Area Representative may retain Area Representative's copies of this Agreement, correspondence between Franchisor and Area Representative, but not including Confidential Information that may be contained in or attached thereto, and other documents that Area Representative needs to retain pursuant to applicable law;

(e) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards and specifications of Franchisor;

(f) Immediately notify Franchisor in writing of any and all locations where Area Representative may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(g) Take all actions reasonably necessary and/or required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(h) At no cost to Franchisor, take such action as may be determined by Franchisor to: (i) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; (ii) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, Web Based Media listings, Digital Media, accounts and log-in information used in connection with Area Representative's former Area Representative Business and/or otherwise associated with the System and/or the Licensed

Marks, and cancel Area Representative's interests in same as such cancellation may be directed by Franchisor;

(i) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Section 7 of this Agreement; and

(j) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Area Representative complied with the terms of this Section 13 and all other obligations under this Agreement that Area Representative must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

13.3 CONTINUING OBLIGATIONS

All obligations of Franchisor and Area Representative under this Agreement which expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer, until such obligations are satisfied in full or, by their nature and/or terms, such obligation(s) expire. Area Representative further agrees that in the event of a Transfer of this Agreement by Area Representative, under no circumstance shall Area Representative be relieved of Area Representative's Obligations under this Agreement and under no circumstance shall any Owner be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in this Agreement, the AR Owner Agreement and Guaranty attached to this Agreement as Exhibit 1. The foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without Franchisor's express written consent and Area Representative's compliance with this Agreement respecting any such Transfer.

SECTION 14
ENFORCEMENT, CONSTRUCTION AND INDEMNIFICATION

14.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, Franchisor and Area Representative agree that each term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Area Representative agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or

operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

14.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Area Representative payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Area Representative's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Area Representative's strict compliance with Area Representative's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

14.3 FORCE MAJEURE

If either Franchisor or Area Representative is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Area Representative or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Area Representative's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

14.4 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to Franchisor, the Licensed Marks, or the System. Without limiting the rights set forth in Section 7 of this Agreement, Area Representative agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Area Representative agrees that Franchisor will not be required to post a bond (other than as set forth in Section 7.8 of this Agreement) to obtain injunctive relief and that Area Representative's only remedy if an injunction is entered against Area Representative will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). None of the remedies available to Franchisor under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Without limiting the foregoing, Area Representative agrees that a breach of this Agreement by Area Representative respecting and/or concerning the System, and/or the Licensed Marks shall cause irreparable harm to Franchisor, the

System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Section 14.7. of this Agreement and shall be consistent with same.

14.5 RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Area Representative under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Area Representative is entitled by law to enforce.

14.6 GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP, OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF CALIFORNIA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

14.7 NON-BINDING MEDIATION AND BINDING ARBITRATION

(a) **Non-Binding Mediation** – Area Representative and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Area Representative in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Sacramento County, California or, if a mediator is not available in Sacramento County, California then at a suitable location selected by the mediator that is located closest to Sacramento County, California. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Area Representative in writing and signed by each respective party. Franchisor and Area Representative shall each be responsible for their own costs associated with mediation and Franchisor and Area Representative shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Area Representative agree this Sub-Section 14.7(a) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Area Representative that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Area Representative's violation or purported violation of Section 6 of this Agreement; and/or (b) claims by either Franchisor or Area Representative under this Agreement that relates to either Franchisor's or Area Representative's failure to pay fees or other monetary obligations due under this Agreement.

(b) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 4.7(a), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Area Representative that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Area Representative's violation or purported violation of Section 7 of this Agreement, Franchisor and Area Representative agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Area Representative, the System, and/or the

validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Area Representative, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 14.7. All arbitration proceedings shall be conducted in Sacramento County, California or, if suitable AAA facilities are not available in Sacramento County, California then at a suitable AAA location selected by the arbitrator that is located closest to Sacramento County, California.

In connection with binding arbitration, Franchisor and Area Representative further agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 14.9, 14.10, 14.15, 14.18, 14.20, and 14.24 of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(v) They shall each be bound to the limitations periods set forth in Section 14.9 of this Agreement and that, in any arbitration proceeding, Franchisor and Area Representative must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(vi) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(vii) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 14.

(c) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Section 14.7, Franchisor and Area Representative agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California and within Sacramento County or the county closest to Sacramento County. Franchisor and Area Representative do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Area Representative agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Area Representative Business was located or where Area Representative resides.

14.8 VARIANCES

AREA REPRESENTATIVE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE

EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. AREA REPRESENTATIVE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. AREA REPRESENTATIVE UNDERSTANDS THAT EXISTING AREA REPRESENTATIVES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING AREA REPRESENTATIVES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

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14.9 LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO AREA REPRESENTATIVE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN SECTION 7 OF THIS AGREEMENT, AND AREA REPRESENTATIVE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN AREA REPRESENTATIVE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH AREA REPRESENTATIVE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

14.10 WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES

FRANCHISOR AND AREA REPRESENTATIVE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR AREA REPRESENTATIVE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS AND LOST BUSINESS BY FRANCHISOR OR AREA REPRESENTATIVE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

14.11 WAIVER OF JURY TRIAL

FRANCHISOR AND AREA REPRESENTATIVE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

14.12 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, permitted assigns, and successors in interest, and this Agreement shall not be modified except by written agreement signed by Area Representative and Franchisor.

14.13 COMPLETE AGREEMENT

This Agreement, the documents referenced in, or attached to, this Agreement, and the Schedules and Exhibits to this Agreement, constitute the entire, full and complete Agreement between Franchisor and Area Representative concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Area Representative. Notwithstanding the foregoing, the franchise disclosure document (as registered with certain states, required by federal law or otherwise and provided to Area Representative or its representative) shall not be deemed to constitute a part of this Agreement nor as a separate, binding agreement concerning the subject matter hereof. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor and/or Franchisor's agent furnished to Area Representative and/or Owners.

14.14 ATTORNEY FEES AND EXPENSES

Area Representative agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Area Representative's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

14.15 NO CLASS ACTION OR MULTI-PARTY ACTIONS

FRANCHISOR AND AREA REPRESENTATIVE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, AND/OR THE OFFER AND SALE OF THE FRANCHISED AREA REPRESENTATIVE BUSINESS FROM FRANCHISOR TO AREA REPRESENTATIVE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE, AREA REPRESENTATIVE'S OWNERS, AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS, AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

14.16 ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

14.17 OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Area Representative have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

14.18 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS, AND/OR AUTHORIZED AGENTS

Area Representative agrees that the fulfillment of any of Franchisor's obligations set forth in this Agreement shall be Franchisor's sole obligation, and none of Franchisor's employees, officers, directors, and/or authorized agents shall be personally liable to Area Representative for any reason.

14.19 NON-UNIFORM AGREEMENTS

Area Representative acknowledges and agrees that Franchisor makes no representations or warranties that all other agreements with other System franchisees entered into before or after the Effective Date of this Agreement do or will contain terms substantially similar to those contained in this Agreement. Area Representative acknowledges and agrees that Franchisor may waive or modify comparable provisions of other agreements to other System franchisees in a non-uniform manner.

14.20 NO RIGHT TO OFFSET
Area Representative shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Area Representative, or for any other reason, withhold any payment, fee, or any other amount payable by Area Representative to Franchisor pursuant to this Agreement.

14.21 HEADINGS
The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

14.22 AUTHORITY TO EXECUTE
Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

14.23 COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES
This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

14.24 JOINT AND SEVERAL LIABILITY
If Area Representative consists of more than one person or entity, then their liability under this Agreement shall be joint and several.

14.25 INDEMNIFICATION OF FRANCHISOR BY AREA REPRESENTATIVE
Area Representative agrees to indemnify, defend and hold Franchisor, Franchisor's affiliates, officers, directors, members, and managers harmless from any and all claims, causes of action, judgments, suits, liabilities, charges, fines, penalties, penalties and/or other liabilities including, the recovery of reasonable attorney fees and expenses, suffered by Franchisor, incurred by Franchisor, and/or charged to Franchisor as a result of and/or related to: (a) Area Representative's breach of this Agreement, (b) Area Representative's failure to perform any obligation set forth in this Agreement, (c) intentional acts of Area Representative, and/or (d) negligent acts of Area Representative.

14.26 RECITALS
The parties agree that the Recitals contained in this Agreement constitute a material part of this Agreement and are hereby fully incorporated into the terms and conditions of this Agreement.

14.27 CONSTRUCTION.
Unless the context of this Agreement clearly requires otherwise: (i) references to the plural include the singular, the singular include the plural, the whole include the part, and the part include the whole, (ii) references to one gender include all genders, (iii) "or" has the inclusive meaning frequently identified with the phrase "and/or," (iv) "including" has the inclusive meaning frequently identified with the phrase "including, but not limited to" or "including, without limitation," and (v) references to "hereunder," "herein" or "hereof" relate to this Agreement as a whole. Any reference in this Agreement to any statute, rule, regulation or agreement, including this Agreement, shall be deemed to include such statute, rule, regulation or agreement as it may be modified, varied, amended or supplemented from time to time.

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SECTION 15
NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Area Representative to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Area Representative by such means selected by Franchisor, including electronic notice and email. In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Area Representative shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Area Representative's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Area Representative shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor: WCSD, Inc.	**Area Representative:**
By: _____ Signature	_____ Signature
_____ Name and Title (please print)	_____ Name (please print)
_____ Dated	_____ Dated

Area Representative Agreement
Schedule 1
Area Representative Territory

Area Representative Territory - Franchisor and Area Representative agree that the "Area Representative Territory," as such term defined in the Area Representative Agreement, is identified as follows:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If no territory is identified in this Schedule 1, then there shall be no Area Representative Territory]

Area Representative acknowledges and represents that the foregoing determination as to Area Representative Territory was based on negotiations initiated by Area Representative and for Area Representative's benefit.

Dated: _____

Franchisor:
WCSD, Inc.

By: _____
Signature

_____
Name and Title

Area Representative:

_____
Signature

_____
Name (please print)

Area Representative Agreement
Schedule 2
Area Representative Territory Fee, Aggregate Development Quota, and Development Schedule

Area Representative Territory Fee – The Area Representative Territory Fee, as such term is set forth and defined in the Area Representative Agreement, is $_____.

Aggregate Development Quota – The Aggregate Development Quota, as such term is set forth and defined in the Area Representative Agreement, is _____ Development Unit Franchises.

Development Schedule – The Development Schedule, as such term is set forth and defined in the Area Representative Agreement, is:

Development Schedule and Development Schedule Obligations		
Development Period	Number of Development Unit Franchise Agreements signed during each respective Development Period:	Number of Development Unit Franchises open and in operation in accordance with the terms of each respective Development Unit Franchise Agreement within the Area Representative Territory during and within each respective Development Period as of the last day of the last calendar month for the respective Development Period:
First Development Period _____ to _____	[__]	[__]
Second Development Period _____ to _____	[__]	[__]
Third Development Period _____ to _____	[__]	[__]
Fourth Development Period _____ to _____	[__]	[__]
Fifth Development Period _____ to _____	[__]	[__]
Sixth Development Period _____ to _____ _____	[__]	[__]

Seventh Development Period _____ to _____	[__]	[__]
Eighth Development Period _____ to _____	[__]	[__]
Ninth Development Period _____ to _____	[__]	[__]
Tenth Development Period _____ to _____	[__]	[__]

Dated: _____

Franchisor:
WCSD, Inc.

By: _____
Signature

_____
Name and Title

Area Representative:

_____
Signature

_____
Name (please print)

Area Representative Agreement
Schedule 3
Statement of Area Representative's Owners

Area Representative represents that the following schedule is complete and accurately identifies Area Representative's Owners, Area Representative's Managing Owner, and their respective ownership interests in Area Representative. Defined terms shall have the meanings set forth in the Area Representative Agreement between Franchisor and Area Representative.

If Area Representative is a Corporate Entity, Area Representative represents and affirms to Franchisor that the following list identifies each and every Owner of Area Representative and their respective ownership interests.		
Owner Name	**Owner Address**	**Ownership Interest Percentage**
Name of designated **Managing Owner:**		

Dated: _____

Franchisor:
WCSD, Inc.

By: _____
Signature

_____
Name and Title

Area Representative:

_____
Signature

_____
Name (please print)

Area Representative Agreement
Exhibit 1
AR Owner Agreement and Guaranty

AR OWNER AGREEMENT AND GUARANTY

This AR Owner Agreement and Guaranty (this "Agreement") is entered into individually by each of the undersigned owners of Area Representative (defined below) in their personal capacity and in favor of WCSD, Inc., a California corporation and its successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement, WCSD, Inc. is referred to as "us," "our," or "we," and each individual owner that signs this Agreement is referred to as "you."

Recitals and Representations

WHEREAS, Area Representative is _____ ("Area Representative");

WHEREAS, we have developed a distinctive and proprietary system (the "System") for the development and operation of a West Coast Sourdough restaurant that offers and provides a menu of specialty sandwiches, soups, salads, beverages, and other menu items that Franchisor authorizes (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "West Coast Sourdough Restaurant");

WHEREAS, Area Representative has entered into a West Coast Sourdough Restaurant Area Representative Agreement ("Area Representative Agreement") for the development and operation of an area representative business (the "Area Representative Business") that provides franchise sales, franchise development, franchise marketing, and franchisee training, and support services (the "AR Services") on our behalf of an in connection with the sales, development, training and support of West Coast Sourdough Restaurant franchises (each a "Unit Franchise") located within or to be developed within a the Area Representative Territory as described and set forth in the Area Representative Agreement and in accordance with the requirements of the Area Representative Agreement and our System (defined below);

WHEREAS, as part of the System, we have developed systems and procedures for the marketing and promotion of Unit Franchises and the training and operational support of franchisees of Unit Franchises, and the term "System" further includes our designated procedures, specifications, marketing plans, development strategies, equipment, supplies, confidential information, and trade secrets for the development and operation of an Area Representative Business that offers and provides the AR Services;

WHEREAS, you have received and thoroughly reviewed the completed Area Representative Agreement, including the completed Schedules and Exhibits attached to the Area Representative Agreement;

WHEREAS, we have recommended that you thoroughly review the Area Representative Agreement, this Agreement, and all exhibits and schedules to the Area Representative Agreement with your individual lawyer;

WHEREAS, you represent that you are an Owner (defined below) of Area Representative and that you own or control a legal, equitable or beneficial ownership or equity interest in Area Representative and/or otherwise meet the definition of an "Owner" as set forth in this Agreement;

WHEREAS, you acknowledge that this Agreement applies to you individually, jointly and severally with all other individuals who sign this Agreement including, if this Agreement is signed in counterparts or electronically by others;

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Area Representative's obligations to us and obligates you to brand protection, confidentiality, non-competition, and non-solicit restrictions and covenants, and you enter into this Agreement to induce us to enter into the Area Representative Agreement with Area Representative; and

WHEREAS, you acknowledge that we are relying on this Agreement, and without this Agreement we would not have entered into, and/or would not be simultaneously entering into, the Area Representative Agreement with Area Representative.

NOW THEREFORE, to induce us to enter into the Area Representative Agreement and as consideration to us for entering into the Area Representative Agreement with Area Representative, and for other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions

Supplementing the terms and definitions contained in the Recitals and Representations:

"**Approved Services and Products**" shall have the meaning defined in the Recitals section of this Agreement and shall further refer to and mean those products and services that we authorize for West Coast Sourdough Restaurants. We shall exclusively designate and determine the Approved Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products of the Area Representative Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the Approved Services and Products, shall designate the Approved Services and Products.

"**AR Unit Franchisee**" shall refer to and mean a Unit Franchisee that, during the Initial Term of the Area Representative Agreement enters into a Unit Franchise Agreement with us where: (a) the Unit Franchise Agreement is executed by us and the Unit Franchisee; (b) all initial fees have been paid and released to us; (c) the Unit Franchise Agreement provides for the development and operation of a Unit Franchise physically located within the Area Representative Territory during the Initial Term of the Area Representative Agreement; and (d) the Unit Franchisee develops and opens a Unit Franchise from an authorized location within the Area Representative Territory in accordance with the terms of the Unit Franchise Agreement.

"**Area Representative Business**" shall have the meaning set forth in the Recitals.

"**Area Representative Territory**" refers to and means the geographic area identified and described in the Area Representative Agreement.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based systems, point of sale systems, and franchisee relationship management systems as same may individually, or collectively, by designated by us, in our Reasonable Business Judgment, as being required for use by Area Representative and the Area Representative Business.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, franchisee information, franchisee candidate information, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Area Representative or a Unit Franchisee into any Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Area Representative Business or any underlying West Coast Sourdough Restaurant Business.

"**Competitive Business**" refers to and means any business that is the same as or similar to: (a) a Unit Franchise; (b) a West Coast Sourdough Restaurant including any business or restaurant including, traditional restaurants and outlets, mobile kiosks, food trucks and/or non-traditional outlets, that operate as a restaurant that offers, sells and/or provides a menu that includes sandwiches, soups, and/or salads, and other related menu items; and/or (c) the Area Representative Business as it relates to franchise sales, franchisee training, and/or franchisee support related to a restaurant that is the same as or similar to a West Coast Sourdough Restaurant including any business or restaurant including, traditional restaurants and outlets, mobile kiosks, food trucks and/or non-traditional outlets, that operate as a restaurant that offers, sells and/or provides a menu that includes sandwiches, soups, and/or salads, and other related menu items.

"**Confidential Information**" refers to and means all of our and/or our affiliates' trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Area Representative Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) franchise sales processes, franchise sales presentations, franchise sales projections, West Coast Sourdough franchisee and prospective franchisee candidate contacts, West Coast Sourdough franchisee and prospective franchisee information, prospective franchisee lead generation sources, West Coast Sourdough franchisee and prospective franchisee surveys, West Coast Sourdough franchisee financial data; (b) methods, specifications, standards, policies, procedures, information, concepts, recipes, programs and systems relating to the development, establishment, marketing, promotion and operation of West Coast Sourdough Restaurants; (c) methods, specifications, standards, policies, procedures, information, concepts, recipes, programs and systems relating to the development, establishment, marketing, promotion and operation of the Area Representative Business; (d) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of West Coast Sourdough Restaurants and the Area Representative Business; (e) customer lists and information related to West Coast Sourdough Restaurants, Unit Franchises, and the Area Representative Business; (f) Business Management System Data; (g) current and future information contained in the Operations Manual; (h) Know-How; and (i) franchisee recruitment and marketing data, information, and plans respecting Unit Franchisees, Unit Franchisee candidates, and the sale of Unit Franchises.

"**Copyrights**" refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection, whether as of the Effective Date of the Area Representative Agreement or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership, or other legal entity that is not an individual person.

"**Digital Media**" refers to and means any interactive or static digital document, application or media that is connected to any network, communications system, world wide web, intranet, streaming service, application, and/or social media platform that refers, references, identifies, reviews, promotes and/or relates, in any way, to, West Coast Sourdough Restaurants, the Area Representative Business, the Licensed Marks, the System and/or us. Digital Media includes the System Website and all other media and/or publications relating to the System that is digitally displayed or transmitted.

"**Effective Date**" refers to the Effective Date of the Area Representative Agreement as the term "Effective Date" is set forth and defined in the Area Representative Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Area Representative Agreement, then the Effective Date shall be the date that you sign this Agreement.

"**Immediate Family**" refers to and means the spouse, parent, sibling, or parent of a person and any other household member of such person.

"**Intellectual Property**" refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**Know-How**" refers to and means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a West Coast Sourdough Restaurant Business and/or Area Representative Business, including, without limitation, methods, techniques, specifications, food preparation, procedures, policies, marketing strategies, and information reflected in, included in, comprising, and/or constituting a part of the System. Without limiting the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" shall have the meaning set forth in the Recitals and shall further refer to and mean the trademarks, service marks, emblems, and indicia of origin, including the "West Coast Sourdough" trademark, the West Coast Sourdough logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of the System, West Coast Sourdough Restaurants, and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of an Area Representative Business, West Coast Sourdough Restaurants and/or Unit Franchises including, without limitation, the policies, procedures and requirements for the development and operation of other area representative business. The Operations Manual further refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of West Coast Sourdough Restaurants including, without limitation, the policies, procedures and requirements for the development and operation of West Coast Sourdough Restaurants. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

"**Owner**" refers to and means collectively, individually, and jointly: (a) the officers and directors of Area Representative (including the officers and directors of any general partner of Area Representative) who hold an ownership interest in Area Representative; (b) the managing member or manager of Area Representative if Area Representative is a limited liability company; and/or (c) all holders of a 5% or more direct or indirect ownership interest in Area Representative and/or of any entity directly or indirectly controlling Area Representative. Area Representative's Owners are identified in Schedule 3 to this Agreement. Area Representative's Owners are identified in Schedule 3 to the Area Representative Agreement. If, for any reason you are not identified in Schedule 3 to the Area Representative Agreement, you nevertheless represent that you are either an Owner.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of the Area Representative Agreement for any reason; or

(b) the date on which Area Representative Transfers the Area Representative Agreement to another person.

"**Prohibited Activities**" refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding, and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; and/or (c) diverting, or attempting to divert, Unit Franchisees or prospective Unit Franchisee candidates to another business brokerage franchise system and/or business opportunity. You agree that if you were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition, and would cause harm to us, the System, Franchisees, and other area representatives and area representative business.

"**Reasonable Business Judgment**" refers to, means and relates to any and all decisions, actions and choices made by us concerning or relating to this Area Representative Agreement, the System, West Coast Sourdough Restaurants and the Area Representative Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of West Coast Sourdough Restaurants, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. You agree that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. You agree that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize out profits; (b) we shall not be required to consider your or Area Representative's individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Area Representative Agreement and/or with regard to the System. You agree that neither you, Area Representative and/or any third party, including, without limitation, any third party acting as a trier of fact, shall substitute your, Area Representative's or such third party's judgment for our Reasonable Business Judgment. You further agree that should you or Area Representative challenge our Reasonable Business Judgment in any legal proceeding that you and/or Area Representative shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**System**" shall have the meaning set forth in the Recitals and, as to Area Representative, shall further refer to and mean our standards, specifications, operating requirements, and criteria respecting the development and operation of an Area Representative Business.

"**System Website**" refers to and means the web page and/or pages located on the world wide web at www.wcsourdough.com and shall further include all webpages and subdomains relating to West Coast Sourdough Restaurants, Unit Franchises, and/or the promotion, marketing and sale of Unit Franchises.

"**Trade Dress**" refers to and means the designs, images, marketing materials, packaging, branding and/or branding images that we authorize and require Area Representative to use in connection with the operation of the West Coast Sourdough Restaurants and Unit Franchises, as may be revised and further developed by us from time to time.

"**Transfer**" refers to, means, and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, conveyance, hypothecation, transfer, pledge, or sub-franchise; (b) the grant of a mortgage, charge, lien, or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Area Representative.

"**Unit Franchise**" shall have the meaning defined in the Recitals section of this Agreement and refers to each respective West Coast Sourdough Restaurant Business authorized for development and operation pursuant to a Unit Franchise Agreement.

"**Unit Franchise Agreement**" shall refer to and mean our individual unit Franchise Agreement and/or development agreement for a Unit Franchise as such agreements may or may not be designated and determined by us from time to time, in our sole discretion, and as we may supplement, modify, and/or amend in our sole discretion including, without limitation, supplementing, modifying, and/or amending the form Franchise Agreements and all exhibits and schedules attached thereto, including exhibits, riders, collateral assignments of lease or sublease, and personal guarantees designated by us. We possess the exclusive right to designate and determine the form of the Franchise Agreement and the terms thereto and we, in our sole discretion, may modify and amend the material terms of the Franchise Agreement including, without limitation, modification of franchise fees, royalty fees, brand development fund fees, territories, and all other legal rights and obligations.

"**Unit Franchisee**" refers to and means any person that has been approved by us and has entered into, and is a party to, a Unit Franchise Agreement with us.

"**West Coast Sourdough Restaurant**" shall have the meaning defined in the Recitals section of this Agreement and shall further refers to all West Coast Sourdough Restaurants operating under the System and Licensed Marks, whether owned by us, our affiliates, and/or our franchisees.

3. Additional Acknowledgments by You

In addition to the representations and acknowledgments contained in the Recitals and Representations above, which are incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner;

(b) you are signing this Agreement in your individual capacity, and you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner;

(c) in your capacity as an Owner of Area Representative you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) we need to protect the System and Intellectual property, and to do so, we require that you, in your individual capacity, agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Area Representative to us; and

(f) the terms of this Agreement are fair and reasonable, and you elected, based on your own decision, to enter into this Agreement to induce us to enter into the Area Representative Agreement with Area Representative.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions

(a) You agree that: (i) you will not use the Know-How in any business or capacity other than the Area Representative Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Area Representative. You will not use the Intellectual Property for any purpose other than the development and operation of the Area Representative Business pursuant to the terms of the Area Representative Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any improvement to the System, West Coast Sourdough Restaurants, the Licensed Marks, and Unit Franchises developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any such improvement to us, then such improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Subject to the terms and conditions of Section 5 of this Agreement below, you represent and agree that while you are an Owner of Area Representative that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable, and if you engaged in a Prohibited Activity, then such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period within the Restricted Territory, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable, and if you engaged in a Prohibited Activity, then such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Area Representative Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Area Representative from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Area Representative Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Area Representative; (vii) shall immediately and permanently stop using the Confidential Information upon Area Representative's Transfer of the Area Representative Agreement; and (viii) shall not disclose the Confidential Information to any third party person except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an

opportunity for us, at our election, to appear in such action.

(e) You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an Immediate Family Member (*i.e.*, parent, sibling, child, or grandchild) we and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an Immediate Family Member and your Immediate Family Member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provided an Immediate Family Member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your Immediate Family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How, nor permit disclosure of the Know-How to, the Immediate Family Member.

(f) You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and scope of geographic area; and (ii) you have sufficient resources, business experience, and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of this Section 4 by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Section 4 to ensure that the terms and covenants are enforceable under applicable law.

(g) You agree that failure to comply with the terms, conditions, restrictions, and covenants set forth in this Section 4 will cause irreparable harm to us, Franchisees, and/or other West Coast Sourdough Restaurant area representatives for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at law or in equity, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, and all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby by you. If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section 4 are exclusive of any other remedies, but may be combined with others under this Agreement, at law, or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you acknowledge and agree that if you are an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Area Representative that, among other things, Area Representative must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Area Representative Agreement that prior to Area Representative's Transfer of the Area Representative Agreement, among other things, Area Representative must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Section 4 of this Agreement and, to induce us to enter into the Area Representative Agreement with Area Representative, you agree, that:

(a) if you are an Owner, should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Area Representative and/or should Area Representative fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Area Representative (which we may either reject or approve, in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Section 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement;

(b) should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of the Area Representative Agreement to a third party person and/or should Area Representative fail to obtain our consent to the proposed Transfer of the Area Representative Agreement to a third party (which we may either reject or approve in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Section 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement; and

(c) should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of the Area Representative Agreement to a third party and/or should Area Representative fail to obtain our consent to the proposed Transfer of the Area Representative Agreement to a third party (which we may either reject or approve in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Section 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement.

6. Personal Guaranty of Area Representative Agreement and Financial Obligations.

To secure Area Representative's financial obligations under the Area Representative Agreement and all ancillary agreements executed by Area Representative in connection with the Area Representative Agreement, including, without limitation, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively, the "Ancillary Agreements"), you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns that Area Representative shall punctually satisfy and pay all of Area Representative's payment and other obligations under the Area Representative Agreement;

(b) guarantee to us and our successor and assigns that Area Representative shall punctually satisfy and pay all of Area Representative's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by, and personally liable for, each and every fee, payment and monetary obligation due from Area Representative to us pursuant to the terms of the Area Representative Agreement;

(d) agree, at all times, to be personally bound by, and personally liable for, each and every fee, payment and monetary obligation due from Area Representative to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due, or that may become dues, from Area Representative to us pursuant to the terms of the Area Representative Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Area Representative to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party or person with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Area Representative or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this Agreement shall be joint and several with Area Representative and all other signatories to this Agreement; (b) you will render any payment required under the Area Representative Agreement and the Ancillary Agreements upon demand if Area Representative fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Area Representative or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Agreement, which shall be continuing and irrevocable during the term of each of the Area Representative Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Area Representative Agreement and the Ancillary Agreements to the extent any financial obligations under any such Area Representative Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This Agreement will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of one or more of the Area Representative Agreement and/or and Ancillary Agreements by a trustee of Area Representative. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the United States Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Area Representative Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Area Representative Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Sacramento County, California or, if suitable AAA facilities are not available in Sacramento County, California then at a suitable AAA location selected by the arbitrator that is located closest to Sacramento County, California.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within the State of California and within Sacramento County or the county closest to Sacramento County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Area Representative Agreement, permitting us, among other things, to terminate the Area Representative Agreement in accordance with the terms thereof.

8. Miscellaneous.

(a) If either we or you hire an attorney or files suit relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of the State of California and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or Area Representative, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. Each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated

by this Agreement in the same manner and to the same address listed in the notice provisions of the Area Representative Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Area Representative Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this AR Owner Agreement and Guaranty as of the date or dates set forth below.

Owner:	**Owner:**
_____	_____
Signature	Signature
_____	_____
Printed Name and Date	Printed Name and Date

Area Representative Agreement
Exhibit 2
CONFIDENTIALITY AGREEMENT

[THIS EXHIBIT IS FOR PURPOSES ONLY AS A SAMPLE FROM A CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY AREA REPRESENTATIVE – BEFORE USING WITH AN EMPLOYEE OR INDEPENDENT CONTRACTOR, AREA REPRESENTATIVE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT ATTORNEY HIRED BY AREA REPRESENTATIVE]

Confidentiality Agreement

This Confidentiality Agreement (the "Agreement") is entered made this _____ day of _____ (the "Effective Date") by the undersigned individual ("you") in favor of _____, _____, and its successors and assigns ("us", "our", or "we"), upon the terms and conditions set forth below.

Recitals and Representations

WHEREAS, we own and operate, pursuant to a license granted to us by WCSD, Inc., an area representative business (the "Area Representative Business") wherein, as an independent contractor, we provide franchise marketing, franchise development, and franchisee training and support services in connection with the sale, development, and operations of West Coast Sourdough restaurants (each referred to as a "Unit Franchise");

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of our Area Representative Business;

WHEREAS, this Agreement is not an employment agreement;

WHEREAS, in the course of your employment, independent contractor relationship, and/or association with us, you may gain access to Confidential Information (defined below in this Agreement), and you understand and agree that it is necessary for us to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our ~~franchisor~~Franchisor, WCSD, Inc. ("Franchisor"), is not a party to this Agreement, and Franchisor does not own, operate, or manage the Area Representative Business, but Franchisor is an intended third party beneficiary of this Agreement; and

WHEREAS, you understand and agree that this Agreement is not an employment agreement, and this Agreement is only a confidentiality agreement in connection with information, materials, and access that may be provided to you in connection with the Area Representative Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"**Approved Services and Products**" means those Franchisor authorized and designated activities respecting the marketing and promotion of West Coast Sourdough restaurant franchises and further refers to and means products and services that Franchisor authorizes for sale by Restaurants. Franchisor shall exclusively designate and determine the Approved Services and Products, and Franchisor may change, modify, reduce or supplement the Approved Services and Products. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's

right to change and modify the Approved Services and Products, shall designate the Approved Services and Products.

"**Business Management System**" means the software, internet, web based and/or cloud based system or systems, and customer relationship management system or systems as same may be individually or collectively designated by us or Franchisor as being required for use in the Area Representative Business. Without limiting the foregoing, the Business Management System may include web based, private server based, network based, and/or cloud-based systems.

"**Business Management System Data**" means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized; (b) is entered into the Business Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Area Representative Business.

"**Confidential Information**" means all of our, our affiliates', and Franchisor's trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) franchise sales processes, franchise sales presentations, franchise sales projections, West Coast Sourdough franchisee and prospective franchisee candidate contacts, West Coast Sourdough franchisee and prospective franchisee information, prospective franchisee lead generation sources, West Coast Sourdough franchisee and prospective franchisee surveys, West Coast Sourdough franchisee financial data; (b) methods, specifications, standards, policies, procedures, information, concepts, recipes, programs and systems relating to the development, establishment, marketing, promotion and operation of West Coast Sourdough Restaurant and/or the Area Representative Business; (c) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by West Coast Sourdough Restaurant; (d) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of West Coast Sourdough Restaurant; (e) customer lists and information related to West Coast Sourdough Restaurant and the Area Representative Business; (f) Business Management System Data; (g) current and future information contained in the Operations Manual; (h) Know-How; (i) information concerning franchisee and prospective franchisee consumer preferences for Unit Franchises, and specifications for and knowledge of suppliers of certain materials, franchise sales marketing strategies, budgets, marketing channels, sales data; and (j) information concerning franchisees of Unit Franchises, prospective franchisees of Unit Franchises, email lists, database lists, product sales, operating results, financial performance and other financial data of franchisees or prospective franchisees of Unit Franchises and/ or the Area Representative Business.

"**Digital Media**" means any interactive or static digital document, application or media that is connected to and/or in a network of computers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone application or social media platform such as Facebook, LinkedIn, ~~Twitter~~X, Pinterest, Instagram, SnapChat, and YouTube, and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, West Coast Sourdough Restaurants, the Area Representative Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Licensed Marks**" means the trademarks, service marks, emblems, and indicia of origin, including the "West Coast Sourdough" trademark, the West Coast Sourdough logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of the System, West Coast Sourdough Restaurants, and the Approved Services

and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor.

"**Operations Manual**" means, individually and collectively, the manual(s) designated by Franchisor or us and relating to the development and/or operations of an Area Representative Business, and/or West Coast Sourdough Restaurants including, without limitation, the policies, procedures and requirements for the development and operation of Area Representative Business. The Operations Manual further refers to and means, individually and collectively, the manual(s) designated by Franchisor or us and relating to the development and/or operations of West Coast Sourdough Restaurants. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time by Franchisor or us, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

"**System**" means specifications, systems, and requirements designated for the marketing, promotion and sale of West Coast Sourdough Restaurant franchises and the specifications, systems, and requirements designated for the establishment, development and operation of West Coast Sourdough Restaurants.

"**Trade Dress**" means the designs, images, marketing materials, packaging, branding and/or branding images that Franchisor authorizes and requires the Area Representative Business to use in connection with the operation of West Coast Sourdough Restaurant and Unit Franchises, as may be revised and further developed by Franchisor from time to time.

"**Unit Franchise**" shall have the meaning defined in the Recitals section of this Agreement.

3. **Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Area Representative Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. **Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Area Representative Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. **Reasonableness of Covenants and Restrictions.** You agree that the terms of this Agreement are reasonable and fair, and you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

6. **Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us, Franchisor, the System, the Licensed Marks, and other West Coast Sourdough Restaurant franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or Franchisor to injunctive relief. You agree that we and/or Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond

notwithstanding the preceding sentence, then you agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section 6 are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) **YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT AND THAT THERE IS NOT, AND SHALL NEVER BE, AN EMPLOYER/EMPLOYEE RELATIONSHIP BETWEEN YOU AND FRANCHISOR. YOUR RELATIONSHIP WITH US (INCLUDING YOUR EMPLOYMENT RELATIONSHIP, THE TERMS OF YOUR EMPLOYMENT AND THE CREATION AND/OR TERMINATION OF SUCH EMPLOYMENT RELATIONSHIP) IS AND SHALL BE EXCLUSIVELY CONTROLLED BETWEEN YOU AND US. FRANCHISOR IS NOT A JOINT EMPLOYER, AND THERE IS NO EMPLOYMENT RELATIONSHIP BETWEEN YOU AND FRANCHISOR.**

(d) **YOU ACKNOWLEDGE AND AGREE THAT FRANCHISOR IS NOT A PARTY TO THIS AGREEMENT, BUT FRANCHISOR IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.**

IN WITNESS WHEREOF, the undersigned executed this Agreement as of the Effective Date.

_____

_____
Printed Name

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
LIST OF AREA REPRESENTATIVE FRANCHISEES

~~There are no Area Representative Franchisees to report in this Exhibit F.~~

AREA REPRESENTATIVE FRANCHISEES (as of December 31, 2024)			
State	**Business Address**	**Area Representative**	**Contact Information**
CA	9601 Mainline Drive Elk Grove, California 95624 AR Territory: State of California	Gurmeet Bhatia & Davinder Singh	KBD@wcsourdough.com

EXHIBIT G
LIST OF AREA REPRESENTATIVE FRANCHISEES
THAT LEFT THE SYSTEM

There are no Area Representative Franchisees to report in this Exhibit G.

California Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 17 "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

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

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not 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 such persons from membership in such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of the franchisee 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.

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

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

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of California with the costs being borne by the franchisee and franchisor.

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.

G. The Franchise Agreement requires application of the laws of the State of California. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. 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).

5. The following URL address is for the franchisor's website: www.wcsourdough.com.

6. California's Franchise Investment Law (Corporations Code Section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions

of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Connecticut Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

1. Item 3 "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

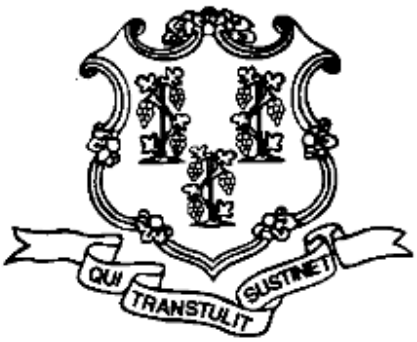
2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been

reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be cancelled.

DISCLOSURES REQUIRED BY CONNECTICUT LAW



The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by WCSD, Inc., a registered business in the State of Connecticut.

Disclosure Document is dated: ~~March 13, 2024~~April 14, 2025

Hawaii Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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Exhibit J "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "J") is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Illinois Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Indiana Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

> Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

> The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

> A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
>
> C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
>
> D. ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
>
> E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

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

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Michigan Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

A. A prohibition of your right to join an association of franchisees.

B. A requirement that you assent to a release, assignment, novation, waiver or estoppel that 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 this 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 of the failure 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 a 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 that 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 applies only if: (a) the term of the franchise is less than five years, and (b) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least six 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 litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The 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 our or Sub-franchisor's competitor.
(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
(iv) Your or proposed transferee's failure to pay us any sums 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 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 and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than $100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

Minnesota Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO

FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees", Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

B. Item 13, "Trademarks", Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J 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.

F. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

New York Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER,

THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of **Item 3**:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party 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.

B. No such party has 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.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 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.

D. No such party 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 such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of **Item 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of **Item 5**:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of **Item 17(c)**, titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of **Item 17(d)**, titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of **Item 17(j)**, titled "**Assignment of contract by franchisor"**:

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.

8. The following is added to the end of the "Summary" sections of **Item 17(v)**, titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

North Dakota Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. 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 this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment 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.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Rhode Island Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 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 the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17(h) is supplemented by the addition of the following:

> Under 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 grounds for default or termination stated in West Coast Sourdough Franchise Agreement do 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.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Washington Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for

inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Wisconsin Area Representative FDD Amendment

Amendments to the Area Representative Franchise Disclosure Document

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Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

STATE SPECIFIC AMENDMENTS TO AREA REPRESENTATIVE AGREEMENT

CALIFORNIA AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this amendment to the Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc.

_____
Signature

_____
Signature

_____
Name and Title (please print)

_____
Name (please print)

_____
Dated

_____
Dated

Area Representative:

ILLINOIS AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the WCSD, Inc. Area Representative Agreement (the "Agreement"), as follows:

1. Section 14.6 of the Agreement under the heading "Governing Law" shall be amended by the addition of the following statement added after the end of the last sentence of Section 14.6 of the Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

2. Section 14.7 of the Agreement under the heading "Non-Binding Mediation and Binding Arbitration", shall be amended by the addition of the following statement added after the end of the last sentence of Section 14.7 of the Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the WCSD, Inc. Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc.	**Area Representative:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

MARYLAND AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the undersigned agree to the following modifications to the WCSD, Inc. Area Representative Agreement (the "Agreement"), as follows:

1. Under Section 10.3 of the Area Representative Agreement, under the heading "Conditions for Approval of Transfer," subsection 10.3(f) is modified to add the following sentence at the end of subsection 10.3(f) of the Agreement:

> ; provided, however, that all rights and causes of action arising in favor of Area Representative from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

2. Under Section 11.4 of the Agreement, under the heading "Conditions for Renewal," subsection 11.4(d) is modified to add the following sentence at the end of subsection 11.4(d) of the Agreement:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied~~;~~.

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

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

5. Section 14.7 of the Agreement under the heading "Non-Binding Mediation and Binding Arbitration", shall be amended by the addition of the following statement added after the end of the last sentence of Section 14.7 of the Area Representative Agreement:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Section 14.9 of the Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Section 14.9 of the Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
>
> A general release required as a condition of renewal, sale and/or assignment or transfer of an Area Representative Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the WCSD, Inc. Area Representative Agreement and, if applicable, the Development Agreement on the same date as the Area Representative Agreement and Development Agreement were, respectively, executed.

Franchisor: WCSD, Inc.	**Area Representative:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

MINNESOTA AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached WCSD, Inc. Area Representative Agreement (the "Agreement") agree, as follows:

1. Under Section 10.3 of the Agreement, under the heading "Conditions for Approval of Transfer," subsection 10.3(f) is modified to add the following sentence at the end of subsection 10.3(f) of the Agreement:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Under Section 11.4 of the Agreement, under the heading "Conditions for Renewal," subsection 11.4(d) is modified to add the following sentence at the end of subsection 11.4(d) of the Agreement:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Section 8.3 of the Agreement, under the heading "Notification of Infringement and Claims," shall be supplemented by the addition of the following:

> Franchisor agrees to protect Area Representative, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Area Representative's use of the Licensed Marks when, in the opinion of Franchisor's counsel, Area Representative's rights warrant protection pursuant to Section 8.3 of this Agreement.

4. Section 10.2 of the Agreement, under the heading "No Transfer by Area Representative Without Franchisor Approval," shall be supplemented by the addition of the following:

> Franchisor shall not unreasonably withhold consent to transfer the Agreement.

5. Section 12.1(b) of the Agreement, under the heading "Automatic Termination Upon Written Notice," shall be supplemented by the addition of the following:

> Section 12.1(b) will not be enforced to the extent prohibited by applicable law.

6. Section 12.1(c) of the Agreement, under the heading "Termination After Cure Period," shall be supplemented by the addition of the following:

> Section 12.1(c) will not be enforced to the extent prohibited by applicable law.

7. Section 12.1(c) of the Agreement, under the heading "Termination After Cure Period," is hereby amended to replace the "30" day cure period with "60" days and the following is added:

> Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that Area Representative be given 90 days' notice of termination (with 60 days to cure) of this Agreement.

8. Section 14.6 of the Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Section 14.6:

> , except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Section 14.7 of the Agreement, under the heading "Non-Binding Mediation and Binding Arbitration" , shall be amended by the addition of the following statement added to the end of the last sentence of Section 14.7:

> , except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Section 14.9 of the Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Section 14.9:

> Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

11. Section 14.11 of the Agreement, under the heading "Waiver of Jury Trial," shall be supplemented by the addition of the following statement at the end of the sentence contained in Section 14.11:

> , except that nothing in this Agreement should be considered a waiver of any right conferred upon Area Representative by the Minnesota Franchise Act.

12. Section 14 of the Agreement is hereby supplemented by the addition of the following Section 14.28 (titled "Minnesota Franchise Act Provisions"):

> **14.28 MINNESOTA FRANCHISE ACT PROVISIONS**
> Any foregoing acknowledgments are not intended to, nor shall they act as a release, estoppel or waiver or any liability under, the Minnesota Franchise Act.

13. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

14. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State Amendment to the West Coast Sourdough Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc.	**Area Representative:**
_____	_____
Signature	Signature

Name and Title (please print)	Name (please print)
Dated	Dated

NEW YORK AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached West Coast Sourdough Area Representative Agreement (the "Agreement") agree as follows:

1. Under Section 10.3 of the Agreement, under the heading "Conditions for Approval of Transfer," subsection 10.3(f) is modified to add the following sentence at the end of subsection 10.3(f) of the Agreement:

> ; provided, however, that all rights and causes of action arising in favor of Area Representative and each Owner from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 11.4 of the Agreement, under the heading "Conditions for Renewal," subsection 11.4(d) is modified to add the following sentence at the end of subsection 11.4(d) of the Agreement:

> ; provided, however, that all rights and causes of action arising in favor of Area Representative and each Owner from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 14 of the Agreement is hereby supplemented by the addition of the following Section 14.28 (titled "New York General Business Law Provisions"):

> **14.28 NEW YORK GENERAL BUSINESS LAW PROVISIONS**
> Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by WCSD, Inc. would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. WCSD, Inc. is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York State Amendment to the West Coast Sourdough Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc.

_____
Signature

_____
Name and Title (please print)

_____
Dated

Area Representative:

_____
Signature

_____
Name (please print)

_____
Dated

NORTH DAKOTA AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached WCSD, Inc. Area Representative Agreement (the "Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Area Representative Business will be located within the State of North Dakota.

1. Section 11.4 of the Agreement is hereby amended by the addition of the following language:

   Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement are not enforceable in North Dakota.

2. Section 7.5 of the Agreement is hereby amended by the addition of the following language:

   Covenants not to compete such as those mentioned above are generally considered unenforceable in North Dakota.

3. Section 14.7 of the Agreement is hereby amended by the addition of the following language:

   Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.

4. Section 14.6 of the Agreement is hereby amended by the addition of the following language:

   For North Dakota franchisees, North Dakota law shall apply.

5. Section 14.11of the Agreement is hereby amended by the addition of the following language:

   Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Section 14.10 of the Agreement is hereby amended by the addition of the following language:

   Provisions requiring a franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Section 14.9 of the Agreement is hereby amended by the addition of the following language:

   Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota law will apply.

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this North Dakota amendment to the WCSD, Inc. Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc.	**Area Representative:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

WASHINGTON STATE AREA REPRESENTATIVE AGREEMENT AMENDMENT
West Coast Sourdough Area Representative Agreement Amendments

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the WCSD, Inc. Area Representative Agreement a on the same date as the Area Representative Agreement was executed.

Franchisor: WCSD, Inc. **Area Representative:**

Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
RECEIPTS

WCSD, Inc.

RECEIPT - AREA REPRESENTATIVE FDD

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If WCSD, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If WCSD, Inc. does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: ~~March 13, 2024.~~April 14, 2025. The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Manny Deol	520 9th Street, Suite 230, Sacramento, CA 95814	(415) 789-3300
Damon Bhatia	520 9th Street, Suite 230, Sacramento, CA 95814	(415) 789-3300

I received a Disclosure Document issued on ~~March 13, 2024~~April 14, 2025 that included the following exhibits:

A. List of State Administrators	F. List of Area Representative Franchisees
B. List of Agents for Service of Process	G. List of Area Representative Franchisees Who Have Left the System
C. Operations Manual Table of Contents	H. State Specific Addenda
D. Financial Statements	I. State Effective Dates
E. Area Representative Agreement	J. Receipts

Date	**Print Name**	**Signature**

Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to WCSD, Inc., —

~~Please sign this copy of the receipt, date your signature, and return it to WCSD, Inc., 100 Pine~~520 9th Street, Suite ~~1250, San Francisco~~230, Sacramento, California ~~9411~~95814.

WCSD, Inc.

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