

## FRANCHISE DISCLOSURE DOCUMENT



**CoreLife Eatery Franchisor, LLC**  
A New York Limited Liability Company  
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Binghamton 3108 Vestal Parkway East, Suite #1  
Vestal, New York 1390513850  
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www.twitter.com/corelifeeatery

CoreLife Eatery restaurants feature assembly line style build-your-own green, grain and bone broth bowls that are made to order and related food and drink items (“CoreLife Eateries”). We offer area development franchises (“Area Development Franchises”) for the rights to open multiple CoreLife Eateries in a designated area. Area developers sign individual franchise agreements for each CoreLife Eatery. We primarily offer Area Development Franchises but we may also offer single CoreLife Eatery franchises in certain situations (such as non-traditional locations).

~~The estimated total investment necessary to begin operation of a single CoreLife Eatery franchised business franchise is between \$760789,500 and \$1,024,300, excluding land 044,000. This includes between \$63,000 and \$64,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary for an Area Development Franchise includes the investment necessary to begin operation of one CoreLife Eatery franchised business, plus a development fee of \$17,500 multiplied by the number of CoreLife Eateries (excluding the first CoreLife Eatery) which you must open. The estimated total investment necessary to begin operation of a CoreLife Area Development Franchise operating three CoreLife Eatery franchised businesses franchises is between \$2,246333,500 and \$3,037,900097,000. This includes between \$154,000 and \$157,000 that must be paid to the franchisor or its affiliate(s). The estimated total investment necessary to begin operation of a CoreLife Area Development Franchise operating 20 CoreLife Eatery franchised businesses franchises is between \$14,87715,457,500 and \$20,153547,500. This includes between \$927,500 and \$947,500 that must be paid to the franchisor or its affiliate(s).~~

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our Franchise Development Department at ~~33 Lewis Road, Binghamton~~3108 Vestal Parkway East, Suite #1, Vestal, New York 1390513850 or call 855-267-3543.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like an attorney 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, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: ~~March 31, 2023~~ April 19, 2024**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only CoreLife Eatery business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a CoreLife Eatery franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising Generally**

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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



### **Special Risks to Consider About *This* Franchise**

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. 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 New York than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement and area development agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition**. 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.

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  
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.**

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 the 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 terms 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 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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 or 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 subfranchisor.

(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.

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**



**TABLE OF CONTENTS**

<b><u>Item</u></b>	<b><u>Page</u></b>
ITEM 1	THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES ..... 1
ITEM 2	BUSINESS EXPERIENCE..... 3
ITEM 3	LITIGATION ..... 5
ITEM 4	BANKRUPTCY ..... 5
ITEM 5	INITIAL FEES ..... 5
ITEM 6	OTHER FEES ..... 7
ITEM 7	ESTIMATED INITIAL INVESTMENT ..... 12
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES..... 16
ITEM 9	FRANCHISEE’S OBLIGATIONS ..... 19
ITEM 10	FINANCING ..... 20
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING..... 20
ITEM 12	TERRITORY ..... 28
ITEM 13	TRADEMARKS ..... 32
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION..... 34
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS ..... 35
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL ..... 36
ITEM 17	RENEWAL, TERMINATIONS, TRANSFER, AND DISPUTE RESOLUTION ..... 36
ITEM 18	PUBLIC FIGURES ..... 45
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS ..... 45
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION ..... 46
ITEM 21	FINANCIAL STATEMENTS ..... 53
ITEM 22	CONTRACTS ..... 53
ITEM 23	RECEIPTS ..... 53

**EXHIBITS:**

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Manager Tools Binder Table of Contents
Exhibit H	Contracts for use with the CoreLife Eatery Franchise
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	State Effective Dates
Exhibit K	Receipt



**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, “we”, “us” or “Franchisor” means CoreLife Eatery Franchisor, LLC, the franchisor. “You” means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company or other entity, “you” also includes the franchisee’s owners or partners.

The Franchisor

We are a New York limited liability company organized on February 10, 2016. Our principal business address is ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York ~~1390513850~~. We conduct business under the names CoreLife, CoreLife Eatery and CoreLife Eatery Franchisor, LLC and no other names. We began offering franchises for CoreLife Eateries (“Franchise(s)”) in July 2016. We have not previously operated or sold franchises in any line of business. We do not operate restaurants similar to the type being offered under this Disclosure Document.

John J. Sarra, Esquire is our agent for service of process in New York. The address of our agent for service of process in New York is 80 Exchange Street, P.O. Box 5250, Binghamton, New York 13902. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Parent and Affiliates

Our parent entity, CoreLife Eatery, LLC (“CE”), has a principal place of business located at ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York ~~1390513850~~. CE’s subsidiaries operate CoreLife Eateries substantially similar to the businesses offered under this Franchise Disclosure Document and have done so since May 2015. CE was formerly known as Core Greens, Grains & Broth, LLC and Core Greens Grains & Proteins, LLC. CE does not offer franchises in this or any line of business or provide products or services to our franchisees.

Our affiliate, CoreLife Trademarks, LLC (“CLTM”), has a principal place of business located at ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York ~~1390513850~~. CLTM currently owns the CoreLife trademarks and licenses them to us. CLTM does not conduct any other business and does not offer franchises in this or any line of business or provide products or services to our franchisees.

The Franchise

CoreLife Eatery franchisees operate restaurants featuring a wide selection of greens and grains bowls, warm rice bowls, wraps, tacos, smoothies and snacks centered on great taste, clean ingredients and minimal outside processing. Guests create bowls from up to 50 ingredients that are on display. CoreLife Eateries feature house-made salad dressings and sauces, soups, bone broths and a variety of teas and fresh lemonades (no soda fountains). CoreLife Eateries are primarily located in retail strip malls, dense urban areas, regional shopping centers and entertainment and travel centers. CoreLife Eateries also feature digital restaurant capabilities including second production lines, dedicated pick-up areas and a digital

stack incorporating online ordering, loyalty, catering, delivery and third-party vendor support. With few exceptions, the CoreLife Eateries will be open year-round, closing only on selected holidays.

CoreLife Eateries operate from an approved retail location (“Premises”) under our system, which includes, among other things, distinctive recipes, preparation techniques, product specifications, signs, trade secrets and other confidential information, architectural designs, trade dress, layout plans, uniforms, equipment specifications, inventory and marketing techniques (“System”).

CoreLife area developers (“Area Developers”) obtain the right to build a mutually agreed upon number of CoreLife Eateries in a specified development area (“Development Area”) in accordance with a specified development schedule (“Development Schedule”). The Development Area will be established based on the consumer demographics of the area, the geographical area, city, county and other boundaries. Area Developers must sign our area development agreement attached to this Franchise Disclosure Document as Exhibit D (“Area Development Agreement”). Area Developers must also sign a franchise agreement for the first CoreLife Eatery at the same time as the Area Development Agreement.

We primarily offer Area Development Franchises and individual Franchises to our Area Developers. We may, under certain circumstances such as with non-traditional location venues, offer single CoreLife Eatery Franchises. As of the issuance date of this franchise disclosure document, we have two single CoreLife Eatery Franchises, one of which is in a non-traditional location. A non-traditional location is a facility operated under the CoreLife Eatery trademarks located within another primary business or in conjunction with other businesses or at institutional settings. Non-traditional locations are more fully defined in Item 12. Area Developers and franchisees will sign a separate franchise agreement for each CoreLife Eatery on the then-current form used by us at the time. The Franchise Agreements signed under the Area Development Agreement may have significantly different terms and conditions from the Franchise Agreement included in this Franchise Disclosure Document. Our standard franchise agreement is attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”).

Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

### Market and Competition

The primary market for the goods and services offered by the CoreLife Eateries is the general public. The goods and services offered by CoreLife Eateries are not seasonal. The CoreLife Eatery market, as a whole, is well-developed and highly competitive, and includes restaurants, retail units, mobile food trucks, and kiosks selling various types of food. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many restaurant franchise systems, in particular, have already established national and international brand recognition.

### Industry-Specific Laws

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your CoreLife Eatery, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of your CoreLife Eatery; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and



saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness, (e) govern the use of vending machines, (f) regulate the proper use, storage and disposal of waste, insecticides and other hazardous materials, (g) establish general requirements or restrictions on menu guidelines and on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free,” and (h) establish requirements concerning withholdings and employee reporting of taxes on tips.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may need to pass a test or other certification process to obtain these permits. There may also be local ordinances and regulations governing food storage, preparation and serving.

You are responsible for investigating and complying with all applicable laws and regulations. You should consult with a legal advisor about whether these and/or other requirements apply to your CoreLife Eatery. Failing to comply with laws and regulations is a material breach of the Franchise Agreement.

## ITEM 2 BUSINESS EXPERIENCE

Co-Founder, and Chairman and Chief Executive Officer: Lawrence R. Wilson

Mr. Wilson is our Co-Founder and has been our Chairman and Chief Executive Officer since our inception in February 2016, and has served in an identical role for CE since November 2014, in Vestal, New York. Mr. Wilson was previously our Chief Executive Officer from February 2016 until May 2023 in Binghamton, New York. In July 2005, Mr. Wilson began serving as the Chief Executive Officer of multiple companies out of Binghamton, New York that now own and operate 12 franchised Moe’s Southwest Grill restaurants in New York and Pennsylvania. In October 2021, Mr. Wilson opened his first Buff City Soap franchise and currently has six locations open, all in New York. In December 2021, Mr. Wilson opened his first 7 Brew Coffee franchise and currently has ~~nine~~35 open, ~~four~~seven under construction, and expects to open ~~26~~50 units in ~~2023~~2024. Mr. Wilson’s 7 Brew territory spreads across Missouri, Arkansas, Texas, Louisiana, Indiana, Kentucky, Tennessee, North Carolina ~~and Virginia, Virginia, Ohio, West Virginia, Maryland, New York and Pennsylvania.~~

Co-Founder, Chief Culture and Wellness Officer: John T. Mansfield

Mr. Mansfield is our Co-Founder and has been our Chief Culture and Wellness Officer since our inception in February 2016, and has served in an identical role for CE since November 2014, in ~~Binghamton~~Vestal, New York. Since May 2014, Mr. Mansfield has been an owner of multiple companies out of Binghamton, New York that own and operate franchised Moe’s Southwest Grill restaurants in New York, Pennsylvania and Ohio.

Co-Founder, Chief Executive Vice President and Chief Administrative Officer: Jeffrey Coghlan Scott Davis

~~Mr. Coghlan is our Co-Founder and~~Davis has been our ~~Chief Executive Vice President and Chief Administrative Officer since our inception in February 2016, and has served in an identical role for CE since October 2015, in Binghamton~~Vestal, New York. ~~He is also a franchisee and minority shareholder of a multi-state group of Wendy’s restaurants, collectively known~~ since May 2023. Previously, he served

as ~~Wend Partners~~, our President and Chief Concept Officer in Binghamton, New York from July 2016 until May 2023. Mr. Davis also currently serves as the Creative Director for Culinary Concepts Group, a restaurant management consulting firm, in Cicero, New York and has done so since January 2016.

~~, and has been since August 1989.~~

#### Chief Financial Officer: Christopher Heierman

Mr. Heierman has been our Chief Financial Officer since our inception in February 2016, and has served in an identical role for CE, since November 2014, in ~~Binghamton~~ Vestal, New York. Mr. Heierman also serves as CFO for Southwest Grill of New York, LLC in Endicott, New York, and has done so since January 2014.

#### Chief Real Estate and Development Officer: Francis Taylor

Mr. Taylor has been our Chief Real Estate and Development Officer since our inception in February 2016, and has served in an identical role for CE since October 2015, in ~~Binghamton~~ Vestal, New York.

#### President and Chief Concept Officer: Scott Davis

~~Mr. Davis has been our President and Chief Concept Officer in Binghamton, New York since July 2016. Mr. Davis also currently serves as the Creative Director for Culinary Concepts Group, a restaurant management consulting firm, in Cicero, New York and has done so since January 2016.~~

#### Vice President of Marketing: Julia Baker

Ms. Baker has been our Vice President of Marketing in ~~Binghamton~~ Vestal, New York since December 2019. Prior to that, Ms. Baker was the Director of Marketing for Epic Wings in San Diego, California from May 2018 to December 2019. ~~Ms. Baker was the Business Development Manager for Say San Diego in San Diego, California from November 2017 to May 2018. Ms. Baker also served as Director of Franchising at Mike Hess Brewing in San Diego, California from February 2016 through December 2018.~~

#### Vice President of Finance: Connor Wilson

Mr. Wilson has been our Vice President of Finance in ~~Binghamton~~ Vestal, New York since July 2021. Previously, he was our Finance Intern in Binghamton, New York from March 2020 to July 2021. Prior to that, Mr. Wilson was the Finance Intern for Southwest Grill of New York, LLC in Binghamton, New York from January 2017 to March 2020. In July 2021, Mr. Wilson opened his first Jersey Mike's franchise and currently has ~~five~~ seven locations open and expects to open ~~two~~ one more ~~locations~~ location in ~~2023~~ 2024, all in New York.

#### Vice President of Operations: Mark Henzler

Mr. Henzler has been our Vice President of Operations in ~~Binghamton~~ Vestal, New York since July 2021. Previously, he was our District Manager in Buffalo, New York from August 2019 to July 2021 and our Head Coach in Buffalo, New York from August 2017 to August 2019.

#### Director of Operations: Robert Lewis



Mr. Lewis has been our Director of Operations in ~~Binghamton~~Vestal, New York since July 2021. Previously, he was our District Manager in Rochester, New York from December 2016 to July 2021.

Director of Retail Technology: April Kenhart

Ms. Kenhart has been our Director of Retail Technology in ~~Binghamton~~Vestal, New York since July 2021. Previously, she was our NEO Administrator in Binghamton, New York from April 2017 to July 2021.

**ITEM 3  
LITIGATION**

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

**ITEM 4  
BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

Franchise Agreement

The “Initial Franchise Fee” for a single CoreLife Eatery is \$35,000. The Initial Franchise Fee is payable when you sign your Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your CoreLife Eatery and also offsets some of our franchisee recruitment expenses. If you purchase more than five CoreLife Eateries under an Area Development Agreement and if you have a certified training CoreLife Eatery open, the Initial Franchise Fee will be \$30,000 for your sixth and each additional CoreLife Eatery.

~~We did not collect any Initial Franchise Fees during~~In our last fiscal year which ended December 25, 24, 2023, we granted a franchise to an existing franchisee opening their seventh CoreLife Eatery and did not charge an initial franchise fee.~~2022-~~ Initial Franchise Fees are uniform, fully earned by us when paid, and are not refundable under any circumstances.

*Architectural Design Review Fee*

If you do not use our designated architect to prepare your CoreLife Eatery construction documents, you will pay us an “Architectural Design Review Fee” of \$1,000 within 15 days of the date that your construction plans are completed for review and approval of your construction documents by our designated architect. If you do use our designated architect, you will not have to pay the Architectural Design Review Fee. The Architectural Design Review Fee is uniform, fully earned by us when paid and not refundable under any circumstances. If you sign an Area Development Agreement to open multiple CoreLife Eateries, the Architectural Design Review Fee, if applicable, will be paid within 15 days of the date that your construction plans are completed for each additional CoreLife Eatery. You may pay the Architectural Design Review Fee for some CoreLife Eateries and not for others developed under an Area Development Agreement, depending on whether or not you use our designated architect to prepare your construction plan for each CoreLife Eatery. As a result, you would pay \$0 to \$3,000 in Architectural



Design Review Fees for three CoreLife Eateries and \$0 to \$20,000 in Architectural Design Review Fees for 20 CoreLife Eateries.

*Pre-Opening Advertising Campaign*

You must pay us \$28,000 for a pre-opening advertising campaign at least 60 days prior to the date that you open. We will pay our designated and approved suppliers' invoices on your behalf in an amount equal to your payment to us. You may choose to spend more on the campaign, but it is not required and you will pay any additional amounts to suppliers. The pre-opening advertising campaign is uniform, fully earned by us when paid and not refundable under any circumstances. If you sign an Area Development Agreement to open multiple CoreLife Eateries, you will pay for the pre-opening advertising campaign at least 60 days prior to the date that each additional CoreLife Eatery opens. If you open three CoreLife Eateries, you will pay a total of \$84,000 in pre-opening advertising campaign fees, and if you open 20 CoreLife Eateries, you will pay a total of \$560,000 in pre-opening advertising campaign fees. See Item 7 and Item 11 for more information regarding the pre-opening advertising campaign.

Area Development Agreement

The development fee payable under the Area Development Agreement ("Development Fee") is equal to the Initial Franchise Fee for your first Franchise Agreement (\$35,000) plus \$17,500 multiplied by the number of CoreLife Eateries (other than the first CoreLife Eatery) to be developed under the Area Development Agreement. The Development Fee is payable when you sign your Franchise Area Development Agreement. We will credit a portion of the Development Fee against the Initial Franchise Fee (\$35,000 for the first franchise agreement, \$17,500 for the second and each subsequent franchise agreement) until the Development Fee is exhausted. The Development Fee for three CoreLife Eateries would be \$70,000 and \$367,500 for 20 CoreLife Eateries. You must sign franchise agreements for each additional CoreLife Eatery upon the earlier of your submittal of a site for acceptance or 180 days before the development obligation date for that CoreLife Eatery. The Development Fee is uniformly calculated, payable when you sign your Area Development Agreement and is non-refundable under any circumstances, even if you fail to open any CoreLife Eateries. We did not collect any Development Fees during our last fiscal year which ended December 25, 2023, 2022.

Type of Expenditure	Single Eatery		Area Development	
	Low	High	Three Eateries	20 Eateries
Initial Franchise Fee	\$30,000	\$35,000	n/a	n/a
Development Fee	n/a	n/a	\$70,000	\$367,500
Architectural Design Review Fee	\$0	\$1,000	\$0 to \$3,000	\$0 to \$20,000
Pre-Opening Advertising Campaign	\$28,000	\$28,000	\$84,000	\$560,000
Total Fees Payable to Franchisor or Affiliates	\$58,000	\$64,000	\$154,000 to \$157,000	\$927,500 to \$947,500



## Financial Assurances

Some states have imposed financial assurance requirements on the franchisor. Please refer to the Addendum in Exhibit F to the Franchise Disclosure Document.

### ITEM 6 OTHER FEES

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Continuing Royalty <sup>(2)</sup>	5% of weekly Net Sales; may vary for non-traditional locations	Due on Wednesday of each week	The “ <u>Continuing Royalty</u> ” is based on “ <u>Net Sales</u> ” during the previous week. Your Continuing Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution <sup>(2)</sup>	2% of Net Sales	Same as Continuing Royalty	This contribution (“ <u>Brand Fund Contribution</u> ”) will be used for a system-wide “ <u>Brand Fund</u> ” for our use in developing and building the CoreLife Eatery brand. We reserve the right to increase the Brand Fund Contribution to up to 3.5% of Net Sales.
Local Advertising Payment	The difference between the amount you spent on local advertising each quarter and your required local advertising expenditure (0.5% of Net Sales)	Payable after receipt of invoice	If you fail to meet your required local advertising requirement (currently 0.5% of Net Sales) on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund.
Additional Training or Assistance Fees <sup>(3)</sup>	Then-current fee (currently approximately \$600 per day plus expenses)	As incurred	We may charge you for training additional persons, newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer.
Hardware, Software and Online Services Support and Maintenance Fees	Currently \$580 to \$740 per month depending on the level of maintenance and support services that you select to secure your Computer System	Monthly	<del>These fees are imposed by us but paid to third party suppliers. These fees will cover maintenance and support of your Computer System and will include managed firewall, point of sale (“POS”) support, including CoreLife Eatery reporting system fee, above store reporting, inventory, scheduling, help desk support and hardware maintenance.</del>
Hosted Solutions Services Fees	Currently \$130 per month, plus up to an additional \$305 per month (not currently charged)	Monthly	You will pay us a fee of \$130 per month to provide hosting services through our loyalty vendor. Upon 30 days’ notice, we reserve the right to impose additional fees up to \$305 for hosted solutions we are currently paying to third-party vendors.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Technology Fee	Not currently charged. We may charge up to \$62.50 per week	Same as Continuing Royalty	If charged, you will pay the Technology Fee directly to us, beginning the month you begin operations. This fee may cover technology services provided by us for the smooth operation of the System including email services, access to a franchisee intranet, website hosting, access to cloud-based data storage and communication systems. We reserve the right to license, sublicense, and create software and technology that CoreLife Eatery franchisees must pay for and use.
Registration for Annual Convention	Between \$250 and \$500 per attendee	Payable 30 days after written notice to you unless otherwise specified by us in writing	We may charge a per person attendance fee for our annual convention at which attendance is mandatory by you, or your Operating Principal (defined in Item 15) or other principal acceptable to us. This fee will be charged even if you do not attend the annual convention.
Transfer Fee <sup>(4)</sup>	50% of our then-current initial franchise fee per CoreLife Eatery	\$1,000 non-refundable deposit at the time of transfer application submittal and the remaining balance of fee at time of approved transfer	Payable in connection with a transfer of your Franchise or any "Assignment" as defined in the Franchise Agreement. Unless we approve otherwise, in our sole discretion, you will not be able to transfer single CoreLife Eateries as explained in Note 4 below. If we are not offering Franchises at the time of your requested transfer, the transfer fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document.
Transfer to Entity	Our actual costs	On demand	If you are transferring the Franchise Agreement to an entity that you control, you will not be required to pay a transfer fee but you must pay our actual costs to review and approve the transfer.
Securities Offering Fee	The greater of a: (a) non-refundable fee equal to 50% of our then-current initial franchise fee; or (b) our reasonable costs and expenses associated with reviewing the proposed offering	Due when you ask us to review a proposed securities offering	If you plan to offer securities by private offering, you must obtain our approval. You must submit all documents we reasonably request and pay this fee. Single unit franchise owners will not have the right to make securities offerings. If we are not offering Franchises at the time of your proposed securities offering, the fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document.
Renewal Fee	50% of our then-current initial franchise fee	Upon signing a successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Relocation Fee	50% of our then-current initial franchise fee	Upon our approval of the new location	Payable if we permit you to relocate your CoreLife Eatery. If we are not offering Franchises at the time of your relocation, the relocation fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document.
Late Fee	\$100 per occurrence, plus lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law (“Interest”)	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Audit Expenses	Cost of audit and inspection, any understated amounts plus Interest, and any related accounting and legal expenses	On demand	You will pay this if an audit reveals that you understated your weekly Net Sales by more than 2%.
Non-Sufficient Funds Fee	Lesser of \$100 per occurrence or the highest amount allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Site Review and Evaluation Fee	Actual costs	As incurred	We typically review up to three sites for each CoreLife Eatery at no charge. We may charge you this fee, in our sole discretion, if you are required to submit more than three sites.
Management Fee	<u>Our then-current fee (currently, \$500 per day, plus expenses)</u>	As incurred	Payable if we or our designee manages the CoreLife Eatery because you are in breach of the Franchise Agreement, the CoreLife Eatery’s operation is in jeopardy, in order to remedy operational issues, you abandon the CoreLife Eatery or upon your or your Designated Manager’s death, disability, absence or termination.
Rescheduling Expenses	Actual costs	As incurred	You must reimburse us for costs and expenses incurred if pre-opening training and review is delayed or accelerated by more than two days due to your request.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500 per item)	As incurred	We may charge a fee if we inspect a new product, service or proposed supplier nominated by you.
Food Safety and Operational Audit Penalty	\$300 per occurrence	On demand	This fee will be due if you do not pass any food safety or operational audit that we, our designee, applicable restaurant association, or public health and safety agency conduct for your CoreLife Eatery.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Legal Costs and Professional Fees	Will vary under circumstances	As incurred	You will reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Franchise.
Customer Issue Resolution	Varies; reasonable costs we incur for responding to a customer complaint, which will typically be between \$20 and \$100, plus a 10% administrative fee	On demand	Payable if a customer of the CoreLife Eatery contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Liquidated Damages <sup>(5)</sup>	Will vary under the circumstances but will not be less than \$30,000	Within 15 days after termination of the Franchise Agreement	Due upon termination of the franchise agreement.
Extension Fee	\$5,000	Upon our approval of an extension	If you request an extension of your development obligation under the Area Development Agreement and we approve of the extension, we can charge you an extension fee.
Broker Fee	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your CoreLife Eatery to a third party or purchaser, you must reimburse all of our costs for commissions, finder's fees and similar charges.

Notes:

1. Fees. All fees paid to us or our affiliates are uniformly imposed and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization form (in the form attached to this Franchise Disclosure Document in Exhibit H). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document and may change under future franchise agreements. Certain fees that we have indicated may increase over the term of the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will

notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

2. “Net Sales” means the total of all revenues received or receivable by you as payment, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all food, beverages, goods, merchandise, services or products sold in or from your CoreLife Eatery, including from catering, or which are promoted or sold under any of our trademarks whether or not we offer such services or products in our other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by you (including your affiliate(s)) from the Premises; (b) sales of authorized “CoreLife Eatery” products; (c) the proceeds of any business interruption insurance; and (d) sales from vending devices including pay telephones. Net Sales excludes: (i) sales taxes, value added or other tax, excise or duty charged to customers, based on sales at or from your CoreLife Eatery; (ii) tips, gratuities or service charges paid directly by customers to your employees or paid to you and promptly turned over to your employees in lieu of direct tips or gratuities; (iii) the value of any Franchisor approved discounts, coupons and employee meals for which Franchisee did not receive revenue; (iv) customer refunds; (v) proceeds from isolated sales of equipment and trade fixtures which are not part of your products and services offered for resale at your CoreLife Eatery nor having any material effect upon the ongoing operation of your CoreLife Eatery; and (vi) revenues received on account of sales of prepaid gift cards and certificates; provided, however, that revenues received on redemption of such prepaid gift cards and certificates shall be included as part of Net Sales.
3. Additional Training or Assistance Fees. If you request, or we require, additional or ongoing training, you must pay us our then-current fee. You will also need to pay for the cost of travel, lodging, and other personal expenses for each person attending the initial and recurring training programs.
4. Transfer Fee. Because our primary focus is to work with Area Developers that own multiple CoreLife Eateries, we place a restriction on the number of CoreLife Eateries that you are able to transfer to preserve this model. If you own (directly or indirectly through affiliates) three or less CoreLife Eateries, any Assignment must include the rights for all CoreLife Eateries and if you own more than three CoreLife Eateries, any Assignment must include at least 50% of the rights for the CoreLife Eateries.
5. Liquidated Damages. Liquidated damages are determined by multiplying the combined monthly average of Continuing Royalties and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open CoreLife Eatery through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000.



**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

Single CoreLife Eatery

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$35,000	\$35,000	Lump Sum	When you sign your Franchise Agreement	Us
Architect/ Engineer and Architectural Design Review Fee <sup>(2)</sup>	\$12,500	\$16,000	As incurred	As invoiced	Us and Approved Suppliers
Project Coordinator	\$0	\$2,000	As incurred	As invoiced	Approved Suppliers
Permits and Licensing <sup>(3)</sup>	\$1,000	\$6,000	As incurred	As invoiced	Approved Suppliers and Government Agencies
Leasehold Improvements <sup>(4)</sup>	\$310,000	\$390,000	As incurred	As invoiced	Approved Suppliers
Equipment	<del>\$180</del> 195,000	<del>\$200</del> 205,000	As incurred	As invoiced	Approved Suppliers
Furniture and Fixtures	<del>\$85</del> 90,000	<del>\$110</del> 115,000	As incurred	As invoiced	Approved Suppliers
Small wares	<del>\$17</del> 20,000	<del>\$20</del> 23,000	As incurred	As invoiced	Approved Suppliers
Signage and Graphics	<del>\$20</del> 23,000	<del>\$40</del> 43,000	As incurred	As invoiced	Approved Suppliers
Computer Equipment & Information / POS Systems <sup>(5)</sup>	<del>\$11</del> 14,000	<del>\$15,300</del> 19,000	As incurred	As invoiced	Approved Suppliers
Uniforms	\$3,000	\$4,000	As incurred	As invoiced	Approved Suppliers
Initial Inventory and Supplies	\$12,000	\$18,000	As incurred	As invoiced	Approved Suppliers
Pre-Opening Advertising <sup>(6)</sup>	\$28,000	\$28,000	As incurred	As invoiced	Us
Grand Opening Food Giveaway	\$3,000	\$5,000	As incurred	As incurred	Approved Suppliers
Insurance Deposits <sup>(7)</sup>	\$1,500	\$5,000	As incurred	As invoiced	Insurance Carrier
First Month's Rent / Security Deposit <sup>(8)</sup>	\$0	\$30,000	As incurred	As invoiced	Landlord
Initial Training <sup>(9)</sup>	\$15,000	\$25,000	As incurred	As invoiced	Approved Suppliers
Miscellaneous Opening Costs	\$500	\$10,000	As incurred	As invoiced	Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Professional Fees <sup>(10)</sup>	\$1,000	\$5,000	As incurred	As incurred	Your Financial And Legal Advisors
Additional Funds <sup>(11)</sup> – 3 Months	\$25,000	\$60,000	As incurred	As invoiced	Suppliers and Employees
Total for Single Unit CoreLife Eatery <sup>(12)</sup>	\$760,789,500	\$1,024,300,044,000			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing your CoreLife Eatery Franchise. We estimate you will incur these same costs in establishing a single franchise at a non-traditional location. We do not offer direct or indirect financing for these items. All fees and expenses payable to us, our affiliates and third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. The Initial Franchise Fee for one CoreLife Eatery is \$35,000. For qualified franchisees that have a certified training CoreLife Eatery open for their 6<sup>th</sup> and additional CoreLife Eateries, the Initial Franchise Fee will be \$30,000.
2. Architect/Engineer and Architectural Design Review Fee. You must retain one of our designated architects to create your preliminary CoreLife Eatery plan at your cost. You may choose to retain one of our designated architects or another architect we approve, to prepare your construction documents. Upon completion of your construction documents, if you choose not to use our designated architects, we will require you to employ our designated architect to review and approve the construction documents and pay us the Architectural Design Review Fee of \$1,000. We will also have a designer review the construction documents and provide input on the placement of trade dress elements, general CoreLife Eatery layout and other input as deemed appropriate at no charge to you. This estimate includes the range for an architect from \$12,500 to \$15,000 and the range for the Architectural Design Review Fee from \$0 to \$1,000. The low end assumes you use one of our designated architects for your construction document and do not have to pay our Architectural Design Review Fee. The high end assumes you do not use one of our designated architects for your construction plans and do incur the Architectural Design Review Fee.
3. Permits and Licenses~~Licensing.~~ You may need to obtain construction permits and business licenses from the local government agencies to operate your CoreLife Eatery.
4. Leasehold Improvements. The cost of improvements will vary depending on a number of factors, including: (i) size and condition of the space; (ii) pre-construction costs; and (iii) cost of materials and labor. This estimate does not include any construction allowances or tenant improvement credits that may be offered by your landlord. The CoreLife Eateries will most likely be located in retail strip malls, dense urban areas, regional shopping centers and entertainment and travel centers.



5. Computer Equipment & Information / POS Systems. This estimate includes the computer equipment, POS equipment, software and installation and hosting services for your CoreLife Eatery.
6. Pre-opening Advertising. You must pay us \$28,000 to conduct a pre-opening advertising program on your behalf that we design and execute. This amount includes social marketing campaigns, the services of our designated public relations professional and miscellaneous advertising collateral. You are permitted to spend more on your pre-opening advertising; however, it is not required and you will pay any additional amounts to suppliers. You must make the payment of \$28,000 for your pre-opening advertising to us at least 60 days prior to the date that your Eatery opens. We will then pay invoices for these services directly to the vendors up to the amount that you pay us for the pre-opening advertising. This estimate assumes you conduct our required standard pre-opening advertising program and do not conduct additional advertising.
7. Insurance Deposits. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations.
8. ~~Lease-8.~~ First Month's Rent / Security Deposit. The cost of acquiring or leasing a location for your CoreLife Eatery will vary significantly depending upon the market in which the proposed site is located. CoreLife Eateries typically range in size from approximately 2,700 to 3,200 square feet. Local market conditions, changes in the economy and inflation will all contribute to your real property costs. The location of the real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary, but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the CoreLife Eatery or they may require that the Lessee reimburse the Lessor for its proportionate share of these payments (plus interest) made on behalf of the lessee and pay minimum monthly rent or percentage of rent. You must get our approval of your proposed lease before signing it. If you purchase instead of lease the premises for your CoreLife Eatery, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.
9. Initial Training. We provide training at our training center in Vestal, New York or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no tuition charge for up to four people, one of which must be a principal owner, so long as they attend Initial Training Program at the same time. The initial training program lasts approximately three weeks. If you sign an Area Development Agreement, once you have a certified training location (required before your 6<sup>th</sup> CoreLife Eatery opens), we will not provide the initial training program and you will conduct your own training program. You will pay the full initial franchise fee rather than the \$30,000 discounted initial franchise fee under the following circumstance: (1) you do not have a certified training location operational; or (2) we determine that your training is inadequate and we are required to provide initial training; or (3) you request that we provide the initial training program.
10. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering and to assist you in setting up your CoreLife Eatery. Rates for professionals can vary significantly based on area and experience.
11. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your CoreLife Eatery. They include payroll,

administrative, janitorial, maintenance, utilities, and other items. These figures do not include standard pre-opening expenses, Continuing Royalties, or Brand Fund Contributions payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your CoreLife Eatery opens for business. We relied on our franchising experience, the experience of our parent and its subsidiaries' operation of similar businesses, to formulate these estimates. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your CoreLife Eatery. ~~Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your CoreLife Eatery.~~

12. This is an estimate of your initial start-up expenses for one CoreLife Eatery. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your CoreLife Franchise. ~~You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.~~

Area Developer CoreLife Eateries

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Development Fee <sup>(1)</sup>	\$70,000	\$367,500	Lump Sum	When you sign your Area Development Agreement	Us
Total for Single Unit CoreLife Eatery <sup>(*)</sup>	\$725,754,500	\$989,300,000			
Total for Area Development Business Operating Three Outlets <sup>(2)</sup>	\$2,246,333,500	\$3,037,900,000			
Total for Area Development Business Operating Twenty Outlets <sup>(2)</sup>	\$14,877,154,500	\$20,153,547,500			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in your Area Development Franchise. We do not offer direct or indirect financing for these items. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Franchises may be greater or less than the estimates given depending upon the location of your Franchises, and current relevant market conditions. ~~Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business~~



operations.—All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

\* Single Unit CoreLife Eatery. Please see the previous chart and notes for information on these estimates for the establishment of a CoreLife Eatery. The Initial Franchise Fee amounts have been deducted from the Totals for a Single Unit CoreLife Eatery as the Development Fees replace the Initial Franchise Fees.

1. Development Fee. If you sign an Area Development Agreement to develop a mutually agreed number of CoreLife Eateries, you will pay a Development Fee equal to the Initial Franchise Fee for your first Franchise Agreement (\$35,000) plus \$17,500 multiplied by the number of CoreLife Eateries (excluding the first CoreLife Eatery) to be developed under the Area Development Agreement. Because the Initial Franchise Fee for your first CoreLife Eatery is included in the Development Fee, you will not pay a separate Initial Franchise Fee when you sign your first Franchise Agreement.

The low-end estimate is for an Area Development Agreement for three CoreLife Eateries and the high-end estimate is for 20 CoreLife Eateries. See Item 5 for additional information about the Development Fee and the Initial Franchise Fee.

2. This is an estimate of your initial start-up expenses for an Area Development Franchise including the costs of opening your first CoreLife Eatery. This total does not include the Initial Franchise Fee listed in the chart because the initial franchise fee for the first location is included in the Area Development Fee. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your CoreLife Area Development Franchise or first CoreLife Eatery. ~~You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.~~

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your CoreLife Eatery according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the CoreLife Eatery Franchise under our specifications, which may include purchasing these items from: (i) our designees, (ii) approved suppliers, and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our marks or the system.

Our CoreLife “Manager Tools Binder” (“Manual”) states our specifications, standards, and guidelines for all products and services we require you to obtain in establishing and operating your CoreLife Eatery Franchise and approved vendors for these products and services. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Manual or otherwise in writing.



We utilize proprietary food products and recipes (“Proprietary Products”) and may continue to develop and own proprietary recipes. In order to protect their trade secrets and to monitor the manufacture, packaging, processing, and sale of Proprietary Products, we or our affiliates may: (i) manufacture, supply, and sell Proprietary Products to CoreLife Eatery Franchisees; and/or (ii) disclose the formula for methods and preparation of the Proprietary Products to a limited number of suppliers, including one or more of our affiliates, who we authorize to manufacture these Proprietary Products to our precise specifications and sell these products to CoreLife Eatery Franchisees. You must purchase the Proprietary Products we or our affiliates develop from time to time for proprietary recipes or formulas and purchase them only from us or a third party who we have licensed to prepare and sell the products. Certain products such as plates, cups, boxes, and containers bearing the trademarks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our trademarks.

We may designate certain non-proprietary products, such as condiments, merchandise, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use and/or offer and sell at your CoreLife Eatery (“Non-Proprietary Products”). You may use, offer or sell only those Non-Proprietary Products that we expressly authorize.

You must at all times maintain an inventory of approved food products, beverages, ingredients and other products sufficient in quantity and variety to realize the full potential of your CoreLife Eatery. You must use the menus and menu boards that we designate and serve meals and products in the manner we designate.

Your CoreLife Eatery must be constructed, equipped and improved in compliance with our approved current design criteria. You must use our designated architect for your preliminary CoreLife Eatery Plan. You may employ either our designated architect or any architects and general contractors you desire for your construction documents, so long as they meet our approval; however, all plans and modifications to the CoreLife Eatery Premises must be submitted to us for our review and acceptance before you start construction. If you do not use our designated architects for your preliminary CoreLife Eatery plan, you must hire them for construction document review. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your CoreLife Eatery Franchise. You must obtain the computer hardware, software, systems, maintenance and support services, and other related services that meet our specifications from the suppliers we specify. You must use our designated merchant services provider for debit and credit cards. You must use our designated supplier for installation, support and hosting of the computer system and software. You must use our designated supplier for our CoreLife Eatery reporting system and pay the then-current fee charged by the supplier.

You must obtain and maintain the insurance coverage required under the Franchise Agreement and/or Manual. The current insurance coverage you must obtain includes: (a) commercial general and product liability insurance including contractual liability in an aggregate amount of not less than \$2,000,000; (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, with full replacement cost limits which are sufficient to satisfy any co-insurance clause contained in the policy for the Franchised Eatery and its contents of not less than \$1,000,000 per occurrence; (c) commercial auto liability insurance, including bodily injury and property damage coverage for all owned, borrowed, hired and non-owned autos of not less than \$1,000,000; (d) statutory workers’ compensation; (e) employer’s liability insurance on not less than \$1,000,000; (f)



disability benefits type insurance as may be required by statute or rule of the state in which your CoreLife Eatery is located; (g) commercial umbrella liability insurance of not less than \$5,000,000 per occurrence if you and/or your affiliates collectively operate up to ten CoreLife Eateries, not less than \$10,000,000 per occurrence if you and/or your affiliates collectively operate between 11 and 24 CoreLife Eateries, and not less than \$15,000,000 per occurrence if you and/or your affiliates collectively operate 25 or more CoreLife Eateries; and (h) such other insurance policies, such as business interruption insurance and unemployment insurance, as we determine from time to time. We reserve the right to require other insurance and endorsements and to add, modify or further define required insurance coverages in the Manuals. All insurance policies must: (i) be written by insurance companies authorized to conduct business in the state in which your CoreLife Eatery is located, and rated "A-" or better by A.M. Best and Company, Inc.; (ii) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as described above or that we prescribe from time to time in the Manuals; (iii) name us and our Affiliates as Additional Insureds except on your employment liability policy; (iv) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of such policy; (v) include a waiver of subrogation; and (vi) include such other provisions as we may require from time to time. Your insurance must apply on a primary and non-contributory basis.

We will provide you with a list of our designated and approved suppliers in our Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must notify us and submit to us the information, specifications, and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service, or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to CoreLife Eatery Franchises to ensure timely deliveries of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products and we reserve the right to revoke our approval of any supplier, product, or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. You may not contract with alternative suppliers who meet our criteria without our prior approval. We do not provide material benefits to you based solely on your use of designated or approved sources. After your CoreLife Eatery is open, you will purchase from us menu boards, panini presses and blenders, which we obtain from our designated vendors. Other than this, neither we nor any of our affiliates are currently an approved supplier of any goods or services provided to franchisees. Our affiliates did not derive any revenue from required purchases or leases made by franchisees during our most recent fiscal year, ended December ~~25, 2021~~ 24, 2022. Some of our officers have an interest in us and one of our officers has an ownership interest in one of our approved vendors that provides installation services for certain equipment, furniture and interior graphics.

We estimate that approximately 85% of purchases required to open your CoreLife Eatery and 55% of purchases required to operate your CoreLife Eatery will be from us or from other approved suppliers and under our specifications.

We may receive rebates, credits and marketing allowances based on volume purchases by us, our affiliates and franchisees. If we do, it is our intention these funds will either: (i) be distributed to you, other franchisees and us and our affiliates directly from the supplier pro rata in proportion to your purchases or sales volumes compared to other franchisees and us and our affiliates; or (ii) be contributed to the Brand Fund and distributed to you, other franchisees and us and our affiliates pro rata in proportion to your purchases or sales volumes compared to other franchisees and us and our affiliates. Any

distributions from the Brand Fund will be net of the actual and reasonable costs and expenses incurred to administer, collect, calculate and distribute the rebates, credits and marketing allowances. Any contribution of rebates or credits to the Brand Fund will not reduce your obligation to pay the Brand Fund Contribution. Except for our pro rata share of rebates, credits or marketing allowances based on our own purchases, we will not derive revenue or other material consideration based on your purchases of products, merchandise and services from unaffiliated suppliers. We are able to receive a discount based on bulk purchases of menu boards and panini presses, which is passed on to franchisees.

We have also entered into supplier agreements with our point-of-sale supplier, our online ordering provider, our loyalty provider, and our online catering provider. We have distribution agreements with local produce and beverage suppliers, and have also entered into purchase agreements for many of our proprietary food and paper supplies to help manage costs effectively throughout the year. Otherwise, we have not negotiated purchase agreements with suppliers or established purchasing or distribution cooperatives and we do not at this time receive rebates, credits or marketing allowances on these agreements.

We derived ~~\$23,825~~12,736 in revenue from required purchases or leases made by franchisees during our most recent fiscal year, ended December ~~25, 24, 2023~~2022, which represents 1.6% of our total revenue of ~~\$1,475,771~~283,217. This amount was collected for ~~panini presses~~blenders and the entire amount was a pass-through expense.

## ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Article In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Articles 5.1, 5.2 and 5.3 of Franchise Agreement; Article 6.1 of Area Development Agreement	Items 8 & 11
b. Pre-opening purchases/leases	Article 5.3 of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Article 5.4 of Franchise Agreement; Article 6.1 of Area Development Agreement	Items 7 & 11
d. Initial and ongoing training	Article 6 of Franchise Agreement	Item 11
e. Opening	Article 5.4.8 of Franchise Agreement	None
f. Fees	Articles 3, 4, 5, 6, 9, 10 and 13 of Franchise Agreement; Articles 5 and 7 of Area Development Agreement	Items 5 & 6
g. Compliance with standards and policies/ Manual	Article 7 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Article 11 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Articles 7.6, 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 16



Obligation	Article In Agreement	Disclosure Document Item
j. Warranty and customer service requirements	Articles 7, 9.7 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Article 2 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Article 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Article 5.5 of Franchise Agreement	Item 11
n. Insurance	Article 16 of Franchise Agreement	Items 6 & 8
o. Advertising	Article 8 of Franchise Agreement	Items 6 & 11
p. Indemnification	Articles 5.1.4, 7.2.3, 13.2.4, 13.3.4, 17.1 and 17.2 of Franchise Agreement; Articles 7.3, 11.1 and 11.2 of Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Article 7.2 of Franchise Agreement	Items 11& 15
r. Records/reports	Articles 10.1 and 10.4 of Franchise Agreement	Item 6
s. Inspections/audits	Articles 10.2 and 10.3 of Franchise Agreement	Items 6 & 11
t. Transfer	Articles 13.2, 13.3 and 13.4 of Franchise Agreement; Article 7.3 of Area Development Agreement	Item 17
u. Renewal	Articles 3.2, 3.3 and 3.4 of Franchise Agreement; Article 4.2 of Area Development Agreement	Item 17
v. Post-termination obligations	Article 15 of Franchise Agreement; Article 4.2 of Area Development Agreement	Item 17
w. Non-competition covenants	Article 12.1 of Franchise Agreement; Articles 8.1 and 8.2 of Area Development Agreement	Item 17
x. Dispute resolution	Article 18 of Franchise Agreement; Article 10 of Area Development Agreement	Item 17

**ITEM 10  
FINANCING**

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

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

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

### Pre-Opening Obligations

Before you open your CoreLife Eatery, we (or our designee) will provide the following assistance and services to you:

1. Manual. Provide you with access to the Manual. Because the Manual is exclusively available in digital format, we are unable to determine the exact number of pages, however, upon conversion, the document was approximately 200 pages. The table of contents for the Manual is attached to this Franchise Disclosure Document as Exhibit G (Franchise Agreement, Article 7.4).

2. Site Selection Assistance. You are solely responsible for selecting the Premises of your CoreLife Eatery, which will be subject to our review and acceptance. We do not locate sites for you. We do not generally own property and lease it to our franchisees (Franchise Agreement, Article 5.2).

3. Site Review. We must accept the site before you enter into a lease. If you are an Area Developer you must sign your first Franchise Agreement for the first CoreLife Eatery at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first CoreLife Eatery under an Area Development Agreement is the same as for a single CoreLife Eatery. For CoreLife Eatery openings other than your first CoreLife Eatery under an Area Development Agreement, you must sign the Franchise Agreement upon the earlier of the acceptance of the site of the CoreLife Eatery or 180 days before your development obligation date. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics. Before leasing or purchasing the site for your CoreLife Eatery, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site. Other factors we may consider in selecting or accepting sites include the architectural features of buildings, visibility, parking, co-tenants, patio availability and traffic drivers. If we do not accept your proposed site within 14 days after your submission (or 14 days after you provide any supplemental information we request), the site will be deemed rejected (Franchise Agreement, Article 5.1.1). If you do not locate a site which is acceptable to us within 90 days of signing the Franchise Agreement or find acceptable sites and open the CoreLife Eateries by the deadlines in your Development Schedule, we may terminate the agreements. The site selection and approval process for each CoreLife Eatery you open under your Area Development Agreement is the same as that for a single CoreLife Eatery and will be governed by the Franchise Agreement signed for that location.

4. Lease Review. Review your lease agreement for the CoreLife Eatery to ensure that its terms contain our required provisions and otherwise meet our minimum standards. If we accept the proposed lease, we will notify you of our acceptance of the lease. Your lease must address certain issues, including a (a) not obligating us in any manner, (b) no terms inconsistent with your Franchise Agreement, (c) no non-competition covenant which restricts us; (d) granting us rights to assume your rights to the premises of the CoreLife Eatery upon termination or non-renewal under the lease; (e) prohibiting competing CoreLife Eateries in the same center; (f) construction in accordance with our standards and (g) premises de-identification upon expiration or termination. We may also require you to enter into a Lease Addendum and/or Collateral Assignment of Lease in a form attached as Exhibit H to this Franchise Disclosure Document.



5. Territory. Once you have an accepted site for your CoreLife Eatery, we will designate a territory. If you sign an Area Development Agreement, we will designate the Development Area before you sign the Area Development Agreement.

6. Site Design Assistance. We will provide a copy of our basic specifications for the design and layout of the premises of your CoreLife Eatery. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of your CoreLife Eatery. You are responsible for conforming the premises to local ordinances and building codes and obtaining any required permits. You are responsible for the costs of construction and remodeling. We do not assist you in conforming the premises to local ordinance and building codes nor do we assist you in obtaining any required permits. We do not assist you in remodeling or decorating your CoreLife Eatery. (Franchise Agreement, Article 5.4.).

7. Equipment and Supplies. We will provide a list of approved vendors and specifications for equipment and other supplies for your CoreLife Eatery. We provide assistance in reviewing quotes if necessary. You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Manual or otherwise in writing. You are required to use our approved vendor to install certain equipment, furniture, and interior graphics.

8. Training. We provide an initial training program described below (Franchise Agreement, Articles 6.1 and 6.2).

#### *Schedule for Opening*

We estimate the typical length of time between signing a Franchise Agreement and opening a CoreLife Eatery is between nine and 12 months. Some factors, which may affect this timing, are your ability to acquire a location through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory, and the time to convert, renovate or build out your CoreLife Eatery. You are required to open your CoreLife Eatery no later than the first anniversary of when you sign the Franchise Agreement.

#### Continuing Obligations

During the operation of your CoreLife Eatery, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards and procedures for the operation of your Franchise (Franchise Agreement, Article 7.4).

2. Upon your reasonable request, provide advice regarding your CoreLife Eatery's operation based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods in our discretion (Franchise Agreement, Article 10.1).

3. Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with advertising (Franchise Agreement, Article 8.1).



4. Subject to our capacity and scheduling requirements, offer certification programs to you or your employees. There may be additional fees for certifications as discussed in Item 6.

5. Provide additional training to you for newly hired personnel regarding the CoreLife brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. You may have to pay additional fees for this training or assistance.

6. Allow you to continue to use confidential materials, including the Manual and the Marks.

#### Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques.

2. Make periodic visits to the CoreLife Eatery for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (Franchise Agreement, Article 8).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting CoreLife Eatery Franchisees.

5. Resolve customer complaints that are made about your CoreLife Eatery in which case you will reimburse us for any costs that we incur plus an administrative fee of 10%.

6. Reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

#### Advertising (Franchise Agreement, Article 8)

##### *Brand Fund*

We have established a Brand Fund for marketing, developing and promoting the System, the Marks and CoreLife Eatery Franchises. We require you to pay a Brand Fund Contribution of up to 3.5% of your weekly Net Sales to our Brand Fund (we currently collect only 2% of your weekly Net Sales) (see Item 6). We or our affiliates will direct all creative programs and control the creative concepts, materials and media used, media placement and allocation. We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the CoreLife Eatery brand. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We assume no fiduciary



duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund.

The Brand Fund may be used for all costs of administering, directing, preparing, placing and paying for national, regional or local advertising to promote and enhance the image, identify or patronage of CoreLife Eateries owned by us and by franchisees. We may reimburse ourselves for the administration of the Brand Fund not to exceed 20% of required contributions. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund. The Brand Fund will be in a separate bank account, commercial account or savings account. The Brand Fund is not audited. We will provide an annual accounting when available for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request.

During our last fiscal year, ended December ~~25, 24, 2023~~2022, the Brand Fund expenditures were ~~33.75~~38.09% for Production, ~~65.33~~61.62% for Media Placement, and ~~0.92~~29% for Administration.

Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

\_\_\_\_ Although we do not intend to do so, we may dissolve the Brand Fund at any point. If we decide to dissolve the Brand Fund, we will either spend or distribute pro rata any remaining funds before dissolution.

\_\_\_\_ Each franchisee must contribute to the Brand Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement or where their CoreLife Eatery is located (such as non-traditional locations). Company-owned outlets will contribute to the Brand Fund on the same basis as franchisees.

### *Local Advertising*

In addition to the Brand Fund Contributions, you must spend an average of 0.5% of your Net Sales on local advertising each calendar quarter (“Local Advertising Requirement”) on the sponsorship of local active lifestyle events, which may also include offsetting the salary of a local brand ambassador. You will participate in such rebates, giveaways, gift card/certificate programs and other promotions in accordance with our advertising programs. You will not issue coupons, discounts or gift cards/certificates except as approved by us. We will design and execute a pre-opening advertising program which presently includes public relations outreach to local media, specific pre-opening social media paid posts, 30 second radio spots and local clipper (or similar) print ads, and providing the public, by special invitation, with free food for up to three days around the time of your CoreLife Eatery’s opening (see Item 5 for more information on this). Other than the Local Advertising Requirement, Brand Fund Contributions and your pre-opening advertising, you are not required to conduct any local advertising programs or to spend any specific amount on advertising in your area or territory. You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 15 days, the proposed advertising will be deemed disapproved (Franchise Agreement, Article 8.1). You are not obligated to participate in any local or regional advertising cooperative.



We have established a website for CoreLife Eateries (“System Website”). If you wish to advertise online, you must follow our online policy which is contained in our Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

~~You are not obligated to participate in any local or regional advertising cooperative.~~

#### *Advertising Council*

There is no advertising council composed of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

#### Computer System (Franchise Agreement, Article 7.3)

You are required to purchase a computer and point-of sale system including hardware, software and services (collectively the “Computer System”). The Computer System includes: (a) a desktop and laptop computer purchased from our approved supplier; (b) the approved POS system, which shall include two POS terminals, two cash drawers, two receipt printers and two online ordering printers; (c) all required software consisting of POS, gift card and credit card processing, online ordering, accounting, and general office software; and (d) an installation and service package, an annual 24/7 help desk support package, an annual hardware maintenance package, and various hosted solutions required by our merchant services provider. The Computer System will manage the daily workflow of the CoreLife Eatery; coordinate the customer ordering experience and other information for your CoreLife Eatery. You must record all sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Net Sales of your CoreLife Eatery Franchise. You must also maintain a business class Internet connection at the CoreLife Eatery. Business class Internet consists of a service with a service level agreement of minimal speed guarantee, uptime, and static IP, which guarantees service when needed. You must use any payment vendors and accept all credit cards and debit cards that we determine.

We estimate the cost of purchasing the Computer System will be between ~~\$114,000~~ and ~~\$15,300~~\$19,000. In addition to offering and accepting CoreLife gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System. You must arrange for installation, maintenance and support of the Computer System at your cost. You must purchase maintenance contracts from our approved supplier including managed firewall, above store reporting, inventory, scheduling, help desk support, and hardware maintenance for approximately \$580-\$740 per month depending on the level of support for your Computer System that you elect to purchase. You will pay us a fee of \$130 per month to provide hosting services through our loyalty vendor. We reserve the right to require you to pay our designated suppliers additional ongoing fees of up to \$305 per month for hosted solutions including online ordering, training, catering and gift cards, upon 30 days’ notice. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance repairs or upgrades relating to the Computer System. The annual costs of maintaining, updating or upgrading the Computer System and its components will range between \$6,960 and \$8,880, but this could vary. We may revise our specifications for the Computer System periodically and you must comply with



such revisions. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee) have the right to independently access the electronic information and data generated from the Computer System and you must ensure that we have access at all times. There are no limitations on our right to access the information.

## Training

### *Initial Training*

We provide an initial training program that lasts approximately 150 hours and is conducted over a period of approximately three weeks (“Initial Training Program”). The Initial Training Program will occur at a minimum of one month before you open. The Initial Training Program is conducted either at our training facility in Vestal, New York, at a CoreLife Eatery operated by a franchisee or our affiliate, or at another location we designate. In addition, we will provide an on-site assistance program (“On-Site Assistance Program”) for up to two weeks immediately prior to and during your initial days of operation of your CoreLife Eatery. The On-Site Assistance Program is conducted at your Premises.

Before you begin operating your CoreLife Eatery, your “Operating Principal,” your “Designated Manager,” (see Item 15 below) and two additional kitchen staff must attend and successfully complete our Initial Training Program and the On-Site Assistance Program to our satisfaction. If your Operating Principal and/or Designated Manager and/or kitchen staff fail(s) to successfully complete the Initial Training Program or On-Site Assistance Program to our satisfaction, we may require the failing attendee to attend additional training programs that we designate, at your sole expense, or we may require you to appoint a new Operating Principal and/or Designated Manager and to send that individual to the next available Initial Training Program, at your sole expense. If you replace your Operating Principal and/or Designated Manager, the replacement Operating Principal or Designated Manager must attend and successfully complete the first available Initial Training Program held by us (which may be conducted at another franchisee’s CoreLife Eatery). We currently do not have a set training schedule, but will conduct training sessions on an as-needed basis. You will be charged a training fee for each replacement Operating Principal and/or Designated Manager, and will be responsible for all costs for airfare, ground transportation, lodging, meals, and expenses. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the CoreLife Eatery. We do not provide you with any assistance in hiring employees or training them.

There is no tuition or fee for the Initial Training Program for up to four attendees, so long as all attendees attend Initial Training Program at the same time. There is no tuition or fee for the initial On-Site Assistance Program. If you desire to have additional people attend the Initial Training Program, you will be charged \$600 per day plus expenses. We do not pay any travel expenses, lodging, meals, ground transportation, or other personal expenses for any person attending the Initial Training Program.

If you sign an Area Development Agreement, we may require you to open a certified training CoreLife Eatery to conduct the Initial Training Program for the employees of your 6<sup>th</sup> and all subsequent Eateries. We are not required to provide the Initial Training Program or On-Site Assistance after you open your 5<sup>th</sup> CoreLife Eatery. If we elect to provide the Initial Training Program for your 6<sup>th</sup> or later Eatery, you will not be entitled to the discounted initial franchise fee of \$30,000 and we will charge you the full franchise fee of \$35,000.

We plan to provide the training listed in the table below.



## TRAINING PROGRAM

### Initial Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction, Culture, Equipment, Safety	8	2	Vestal, New York
Kitchen Training – BOH Prep, Grill, Dressings, Broth	3	36	Vestal, New York
FOH Line Training	3	18	Vestal, New York
Lead Kitchen Ingredient Ordering, Food Cost opportunities, Receiving, P&L, Training	3	11	Vestal, New York
Head Coach Training	3	26	Vestal, New York
Eatery Closing	0	6	Vestal, New York
Eatery Opening; Preparing Menu Items, Line Checks, Deployment	1	4	Vestal, New York
POS Training	1	9	Vestal, New York
Floor Control	0	12	Vestal, New York
Marketing; Administration; Exam	4	0	Vestal, New York
<b>Total</b>	<b>26</b>	<b>124</b>	<b>150</b>

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Manual as the primary instruction materials during the Initial Training Program, and recommend you read it thoroughly before attending the training.
2. Training is conducted by members of our headquarters and operations teams under the supervision of Robert Lewis, our Director of Operations, and ~~Lindsay Dalton~~ John Isham, Corporate Eatery Head Coach. Mr. Lewis has worked for us since 2016 and ~~Ms. Dalton~~ Mr. Isham was a former Corporate Trainer for ~~Panera Bread~~ TGI Fridays and joined our training team in 2018. Additional employees who have direct experience in areas of operation of a CoreLife Eatery (for example, opening, operations or systems management) will assist Mr. Lewis and ~~Ms. Dalton~~ Mr. Isham with the development and administration of the initial training program and new Eatery opening program.
3. Other instructors may include CoreLife Eatery store managers and/or assistant managers with a minimum of one year of experience in management.
4. Each of your managers and other employees we designate must also receive their food handlers' certification. This cost varies depending on where your CoreLife Eatery is located, but should be less than \$200 per person.



### *System Orientation Program*

If you sign an Area Development Agreement, you, your Operating Principal and your Designated Manager must attend, prior to opening your first CoreLife Eatery, our system orientation program at a time and place that we designate in addition to attending the Initial Training Program. You may be able to attend this program telephonically, however, if we require you to travel to our office or another location that we designate, you will be responsible for all of your (and your employee's) travel costs, meals and lodging.

### *Ongoing Training*

From time to time, we may require that you, Designated Managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Designated Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your CoreLife Eatery. If we conduct an inspection of your CoreLife Eatery and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your CoreLife Eatery Business). We have the right to charge you tuition or a training fee for any additional training that we provide and you will be responsible for all of your (or your employee's) travel costs, meals and lodging if you travel to a location that we designate and you will reimburse us for any such costs that we incur travelling to your CoreLife Eatery.

## **ITEM 12 TERRITORY**

### Franchise Agreement

You may operate the CoreLife Eatery only at the accepted location. The accepted location for your CoreLife Eatery will be listed in the Franchise Agreement. If you have not identified an accepted location for the CoreLife Eatery when you sign the Franchise Agreement, we will amend the Franchise Agreement after you select and we accept the accepted location. You are not guaranteed any specific accepted location and you may not be able to obtain your top choice as your accepted location. You may not conduct your business from any other location. You may not relocate the accepted location without our prior written approval. We may approve a request to relocate the CoreLife Eatery in accordance with the provisions of the Franchise Agreement that provide for the relocation of the CoreLife Eatery, and our then-current site selection policies and procedures. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics.

We may provide certain limited protected rights within a defined territory ("Territory"). If not, your rights will be limited to the specific street address of your CoreLife Eatery. If we grant you any rights, they will be described in Article 2.3 and Attachment A to your Franchise Agreement. Your Territory, if any, will be determined by us, in our sole discretion according to the below standards. If you receive protected rights, then, during the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, any Traditional CoreLife Eatery (defined below) in your Territory.

The standard Territory consists of a one-mile radius from the center of the Premises, unless your Premises is in an Urban Residential area (defined below) or a City Center area (defined below) or if the parties have agreed to a different Territory. An "Urban Residential area" is an area with a residential population greater than 50,000 people within a 2-mile radius of a site; a "City Center area" is an area



having daytime population of greater than 20,000 people within a ¼-mile radius of a site. If both of these types apply to a location, then the “City Center area” criteria will be used for the Territory.

In case of an “Urban Residential area,” we may, at our discretion, reduce the Territory to a ½-mile radius for areas with greater than 50,000 and less than 100,000 residential population within a 2-mile radius. When the residential population is greater than 100,000 people within a 2-mile radius, we may, at our discretion, reduce the Territory to a ¼-mile radius.

In case of a “City Center area,” we may, at our discretion, reduce the Territory to a 4-block polygon radius for areas with greater than 20,000 and less than 30,000 daytime population within a ¼-mile radius. When the daytime population is greater than 30,000 and less than 40,000 in a ¼-mile radius, the Territory may be reduced to a 3-block polygon radius. When the daytime population is greater than 40,000 and less than 50,000 in a ¼-mile radius, the Territory may be reduced to a 2-block polygon radius. Finally, when the daytime population is greater than 50,000 employees in a ¼-mile radius, we may, at our discretion, reduce the Territory to a 1-block polygon radius.

The population statistics used in determining your Territory will be based on numbers derived from the current Census report and supplemented with other information available and other population statistical sources of our choosing to determine populations. Your rights within the Territory are not dependent upon your achievement of a certain sales volume, market penetration or other contingency. After the Franchise Agreement has been executed, we may not alter the Territory without your consent.

A “Non-Traditional Venue” is a facility operated under the CoreLife Eatery trademarks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks, and all properties controlled by the amusement park, travel stations, hotels and motels, ships, ports, piers, casinos, stadiums, airports, theatres, big box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

A “Traditional CoreLife Eatery” is a business premises that exists primarily as an CoreLife Eatery, at other than a Non-Traditional Venue, however, a Traditional CoreLife Eatery may also have other types of Franchisor approved co-branded businesses located in it, but in which the CoreLife Eatery is the primary business.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. For example, marketing programs and customers may cross over territory boundaries.

We reserve all rights not expressly granted to you in the Franchise Agreement. For example, we may own, operate and authorize others to own or operate, and to franchise or license: (a) CoreLife Eateries at any location outside of your Territory, and regardless of proximity to your CoreLife Eatery; (b) restaurants or other businesses operating under names other than “CoreLife Eatery,” at any location, and of any type whatsoever, within or outside the Territory, without regard to the proximity to your CoreLife Eatery; (c) CoreLife Eateries at Non-Traditional Venues (described above) at any location within or outside your Territory and without regard to the proximity to your CoreLife Eatery; (d) a business or line of business to produce, license, distribute and market CoreLife or “CoreLife Eatery” brand named products, including prepackaged food items, dressings, and other food and beverage products, books, clothing, souvenirs and novelty items, at or through any location or outlet, including



grocery stores, and convenience stores, and through any Alternative Distribution Channel (defined below), at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising ,delivery, catering and other distribution methods, and to advertise and promote the System through any means, including the Internet; and (e) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory; and to use and license the use of technology to non-franchisees located inside and outside of the Territory. We do not pay you any compensation for soliciting or accepting orders within your Protected Area.

We may sell products under the “CoreLife Eatery” trademarks or any other trademarks, regardless of proximity to your CoreLife Eatery, through any method of distribution; including, sales through such channels of distribution as grocery stores, supermarkets, convenience stores, the Internet, delivery, catering, catalog sales, telemarketing, or other direct marketing sales (together, “Alternative Distribution Channels”). Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchisees.

You may solicit or accept business from customers located anywhere, but you may not use Alternative Distribution Channels to make sales and you will receive no compensation for our sales through Alternative Distribution Channels. We may, but are not required to, allow you to offer, sell or provide delivery services or catering services in the Territory including in contiguous areas we may from time to time expressly authorize in writing, only if and for so long as we may consent in writing, which may be granted or denied in our sole discretion and be subject to such terms and conditions as we may establish, which may include restrictions regarding the types of products and services you may offer and the geographic area in which you may provide such delivery and/or catering services. We currently allow franchisees to provide such services.

You are not prohibited from directly marketing to, soliciting customers or accepting orders from those customers whose principal residence is outside of your Protected Area. You may not engage in any promotional or similar activities, whether directly or indirectly, through or on the Internet or any other similar proprietary or common carrier electronic delivery system. Except for sales methods designated by us, you may not sell CoreLife Eatery Business product or service through any alternative channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing.

You do not receive the right to acquire additional CoreLife Eatery Franchises unless you purchase the right in an Area Development Agreement. Except as provided above, you are not given a right of first refusal on the sale of existing CoreLife Eatery Franchises.

#### Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of CoreLife Eateries at locations in a specified Development Area subject to our approval during your Development Schedule. The Development Area may be one or more zip codes, cities, counties, states or some other defined area. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a Traditional CoreLife Eatery in your Development Area; however, we reserve the right to own and operate or license or franchise others (which may include our affiliates) to own and operate: (a) a CoreLife Eatery at any location outside your defined Development Area and regardless of their proximity to any CoreLife Eatery



developed or under development or consideration by you; (b) restaurants, commissaries or other businesses operating under names other than “CoreLife,” at any location, and of any type whatsoever, within or outside the Development Area, without regard to the proximity to any CoreLife Eatery developed or under development or consideration by you in your Development Area; (c) a CoreLife Eatery at any Non-Traditional Venue at any location and regardless of its proximity to any CoreLife Eatery developed or under development or consideration by you, and of any type whatsoever, within or outside the Development Area, and regardless of its proximity to any CoreLife Eatery developed or under development or consideration by you. You may submit any Non-Traditional Venue in the Development Area for our approval and we reserve the right to approve the Non-Traditional Venue for development of a CoreLife Eatery in our sole discretion, which approval may be conditioned on modifications to the Franchise Agreement consistent with the development of a CoreLife Eatery at a Non-Traditional Venue; (d) a business or line of business to produce, license, distribute and market CoreLife or “CoreLife Eatery” brand named products, and products bearing other marks, including prepackaged food items, dressings, and other food and beverage products, books, clothing, souvenirs and novelty items, at or through any location or outlet, including grocery stores, supermarkets and convenience stores (including if located within the Development Area), and through any Alternative Distribution Channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, delivery, catering, and other distribution methods, including the Internet; and (e) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Development Area, provided that in such situations the newly acquired businesses may not operate under the Marks in the Development Area.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You are solely responsible for selecting the site of each of your CoreLife Eateries under the Area Development Agreement which will be subject to our review and acceptance. The site selection and approval process for each CoreLife Eatery under an Area Development Agreement is the same as that for a single CoreLife Eatery and will be governed by the Franchise Agreement signed for that location. We do not locate sites for you. For each CoreLife Eatery opening, other than your first under an Area Development Agreement, you must sign the Franchise Agreement upon the earlier of the acceptance of the site of the CoreLife Eatery or 180 days before your development obligation date. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, architectural features of the buildings, visibility, size, layout, co-tenants and other physical characteristics. Before leasing or purchasing the site for your CoreLife Eatery, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. Upon receiving the proposed site information, we will review the information and either accept or reject the proposed site. If we do not accept your proposed site within 14 days after your submission (or 14 days after you provide any supplemental information requested), the site will be deemed rejected.

If you do not locate an acceptable site within 90 days of signing the Franchise Agreement, or find acceptable sites and open the CoreLife Eateries by the deadlines in your Area Development Agreement, if you fail to meet any of your obligations under the Area Development Agreement, or commit a material breach of any Franchise Agreement that you have signed, or a material breach of any other agreement with us, we may terminate your right to develop, open and operate CoreLife Eateries in your Development Area, but the termination of your right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. Alternatively, we may reduce the size of your Development



Area or allow you to extend your deadline to open a CoreLife Eatery upon the payment of a \$5,000 extension fee, at our sole discretion.

After the expiration of the term of your Area Development Agreement, we may own, operate, or franchise or license others to operate additional CoreLife Eateries anywhere, without restriction, including in your former Development Area, subject to the rights granted to you in the Territory established under any then-existing Franchise Agreement.

**ITEM 13  
TRADEMARKS**

The Franchise Agreement and your payment of Continuing Royalties grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. You may also use other future trademarks, service marks, and logos we approve to identify your CoreLife Eatery Franchise.

CLTM has granted us a license (“Trademark License”) to use the trademarks listed in the table below to franchise the System around the world. The Trademark License is for 20 years and it will automatically renew for subsequent 20-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the trademarks or the goodwill of the System. If the Trademark License is terminated, CLTM has agreed to license the use of the trademarks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. CLTM has applied to register the following trademarks with the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration No.	Status
<b>CORELIFE EATERY</b>	June 5, 2018	5,486,960	Registered on the Principal Register
	June 6, 2017	5,217,461	Registered on the Principal Register
<b>PHONE TO FORK</b>	April 23, 2019	5,732,749	Registered on the Principal Register
<b>CHANGE YOUR LUNCH. CHANGE YOUR LIFE.</b>	October 1, 2019	5,875,588	Registered on the Principal Register



We claim common law rights in the following trademark:

Mark	Serial No.	Filing Date	Status
 	<p>N/A <u>Not applicable</u></p>	<p>N/A <u>Not applicable</u></p>	<p>Common Law</p>

We do not have a federal registration for the trademark above (the common law trademark). This trademark does not have the same legal benefits and rights as federally registered trademarks. If our right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

On December 19, 2017, we entered into a confidential settlement agreement with Core Foods Company, a California corporation (“CFC”) (the “Settlement Agreement”) wherein CFC consents to our use in commerce and registration of the CORELIFE EATERY mark and has agreed to cooperate as necessary in our efforts to register and maintain the registration of this trademark. Further, CFC consents to our continued use of the CORELIFE EATERY mark in operating and allowing others to operate CoreLife Eatery Businesses, provided, however, that we may not use or allow others to use the CORELIFE EATERY mark for restaurant services within the California Bay Area (defined as the territory of Sonoma, Marin, Napa, Solano, Contra Costa, Alameda, San Francisco, San Mateo, and Santa Clara counties) until December 19, 2022. In addition, we may not use or allow others to use the CORELIFE EATERY mark for restaurant services within five miles of the Core Kitchen restaurant located at 499 14th St # 119, Oakland, CA 94612. The Settlement Agreement also contains certain restrictions on the stylization of the CORELIFE EATERY mark, the use of the CORELIFE EATERY mark on packaged foods, and our use of certain URLs and social media handles.

There are no effective adverse material determinations of the USPTO, the United States Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings, or material litigation involving the Marks. Except for the agreements for the Trademark Licenses and the Settlement Agreement, no agreement significantly limits our right to use or license the Marks in a manner material to your Franchise. Other than as stated below, we do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. All required affidavits and renewals have been filed.



You must follow our guidelines and requirements when using the Marks. You cannot use our name or Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract or advertisement that you are an independently owned and operated licensed franchisee of CoreLife Eatery Franchisor, LLC. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the CoreLife Eatery or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, including as a result of confusion with trademarks held by CFC, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the appropriate action, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

#### **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

The information in the Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for your operation of your CoreLife Eatery Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of CoreLife Eatery Franchises, our training materials and techniques, information concerning Product and service sales, operating results, financial performance and other financial data of CoreLife Eatery Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.



We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your CoreLife Eatery Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other CoreLife Eatery Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

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

We require that you either directly operate your CoreLife Eatery or designate a manager ("Designated Manager") who has been approved by us. If you are not an individual, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about the CoreLife Eatery. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Restaurant and must have at least 10% equity interest in the franchised business. The Designated Manager must successfully complete our training program (See Item 11). We may require that the Designated Manager have an ownership interest in the legal entity of the Franchise owner. The Designated Manager is not currently required to have an equity ownership in the franchised business. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our training program at your own expense.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the CoreLife Eatery, must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, suppliers,



agents, or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit H. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an owners agreement, the form of which is attached to the Franchise Agreement as Attachment C. In addition, we require that the spouses of the franchise owners sign the owner's owners agreement as well.

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

You must sell or offer for sale only those services and products authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees and may vary depending on the operating season and geographic location of your CoreLife Eatery or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products, at our discretion, with prior notice to you. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions. At our request, you must also sell certain test products and/or offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services. There are no limitations on our rights to make changes to the required services and products offered by you. Unless specifically directed by us in writing, you must participate in all advertising, marketing, secret shopper programs, promotions, research and public relations programs instituted by the Brand Fund.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other Alternative Distribution Channels. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your CoreLife Eatery in accordance with our policies.

**ITEM 17  
RENEWAL, TERMINATIONS, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

**FRANCHISE AGREEMENT**

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	Article 3.1	Ten years from date the CoreLife Eatery first opens to the public.



Provision	Article in Franchise Agreement	Summary
b. Renewal or extension of the term	Article 3.2, 3.4	If you are in good standing, you may enter into two successor franchise agreements, each with a ten-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. You have no further right to enter into additional successor franchise agreements, but may apply for the right to operate a CoreLife Eatery pursuant to a new franchise agreement.
c. Requirements for franchisee to renew or extend	Articles 3.2 - 3.4	<p>We use the term “renewal” to refer to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term.</p> <p>You must have complied with your obligations during the term of your Franchise Agreement, must undertake remodeling to comply with our then-current standards, must not have committed three or more material defaults of your Franchise Agreement during any 36 month period, must comply with our then-current training requirements, must sign a general release, must pay a renewal fee which will be an amount equal to 50% of the then-current Initial Franchise Fee.</p>
d. Termination by franchisee	Article 14.8	You may terminate if we materially default, and if we do not cure the default within 60 days after our receipt or written notice from you detailing the alleged default, subject to applicable state law.
e. Termination by Franchisor without cause	None	Not Applicable.
f. Termination by Franchisor with cause	Articles 14.1 – 14.6	We can terminate only if you default under your Franchise Agreement or your Area Development Agreement for failure to meet your Development Schedule. Default of the terms and conditions of any Franchise Agreement, any Lease or any other agreement between us or our affiliates and you or your affiliates shall be a default of every agreement allowing us to terminate any or all agreements.
g. “Cause” defined – curable defaults	Article 14.4	You have ten days to cure non-payment of fees and 30 days to cure all other defaults of your Franchise Agreement.



Provision	Article in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Articles 14.2 – 14.3	Non-curable defaults: (i) bankruptcy or insolvency; (ii) unsatisfied judgment; (iii) seizure, take-over or foreclosed upon (iv) a levy of execution of attachment up on Franchise Agreement or upon any property used in the franchised CoreLife Eatery; (v) unreleased mechanics lien or if any person commences any action to foreclose; (vi) if you allow or permit any judgment to be entered against us, arising out of or relating to the operation of the franchised CoreLife Eatery; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) imminent danger to the public health / health and safety violations; (ix) conviction, pleads guilty or nolo contendere to a felony or any other crime or offense; (x) failure to comply with your confidentiality or non-competition provisions of your franchise agreement; (xi) abandonment; (xii) Assignment without our consent; (xiii) repeated defaults, even if cured; (xiv) violation of law which is not cured within ten days; (xv) sale of unauthorized products; (xvi) knowingly maintaining false books, underreporting or under recording of Net Sales, certain underreporting or under recording; (xvii) trademark and confidential information misuse; (xviii) misrepresentations in connection with the acquisition of the Agreement; (xix) failing to complete training; and (xx) failing to meet the financial covenants.
i. Franchisee's obligations on termination/non-renewal	Article 15	You must stop using our Marks; pay all amounts due to us; return the Manual, all training and promotional material to us; make cosmetic changes to your CoreLife Eatery so that it no longer resembles our proprietary design; at our election, sell such equipment and furnishings that we designate to us, assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your CoreLife Eatery; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your CoreLife Eatery and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks. See also "r" below.
j. Assignment of contract by Franchisor	Article 13.1	No restriction on our right to assign.



Provision	Article in Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	Article 13.2.1	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	Article 13.2	Transfers require our express written consent.
m. Conditions for franchisor approval of transfer	Articles 13.2 - 13.4	<p>New franchisee: must qualify, assume the Franchise Agreement or sign a new Franchise Agreement, complete training and pay our training fee, and refurbish the CoreLife Eatery. You must provide us with an estoppel agreement and a list of all persons having an interest in the Franchise Agreement or in the Franchisee, pay all amounts then-due to us, sign a general release, provide us with all documents relating to the transfer, disclose to us all material information that we request regarding the transferee, the purchase price, and the terms of the transfer, must not be in default of the Franchise Agreement, reimburse us for brokerage fees, and pay a transfer fee. (See also "r" below).</p> <p>If the Franchise Agreement was signed pursuant to an Area Development Agreement, you must transfer all CoreLife Eateries opened under the Area Development Agreement if 3 or fewer are open and at least half the CoreLife Eateries if 4 or more are open under the Area Development Agreement.</p> <p>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee of 50% of our then-current initial franchise fee or a greater amount if necessary to reimburse us for our costs and expenses associated with reviewing the proposed offering.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Article 13.2.3(c)	We can match any offer for your business.

Provision	Article in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Article 15	Upon termination or expiration of your Franchise Agreement, we may purchase such equipment and furnishings as we designate that are associated with your CoreLife Eatery at your net depreciated book value, using a 5-year straight line amortization period, but not less than 10% of your actual cost.  Other than assets on termination or expiration, non-renewal, or right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of franchisee	Article 14.3.2	Your heirs have 150 days after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications. If your heirs do not meet our standards and qualifications, the heirs may sell to a person approved by us. See "m" above.
q. Non-competition covenants during the term of the franchise	Article 12.1	Cannot engage in " <u>Competitive Activities</u> " defined as: owning, operating, lending to, advising, being employed by, or having a financial interest in: (i) any restaurant 20% or more of whose sales of curated or build-your-own bowls in a single serve line, other than an Eatery operated under a valid Franchise Agreement with Franchisor, or (ii) any business that specializes in developing, operating or franchising restaurants 20% or more of whose sales of curated or build-your-own bowls in a single serve line, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any build-your-own bowl food product. "Competitive Activities" do not include: the direct or indirect ownership, solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner of the securities (i) is not a controlling person of, or a member of a group which controls, such entity; and (ii) does not, directly or indirectly own 5% or more of any class of securities of such entity, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	Article 12.1	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 24 months or within: <u>(i) a 5-mile radius of any then-existing from your CoreLife Eatery (and including the premises of the approved location of Franchisee); and (ii) a five-mile radius from all other CoreLife Eatery businesses that are operating or under development</u> , subject to applicable state law.
s. Modification of the agreement	Article 19.8	The Franchise Agreement may be modified only by written agreement between the parties.

Provision	Article in Franchise Agreement	Summary
t. Integration/Merger clause	Article 19.8	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 18	You and we agree to attempt to resolve any dispute pursuant to mediation for a 45-day period, except for claims for infringement of trademark, trade secrets or violation of restrictive covenants, or for injunctive relief, subject to applicable state law. If mediation is unsuccessful within 45 days, either party may commence an arbitration proceeding.
v. Choice of forum	Article 18	Except for certain claims and subject to applicable state law, you and we agree that the city closest to our principal place of business (currently <del>Binghamton</del> Vestal, New York) will be the venue for any mediation or arbitration under the Franchise Agreement, and you and we both waive the right to a trial by jury.
w. Choice of law	Article 19.7	The laws of the state where the Franchisee's CoreLife Eatery is located apply, subject to applicable state law.

**This table lists certain important provisions of the Area Development Agreement. You should read these provisions in the agreement attached to this disclosure document.**

### AREA DEVELOPMENT AGREEMENT

Provision	Article in Area Development Agreement	Summary
a. Term of the license	Article 4.1	Until you sign a Franchise Agreement for your last CoreLife Eatery necessary to satisfy your Development Obligation.
b. Renewal or extension of the term	Articles 2.4 and 4.2	You do not have the right to renew your Area Development Agreement. However, if we determine that further development of your Development Area is desirable, if you are in good standing and you are not in default under your Area Development Agreement, we will offer you the opportunity to develop additional CoreLife Eateries. Unless we consent, you may not open more than the total number of CoreLife Eateries comprising your Development Obligation.

Provision	Article in Area Development Agreement	Summary
c. Requirements for you to renew or extend	Article 2.1	<p>We use the term “renewal” to refer to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. You do not have the right to renew your Area Development Agreement. However, if we determine that further development of your Development Area is desirable, if you are in good standing and you are not in default under your Area Development Agreement, we will offer you the opportunity to develop additional CoreLife Eateries.</p> <p>Unless we choose, in our sole discretion, to amend your current Area Development Agreement to extend the term, you must sign a new area development agreement on our then-current form, which will contain your additional development obligation, and which may contain materially different terms and conditions from the original area development agreement.</p>
d. Termination by you	None	You may terminate under any grounds permitted by law.
e. Termination by Us without cause	None	Not Applicable.
f. Termination by Us with cause	Article 9.1	We can terminate, if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us.
g. “Cause” defined - defaults which can be cured	Article 9.1	You have ten days to cure non-payment of fees and 30 days to cure any other default, provided that in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement, the notice and cure provisions of such agreement will control.
h. “Cause” defined - defaults which cannot be cured	Article 9.1	Non-curable defaults include unapproved transfers; failure to meet development obligations, any breach of unfair competition provisions, and failure to meet financial covenants.
i. Your obligations on termination/non-renewal	Articles 4.2, 8.2	You will have no further right to develop or operate additional CoreLife Eateries which are not, at the time of termination, the subject of a then-existing Franchise Agreement between you and us. You may continue to own and operate all CoreLife Eateries pursuant to then-existing Franchise Agreements, comply with all non-competition covenants.
j. Assignment of contract by Us	Article 7.1	No restriction on our right to assign.
k. “Transfer” by you - definition	Article 7.3	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.

Provision	Article in Area Development Agreement	Summary
l. Our approval of transfer by you	Article 7.3	Transfers require our express written consent, which consent may be withheld for any reason whatsoever in our sole judgment.
m. Conditions for our approval of transfer	Articles 7.2 and 7.3	<p>Except as describe below, you may not transfer your Area Development Agreement or any Franchise Agreement signed pursuant to the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all Franchise Agreements signed pursuant to the Area Development Agreement to the same assignee.</p> <p>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees and broker fees.</p> <p>At our election, the assignee must sign our then-current form of Franchise Agreement for each CoreLife Eatery then developed or under development.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee of 50% of our then-current initial franchise fee or a greater amount if necessary to reimburse us for our costs and expenses associated with reviewing the proposed offering.</p>
n. Our right of first refusal to acquire your business	Article 7.3	We can match any offer for your business.
o. Our option to purchase your business	N/A	Not Applicable.
p. Your death or disability	Article 9.1	Your heirs have 150 days after your death or legal incapacity to assign the Area Development Agreement to a person acceptable to us. See also "m" above.



Provision	Article in Area Development Agreement	Summary
q. Non-competition covenants during the term of the franchise	Article 8.1	Cannot engage in “ <u>Competitive Activities</u> ” defined as: owning, operating, lending to, advising, being employed by, or having a financial interest in: (i) any restaurant 20% or more of whose sales of curated or build-your-own bowls in a single serve line, other than an CoreLife Eatery operated under a valid Franchise Agreement with Franchisor, or (ii) any business that specializes in developing, operating or franchising restaurants 20% or more of whose sales of build-your-own bowls in a single serve line, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any build-your-own bowl food product. “Competitive Activities” do not include: the direct or indirect ownership, solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner of the securities (i) is not a controlling person of, or a member of a group which controls, such entity; and (ii) does not, directly or indirectly own 5% or more of any class of securities of such entity, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	Article 8.2	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 24 months within the Development Area, subject to applicable state law.
s. Modification of the agreement	Article 11.9	The agreement may be modified only by written agreement between the parties.
t. Integration/merger clause	Article 11.9	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 10	Before either of us may file for arbitration, you and we agree to attempt to resolve any dispute pursuant to mediation held in the city closest to our principal place of business (currently <del>Binghamton</del> Vestal, New York) and the mediation will be governed in accordance with Rules of Practice and Procedure of Judicial Arbitration & Mediation Services, Inc., unless otherwise agreed, except for claims for infringement of trademark, trade secrets or violation of restrictive covenants, or for injunctive relief. Subject to applicable state law.

Provision	Article in Area Development Agreement	Summary
v. Choice of forum	Articles 10.1 and 10.2	Before either of us may file arbitration, you and we agree to attempt to resolve any dispute pursuant to mediation held in the city closest to our principal place of business (currently <del>Binghamton</del> Vestal, New York) and the mediation will be governed in accordance with Rules of Practice and Procedure of Judicial Arbitration & Mediation Services, Inc., unless otherwise agreed. Unless prohibited by local law, litigation must be in New York.
w. Choice of law	Article 11.8	The laws of the state where the Area Development Franchise is located apply, subject to applicable state law.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figures to promote this franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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 Connor Wilson, Vice President of Finance, ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York ~~13905~~ 13850 or by phone at (855) 267-3543, the Federal Trade Commission, and the appropriate state regulatory agencies.



**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

System-wide Outlet Summary  
For Years ~~2020-2021-2023~~2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2021</del> 2020	2935	3532	+63
	20212022	3532	3226	-36
	20222023	3226	2624 <sup>(1)</sup>	-62
Company-Owned	<del>2021</del> 2020	3025	2528	-53
	<del>2022</del> 2021	2528	2826	+32
	20222023	2826	2625	-21
Total Outlets	<del>2021</del> 2020	5960	60	+10
	<del>2022</del> 2021	60	6052	08
	20222023	6052	5249	-83

Note: As used throughout this Item 20, “Company-Owned” outlets include CoreLife Eateries that are owned and/or operated by CE, CE’s subsidiaries, or other affiliates of ours. Among these outlets are joint venture entities that are treated as Company-Owned outlets because they are owned and managed by our affiliate. As of our fiscal year ending December 25, 24, 20232022, we had eight joint ventures. We do not own or operate any CoreLife Eateries.

<sup>(1)</sup>As of the Issuance Date of this Franchise Disclosure Document, six franchised outlets have closed.

Table No. 2

Transfers of Franchised Outlets to New Owners (Other than the Franchisor)  
For Years ~~2020-2021-2023~~2022

State	Year	Number of Transfers
Indiana	<del>2021</del> 2020	0
	<del>2021</del>	0
	2022	1
	2023	2
Kentucky	<del>2021</del> 2020	0
	2022	1
	2023	0
Ohio	2021	0
	2022	10

State	Year	Number of Transfers
	<u>2023</u>	<u>1</u>
South Carolina	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>1</u>
Totals	<u>2021</u> <del>2020</del>	0
	<del>2021</del>	0
	2022	2
	<u>2023</u>	<u>4</u>

Table No. 3

Status of Franchised Outlets  
For Years ~~2020-2021-2023~~2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	<del>2021</del> <u>2020</u>	<u>0</u> <u>1</u>	1	0	0	0	0	<u>1</u> <u>2</u>
	<del>2022</del> <u>2021</u>	<u>1</u> <u>2</u>	<u>1</u> <u>0</u>	<u>0</u> <u>1</u>	0	0	0	<u>2</u> <u>1</u>
	<del>2022</del> <u>2020</u> <u>23</u>	<u>2</u> <u>1</u>	0	1	0	0	0	<u>1</u> <u>0</u>
Florida	<del>2021</del> <u>2020</u>	<u>1</u> <u>2</u>	<u>2</u> <u>0</u>	<u>1</u> <u>0</u>	0	0	0	2
	<del>2022</del> <u>2021</u>	2	0	<u>0</u> <u>2</u>	0	0	0	<u>2</u> <u>0</u>
	<del>2022</del> <u>2020</u> <u>23</u>	<u>2</u> <u>0</u>	0	<u>2</u> <u>0</u>	0	0	0	0
Indiana	<del>2021</del> <u>2020</u>	5	0	0	0	0	0	5
	<del>2022</del> <u>2021</u>	5	0	0	0	0	0	5
	<del>2022</del> <u>2020</u> <u>23</u>	5	0	0	0	0	0	5 <sup>(1)</sup>



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Kentucky	<del>2021</del> <u>20</u>	<u>01</u>	<u>10</u>	0	0	0	0	1
	<del>2022</del> <u>21</u>	1	0	0	0	0	0	1
	<del>2022</del> <u>23</u>	1	0	0	0	0	0	1
Michigan	<del>2021</del> <u>20</u>	4	0	0	0	0	0	4
	<del>2021</del> <u>22</u>	4	0	0	0	0	0	4
	<del>2022</del> <u>23</u>	4	<u>01</u>	0	0	0	0	<u>45</u>
New York	<del>2021</del> <u>20</u>	2	<u>02</u>	0	0	0	0	<u>24</u>
	<del>2022</del> <u>21</u>	<u>24</u>	<u>20</u>	0	0	0	0	4
	<del>2022</del> <u>23</u>	4	0	0	0	0	0	4 <sup>(1)</sup>
North Carolina	<del>2021</del> <u>20</u>	3	0	<u>01</u>	0	0	0	<u>32</u>
	<del>2022</del> <u>21</u>	<u>32</u>	0	<u>10</u>	0	0	0	2
	<del>2022</del> <u>23</u>	2	0	0	0	0	0	2
Ohio	<del>2021</del> <u>20</u>	<u>78</u>	<u>20</u>	<u>01</u>	0	0	<u>10</u>	<u>87</u>
	<del>2022</del> <u>21</u>	<u>87</u>	0	<u>12</u>	0	0	0	<u>75</u>
	<del>2022</del> <u>23</u>	<u>75</u>	0	<u>21</u>	0	<u>01</u>	0	<u>53</u> <sup>(1)</sup>

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Pennsylvania	<del>2021</del> <u>20</u>	2	0	0	0	<del>0</del> <u>2</u>	0	<del>2</del> <u>0</u>
	<del>2022</del> <u>24</u>	<del>2</del> <u>0</u>	0	0	0	<del>2</del> <u>0</u>	0	0
	<del>2022</del> <u>23</u>	0	0	0	0	0	0	0
South Carolina	<del>2021</del> <u>20</u>	<del>0</del> <u>1</u>	<del>1</del> <u>0</u>	0	0	0	0	1
	<del>2022</del> <u>24</u>	1	0	0	0	0	0	1
	<del>2022</del> <u>23</u>	1	0	0	0	0	0	1 <sup>(1)</sup>
Tennessee	<del>2021</del> <u>20</u>	<del>1</del> <u>2</u>	<del>1</del> <u>0</u>	0	0	0	0	2
	<del>2022</del> <u>24</u>	2	0	0	0	0	0	2
	<del>2022</del> <u>23</u>	2	0	0	0	0	0	2
Utah	<del>2021</del> <u>20</u>	<del>4</del> <u>3</u>	0	<del>1</del> <u>2</u>	0	0	0	<del>3</del> <u>1</u>
	<del>2022</del> <u>24</u>	<del>3</del> <u>1</u>	0	<del>2</del> <u>1</u>	0	0	0	<del>1</del> <u>0</u>
	<del>2022</del> <u>23</u>	<del>1</del> <u>0</u>	0	<del>1</del> <u>0</u>	0	0	0	0
Virginia	<del>2021</del> <u>20</u>	<del>0</del> <u>1</u>	<del>1</del> <u>0</u>	0	0	0	0	1
	<del>2022</del> <u>24</u>	1	0	0	0	0	0	1
	<del>2022</del> <u>23</u>	1	0	0	0	0	0	1 <sup>(1)</sup>



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total	<del>2021</del> 20	<u>2935</u>	<u>93</u>	<u>24</u>	0	<u>02</u>	<u>10</u>	<u>3532</u>
	<del>2022</del> 21	<u>3532</u>	<u>30</u>	<u>46</u>	0	<u>20</u>	0	<u>3226</u>
	<del>2022</del> 23	<u>3226</u>	<u>01</u>	<u>62</u>	0	<u>01</u>	0	<u>2624<sup>(1)</sup></u>

<sup>(1)</sup>As of the Issuance Date of this Franchise Disclosure Document, six franchised outlets have closed: one outlet each in Indiana, Ohio, South Carolina, and Virginia and two in New York.



Table No. 4

Status of Company-Owned Outlets  
For Years 2020-2022/2021-2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois	<del>2020</del> 21	54	0	0	10	0	4
	<del>2022</del> <del>21</del>	4	0	0	01	0	43
	<del>2022</del> 23	43	0	0	10	0	3
Kentucky	<del>2020</del> 21	2	0	0	0	0	2
	<del>2022</del> <del>21</del>	2	0	0	01	0	21
	<del>2022</del> 23	21	0	0	10	0	1
New York	<del>2020</del> 21	1716	0	0	10	0	16
	<del>2022</del> <del>21</del>	16	0	0	0	0	16
	<del>2022</del> 23	16	0	0	0	0	16
Ohio	<del>2020</del> 21	31	01	0	1 <sup>(+)</sup> 0	10	12
	<del>2022</del> <del>21</del>	12	10	0	0	0	2
	<del>2022</del> 23	2	0	01	02	0	21
Pennsylvania	<del>2020</del> 21	32	0	02	10	0	24
	<del>2022</del> <del>21</del>	24	0	20	0	0	4
	<del>2022</del> 23	4	0	0	0	0	4



State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	202020 21	3025	01	02	40	40	2528
	202120 22	2528	40	20	02	0	2826
	202220 23	2826	0	01	2	0	2625

Note: Among these outlets are joint venture entities that are treated as Company-Owned outlets because they are owned and managed by our affiliate.

<sup>(4)</sup>One outlet in Ohio temporarily closed due to COVID-19, but reopened in 2021.

Table No. 5

Projected Openings as of  
December 25, 202224, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arkansas	1	0	0
North Carolina	1	0	0
Totals	2	0	0

The names, addresses, and telephone numbers of all franchisees as of December 25, 202224, 2023 are listed in Exhibit E to this Franchise Disclosure Document. The name and last known address and telephone number of every franchisee that has had a Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed on Exhibit E to this Franchise Disclosure Document. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the CoreLife Eatery Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. 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, certain franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with the CoreLife Eatery Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21  
FINANCIAL STATEMENTS**

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 24, 2023, December 25, 2022, December 26, 2021, and December 27, 2020~~26, 2021~~. Our last fiscal year end ~~is the last Sunday in~~ was December 24.

**ITEM 22  
CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise and Area Developer Franchise:

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the CoreLife Eatery Franchise

**ITEM 23  
RECEIPTS**

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.



**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**



**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**



**CALIFORNIA**

State Administrator and Agent for Service of Process:

Commissioner  
Department of Financial Protection and Innovation  
320 W. 4<sup>th</sup> Street, #750  
Los Angeles, CA 90013  
(213) 576-7500  
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**HAWAII**

Commissioner of Securities of the State of Hawaii  
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Honolulu, HI 96813  
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Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
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**ILLINOIS**

Illinois Attorney General  
Chief, Franchise Division  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA**

Secretary of State  
Securities Division  
Room E-018  
302 W. Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202  
(410) 576-6360

**MARYLAND CONTINUED**

Agent for Service of Process:

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

**MICHIGAN**

Michigan Department of Attorney General  
Consumer Protection Division  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA**

Department of Commerce  
Commissioner of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, MN 55101-3165  
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**NEW YORK**

Administrator:

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

Agent for Service of Process:

Secretary of State  
99 Washington Avenue  
Albany, NY 12231

**NORTH DAKOTA**

Administrator:

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

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Securities Commissioner  
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**RHODE ISLAND**

Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, RI 02920  
(401) 462-9527

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA**

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

Agent for Service of Process:

Clerk of the State Corporation Commission  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

**WASHINGTON**

State Administrator:

Washington Department of Financial Institutions  
Securities Division  
P.O. Box 903341200  
Olympia, WA 9850798504-1200  
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, WA 98501

**WISCONSIN**

Department of Financial Institutions  
Division of Securities  
201 W. Washington Avenue  
Madison, WI 53703  
(608) 266-3364



**EXHIBIT B**  
**FINANCIAL STATEMENTS**

THE UNIVERSITY OF THE STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER  
ALBANY, NEW YORK

COMMERCIAL FRANCHISE, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022

LIST OF CONTENTS

FINANCIAL STATEMENTS	PAGE
Balance Sheet	1
Income Statement	1
Statement of Operations and Changes in Member's Equity (Form 990)	1
Statement of Cash Flows	1
Notes to Financial Statements	1-11

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
CoreLife Eatery Franchisor, LLC

### Opinion

We have audited the accompanying financial statements of **CORELIFE EATERY FRANCHISOR, LLC**, which comprise the balance sheets as of December 25, 2022 and December 26, 2021, and the related statements of operations and changes in member's equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CoreLife Eatery Franchisor, LLC as of December 25, 2022 and December 26, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 CoreLife Eatery Franchisor, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**MINNEAPOLIS**  
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Denver, CO 80202

**SYRACUSE**  
1000 S. Grand Ave.  
Suite 1000  
Denver, CO 80202

## Pfizer & Lyons

To the Members of  
CereLife Eatery Franchisor, LLC

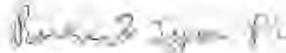
### Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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, and 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 CereLife Eatery Franchisor, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CereLife Eatery Franchisor, LLC's ability to continue as a going concern for a reasonable period of time.

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



PIAFER & LYONS, P.C.

Brooklyn, New York  
March 31, 2023

**CELEBRITY BATTERY PRODUCTS, LLC**  
**RATONCE STREET**  
**DECEMBER 31, 2022 (AND) DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 830,494	\$ 708,057
Accounts Receivable	-	10,000
Inventory	62,541	167,166
<b>Total Current Assets</b>	<u>893,035</u>	<u>885,223</u>
<b>Property and Equipment, net</b>		
Property and Equipment	25,500	12,500
Less: Accumulated Depreciation	20,500	25,000
<b>Net Property and Equipment</b>	<u>5,000</u>	<u>(12,500)</u>
<b>Other Assets</b>		
Other Intangible Assets	1,096,955	756,000
<b>TOTAL ASSETS</b>	<u>\$ 2,004,990</u>	<u>\$ 1,628,723</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 725,000	\$ 341,000
Current portion of long-term debt	-	-
<b>Total Current Liabilities</b>	<u>725,000</u>	<u>341,000</u>
<b>Long Term Liabilities</b>		
Deferred Tax and Tax	420,000	200,000
Long Term Debt - non-current liabilities	100,016	18,000
<b>Total Long Term Liabilities</b>	<u>520,016</u>	<u>218,000</u>
<b>Total Liabilities</b>	<u>1,245,016</u>	<u>559,000</u>
<b>Members Equity</b>	<u>699,974</u>	<u>1,069,723</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 2,004,990</u>	<u>\$ 1,628,723</u>

See Financial Statement Notes to Financial Statements.

**CEORLINE BATTERY TECHNOLOGY, LLC**  
**STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue from Contracts with Customers:</b>		
Revenues	1,475,771	1,017,966
Contract Modifiers	-	70,000
	<u>1,475,771</u>	<u>1,087,966</u>
<b>Operating Expenses:</b>		
Selling Costs	39,084	1,055
Computer Expense	30,023	3,400
Marketing Expenses	-	660
Travel Expenses	11,801	100
Professional Fees	30,018	20,250
Research and Related (Research) Personnel (including support fees)	897,200	1,114,110
Travel Expenses	-	1,000
Legal Expenses	41,480	44,704
Depreciation Expenses	8,878	5,800
Miscellaneous Expenses	5,105	-
	<u>1,012,579</u>	<u>1,545,984</u>
<b>Other Income (Expense)</b>		
Interest Expense - FDD	(5,209)	(5,000)
Loss on Debt Extinguishment - FDD Loans	-	200,000
Miscellaneous Income	109,643	2,000
	<u>104,434</u>	<u>197,000</u>
<b>Net Income</b>	<u>537,668</u>	<u>366,981</u>
<b>Member's Equity (Deficit) Beginning of Year</b>	<u>1,011,956</u>	<u>1,016,077</u>
<b>Member's Equity - End of Year</b>	<u>1,549,624</u>	<u>1,383,058</u>

- All amounts are approximate due to rounding differences -

**CONRAGE BATTERY BRANCHES, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 47,584	\$ 26,314
<b>Adjustments to Reconcile Net Income to</b>		
<b>Net Cash Provided By Operating Activities:</b>		
Depreciation	1,877	5,417
Amortization Expense - EIDL	1,000	1,657
Gain on Sale of Equipment - PPE Leasing	-	(26,624)
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable	1,857	(22,417)
Prepaid Insurance	25,425	(65,308)
Accounts Payable	(112,305)	(79,494)
Deferred Liabilities	-	(162,087)
<b>Total Adjustments</b>	<u>(85,223)</u>	<u>(163,415)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>42,361</u>	<u>(137,101)</u>
<b>Cash Flows from Financing Activities:</b>		
Advance to Related Parties	(130,351)	(209,057)
PPP Loan Proceeds	-	247,017
<b>Net Cash Provided By (Used in) Financing Activities</b>	<u>(130,351)</u>	<u>38,960</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(87,990)</u>	<u>1,859</u>
<b>Contract Cash Equivalents Beginning of Year</b>	<u>108,087</u>	<u>106,228</u>
<b>Contract Cash Equivalents End of Year</b>	<u>20,097</u>	<u>108,087</u>
<b>Supplemental Cash Flows from Operating Activities:</b>		
Lease Obligation on PPE Leasing	-	(34,652)
Interest Paid	324	-

See the accompanying notes to the financial statements.

**CORRELIFE ENTERPRISE FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations.** Correlife Entry Franchisor, LLC (the Company) was formed in 1999 and is located in New York State on December 25, 2022 as a limited liability company. The Company is a wholly owned subsidiary of Correlife Entry, LLC (the Parent). The Parent has developed a system for the operation of residential restaurants under the name “Correlife Entry”. The concept features on-site-to-order brewed coffee and other beverages menu options. The system includes, among other things, distinctive corporate presentation, packaging, product specifications, signs, brand secrets and other confidential information, architectural designs, uniforms, layout plans, uniforms, equipment specifications, forecasting and marketing techniques. The Company was formed to facilitate this by providing the franchisee. The Company has entered into agreements with several franchisees who operate entry-level restaurants in various restaurant locations. As of December 25, 2022 and December 26, 2021, there were 26 and 57 franchisees operating, respectively, in operation throughout the United States.

**Franchising Agreement.** The initial term of each franchise agreement is for a term from the date the franchise is open to the public with the option to renew for two additional one-year terms. In connection with the franchise agreement, the franchisee pays initial franchise fees of \$35,000 to offset the initial programming of the site, to cover the initial franchisee fee program to be implemented on the franchise site opens. The agreements require royalty payments of 5% of franchise net sales. From 2018 and 2021, the Company waived its royalty payments of 5% royalty fee for some of the initial startups. The agreements also require payments of up to 4.5% of franchise net sales to its published financial advertising companies, Correlife Entry, Branding Fuel, Inc. (print and post). The continuous disclosure based on the preceding year's operations.

**Basis of Accounting.** The Company uses the accrual method of accounting for both financial reporting and income tax purposes.

**Revenue Recognition.** The Company follows the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. Additional details affecting the Company's recognition of revenue are more fully disclosed in notes.

**Cash and Cash Equivalents.** The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash balances at a local banking institution. The Company has not experienced any losses to cash and/or its management does not believe it is exposed to any significant credit risk from such cash equivalents.

**Accounts Receivable.** Accounts receivable are stated at the amount management expects to collect. They are outstanding, saleable. Management provides for possible credit risk through provision of charge-off and/or a credit allowance based on the assessment of the current status of the receivable accounts. Estimates that are not situations may arise management has used reasonable collection efforts are not likely off through a change to the situation allowance and a credit to accounts receivable.

**BY INDEPENDENT AUDITORS REPORT**

11

**CEBELER VENTURE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising Costs** – Advertising costs are expensed as incurred. Total advertising advertising expenses for 2022 or 2021.

**Property and Equipment** – Property and equipment are stated at cost. Depreciation is provided using the straight-line method and assets are depreciated over their estimated useful lives, as follows:

Furniture and Fixtures	5 Years
Computer Equipment and Software	3 Years

Expenditures for repairs and maintenance are not considered to be substantial if they do not require the asset be changed to expenses as incurred.

**Income Taxes** – The Company is treated as a disregarded entity for both federal and state income tax purposes. No provision for income taxes is recorded in the accompanying financial statements for federal income tax purposes as a limited liability company. All items of income and loss are passed through to the sole member. The Company is, however, subject to annual state annual LLC filing fees.

**Use of Estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and funding of contingencies and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Fiscal Year** – The Company's annual fiscal accounting period begins on January 1 of the last month of the calendar year.

**Risks and Uncertainties** – During the year ended December 31, 2022 and continuing, the Company has experienced significant increases in costs for various goods and services. It is not clear how much of these increases and the impact will have on the U.S. economy could be very material to the Company.

**NOTE 5 – PROPERTY AND EQUIPMENT**

The property and equipment is comprised of the following as of the end of 2022 and 2021 (amounts in \$):

	<u>2022</u>	<u>2021</u>
Equipment and Fixtures	\$ 13,500	\$ 2,500
Computer and Equipment	15,000	15,000
	<u>28,500</u>	<u>17,500</u>
Less Accumulated Depreciation	<u>25,500</u>	<u>25,000</u>
<b>Net Property and Equipment</b>	<b>\$ 3,000</b>	<b>\$ -</b>

Depreciation is provided using the straight-line method for the year ended December 31, 2022 and 2021 (amounts in \$):

**AN INDEPENDENT AUDITOR'S REPORT**

**CUBELPRACTICE FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 - DEFERRED FRANCHISE FEES**

Initial franchise fees are recorded as deferred revenues and are recognized as revenues if a franchisee commences operations at its initial office and continues to operate and consistently related to the franchisee's business performance. Initial franchise fees are recognized as revenue if the franchisee has performed well and consistently related to the franchisee's business performance. Deferred franchise fees are recorded as liabilities in the accompanying balance sheet, with the portion identified as long-term liabilities.

**NOTE 5 - LONG-TERM DEBT**

On April 21, 2020, the Company received \$277,700 from the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") pursuant to the federal COVID-19 economic stimulus legislation (the CARES Act). The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. During 2021, the SBA forgave all monies of the \$277,700 loan.

On March 18, 2021, the Company received \$2,682,500 from the SBA as part of the second round of the PPP loans pursuant to the federal COVID-19 economic stimulus The Economic Aid to Taxpayers, Business, Unemployed, and Veterans Act (Economic Aid Act) and extended the PPP loan program set out in the CARES Act. The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. During 2021, the SBA forgave all long-term debt of \$2,682,500.

Accordingly, \$2,682,500 is included as a long-term debt extinguishment in the accompanying statement of operations and changes in member's equity for the year ended December 31, 2021.

On June 15, 2021, the Company borrowed \$150,000 from the U.S. Small Business Administration as part of the Paycheck Protection Program ("PPP") program pursuant to the CARES Act. The PPP program was a term loan for small businesses for working capital and other non-economic injury to business COVID-19. The loan term is for 180 days at an interest rate of 2.75% with payments of principal and interest of \$1,000 per month for 180 months. The note is secured by all tangible and intangible personal property owned by the Company. During 2021 and 2022, accrued interest of \$4,500 and \$9,000, respectively, was added to the balance. The balance outstanding as of December 31, 2021 and December 31, 2022 was \$154,500 and \$163,500, respectively.

The aggregate annual maturities of long-term debt as of December 31, 2022 are as follows:

2023	=	\$100
2024		\$100
2025		\$100
2026		\$100
2027		\$100
Thereafter		<u>\$100,000</u>
		<u>\$100,000</u>

Interest expense on long-term debt amounted to \$100,000 and \$100,000 for the years ended December 31, 2022 and December 31, 2021, respectively.

**CUBELPRACTICE FRANCHISOR, LLC**

1

**COFFEE ENTRY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company receives its various parties through accounts receivable and periodically collects money in the various parties from its related parties. Such receivables and accounts payable are reported therefor stated by the related parties and amounts are classified as long term based on the nature of the parties.

A summary of related party receivables as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
<b>Related Party Debt</b>		
Coffee Camps Branding Fund Inc.	\$ 45,756	\$ 4,025
Coffee Camps Midwest LLC	121,750	11,750
Coffee Camps LLC	1,029,648	1,000,000
	<u>\$ 1,197,154</u>	<u>\$ 1,015,775</u>

The Company is currently providing corporate office space to Coffee Camps Branding Fund, LLC, a related party, during 2023 the Company reimbursed Coffee Camps Midwest LLC and Coffee Camps LLC related parties for payroll costs in the amount of \$100,000.

**NOTE 6 - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company follows the provisions of ASC 606, Revenue from Contracts with Customers, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for its completed performance.

The Company sells franchise licenses to franchisees located across the United States and pays royalties on the net sales achieved at the franchise stores. The Company's revenues are primarily derived from the national demand for the franchise store, the products sold through, and the franchisees' desire to own and operate franchise stores.

The Company also follows the provisions of Accounting Standards Update (ASU) No. 2014-09, Revenue - Revenue from Contracts with Customers (Subtopic 605-60), which requires the Company to recognize revenue from the franchise fees. The Company has elected to account for the pre-opening services as a single performance obligation. The Company's contract with the franchisees consists of franchise agreements with franchisees. The contracts contain two separate performance obligations, pre-opening services for the first 90 total franchisee days, and the franchise license, for which a milestone royalty fee is charged. The agreements also contain an advertising component requiring the franchisees to provide weekly contributions to Coffee Entry Branding Fund, Inc., a related party, for advertising services rendered.

**COFFEE ENTRY FRANCHISOR, LLC**

**COBELPRIMARY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 4 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

The Company recognizes franchisee revenue for financial reporting purposes at a point in time when a franchisee starts operations, as all performance obligations are met and relates to the franchisee having been substantially performed when the franchise commences. The Company has determined that the sales-based royalty fee is deemed variable consideration due to the franchisee's status of the royalty. However, the Company has also determined that the royalty predominantly relates to the franchisee's performance and accordingly must apply the constraint for sales-based royalties. This constraint requires that consideration that is being an sales may not be recognized until the uncertainty about the amount of consideration is resolved, i.e. when only the sales are reported, and the Company has satisfied the other performance obligations. The Company recognizes royalty revenue for financial reporting purposes at a point in time when the franchise sales are earned by the franchisee and royalties are earned by the Company, as this is the date that the Company has determined that the uncertainty about the amount of consideration is resolved. These sales are earned because the franchisee has considered them to be the final sales measurement of progress on a contract as it has satisfied its performance obligations by commencing

There was no franchise fee revenue recognized for the year ended December 25, 2022, franchise fee revenue recognized for the year ended December 26, 2021 was \$70,000, royalty revenue recognized for the year ended December 25, 2022 and December 26, 2021 was \$1,173,751 and \$1,571,983, respectively.

Revenue for consideration from the Company's contracts is generally received on a net 30-day franchisee payment and payments due in the time the franchise contract is signed. For franchisees that are not in the United States, payment for each subsequent contract requires 50% due at the time the contract is signed and the remainder 50% within the balance period. Royalty consideration is a fixed percentage of the franchisee's net sales and payments are due weekly based on the prior two weeks' net sales. Any amounts due at year end are included in accounts receivable. Contracts are non-cancelable and, as such, the Company has determined that such contracts do not contain a financing element. No contract revenue is recognized during the year ended December 25, 2022 or December 26, 2021 as a result of performance obligations usually or partially satisfied over a period of

Contract assets represent the Company's right in consideration in exchange for services and products that have been transferred to the customer. The Company has no contract assets as of December 25, 2022 and December 26, 2021. Accounts receivable from contracts with customers are generally comprised of franchise fees and royalties due from franchisees. As of December 25, 2022, there was no net accounts receivable balance. Accounts receivable amounted to \$1,677 as of December 26, 2021. Contract liabilities represent the Company's obligation to transfer services and products to customers for which the Company has received consideration or an amount of consideration is due. The Company's contract liabilities are generally comprised of gift cards payable and deferred revenue resulting from payment of initial franchise fees collected from a franchisee prior to a franchisee's opening. Contract liabilities consist of the following as of December 25, 2022 and December 26, 2021, respectively:

	<u>2022</u>	<u>2021</u>
Contract liabilities		
Accounts payable	\$ 720,983	\$ 1,441,983
Initial Franchise Fees - To be Trued	420,000	420,000
	<u>\$ 1,140,983</u>	<u>\$ 1,861,983</u>

**COBLENCE PARTNERSHIP, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 - EMPLOYEE RETIRED CREDIT**

In 2021, the Company received the Employee Retention Credit (ERC) by law amount of \$270,717. The ERC was being held in a trust established to pay the ERC to employees per section 5304(c)(2)(B). The ERC is included as an addition payroll and related payroll taxes and benefits in the accompanying income statement and charges to member's equity (debit) in the statement (December 31, 2022).

**NOTE 8 - SUBSEQUENT EVENTS**

The Company has not identified any subsequent events between December 31, 2022 and March 31, 2023, which is the date the financial statements were available to be issued, for amounts included or excluded from the financial statements.

**ST INDEPENDENT AUDITORS REPORT**  
11

COORLEC BATTERY FRANCHISOR, LLC  
FINANCIAL STATEMENTS  
DECEMBER 26, 2023

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2018 THE EATERY FRANCHISOR, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021

CONTENTS

FINANCIAL STATEMENTS	PAGE
Independent Auditors' Report	
Balance Sheets	1
Statements of Operations and Changes in Member's Equity (Deficit)	10
Statements of Cash Flows	3
Notes to Financial Statements	10-11

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## Pfizer & Lyons

Corvita Battery Franchise, LLC

### Auditors' 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 auditors' report that includes that opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that a 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 Corvita Battery Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Corvita Battery Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

  
MARK LYONS, P.C.  
PFIZER & LYONS, P.C.

Hingham, New York  
March 15, 2022

**CORELINE LIVERY TRANSPORT, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND DECEMBER 31, 2020**

	<u>2021</u>		<u>2020</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 704,087	\$	670,226
Accounts Receivable	1,077		35,000
Due from Franchisees	<u>36,166</u>		<u>-</u>
<b>Total Current Assets</b>	<u>741,330</u>		<u>705,226</u>
<b>Property and Equipment, at Cost</b>			
Property and Equipment	27,500		27,500
Less: Accumulated Depreciation	<u>25,625</u>		<u>20,208</u>
<b>Net Property and Equipment</b>	<u>1,875</u>		<u>7,292</u>
<b>Other Assets</b>			
Due from Related Parties	<u>785,904</u>		<u>577,807</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,529,109</u>	<u>\$</u>	<u>1,290,325</u>
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>			
<b>Current Liabilities</b>			
Gift Cards Payable	\$ 844,288	\$	724,822
PPP Loan Payable	-		297,700
Deferred franchise fees	<u>-</u>		<u>87,500</u>
<b>Total Current Liabilities</b>	<u>844,288</u>		<u>1,110,022</u>
<b>Long-Term Liabilities</b>			
Deferred Franchise Fees	420,000		427,500
Long-Term Debt (Net of Current Maturities)	<u>158,665</u>		<u>130,000</u>
<b>Total Long-Term Liabilities</b>	<u>578,665</u>		<u>557,500</u>
<b>Total Liabilities</b>	<u>1,422,953</u>		<u>1,667,522</u>
<b>Member's Equity (Deficit)</b>	<u>106,156</u>		<u>(627,197)</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<u>\$ 1,529,109</u>	<u>\$</u>	<u>1,040,325</u>

See accompanying notes to financial statements.

**COINTEGRATED FRANCHISOR, LLC**  
**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY (FDD ONLY)**  
**FOR THE YEARS ENDED DECEMBER 26, 2021 AND DECEMBER 27, 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenue from Contracts with Customers</b>		
Royalties	1,437,967	1,058,584
Franchise fees	<u>70,000</u>	<u>210,000</u>
<b>Total Revenue from Contracts with Customers</b>	<u>1,607,967</u>	<u>1,268,584</u>
<b>Operating Expenses</b>		
Advertising	-	114,111
Bank Fees	1,085	2,173
Computer Expenses	43,400	36,870
Franchise Expenses	2,600	3,481
Office Expenses	10,017	2,331
Professional Fees	20,255	119,323
Payroll and Related Payroll Taxes and Benefits	1,143,115	1,128,694
Service Fees	22,045	108,888
Travel Expense	<u>44,704</u>	<u>19,527</u>
Depreciation Expense	<u>5,217</u>	<u>7,200</u>
<b>Total Operating Expenses</b>	<u>1,348,744</u>	<u>1,572,889</u>
<b>Other Income (Expense)</b>		
Interest Expense - EIDL	(8,665)	-
Gain on Debt Extinguishment - PPP Loans	306,652	-
EIDL Grant Income	-	10,000
Miscellaneous Rebates	<u>9,811</u>	<u>16,115</u>
<b>Total Other Income</b>	<u>307,798</u>	<u>26,115</u>
<b>Net Income (Loss)</b>	<u>766,981</u>	<u>(278,190)</u>
Member's Deficit - Beginning of Year	<u>(606,025)</u>	<u>(727,838)</u>
<b>Member's Equity (Deficit) - End of Year</b>	<u>\$ 160,956</u>	<u>\$ (606,023)</u>

See the accompanying notes to financial statements.

**CORNIPE BAKERY FRANCHISOR, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 26, 2021 AND DECEMBER 27, 2020**

	<u>2021</u>	2020
<b>Cash Flows From Operating Activities</b>		
Net Income (Loss)	\$ 766,981	\$ (278,190)
<b>Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities</b>		
Depreciation	5,417	7,500
Accrued Interest - FIDF	8,653	-
Gain on Debt Forgiveness - VPP Loans	(66,652)	-
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable	33,123	586
Due from Franchisors	(86,166)	-
Gift Cards Payable	(79,404)	218,012
Deferred Franchise Fees	(105,000)	52,500
<b>Total Adjustments</b>	<u>(730,017)</u>	<u>309,498</u>
<b>Net Cash Provided By Operating Activities</b>	<u>36,964</u>	<u>\$ 1,288</u>
<hr/>		
<b>Cash Flows from Financing Activities</b>		
Advances to Related Parties	(208,097)	(342,411)
VPP Loan Proceeds	248,952	375,700
FIDF Loan Payable Proceeds	-	150,000
<b>Net Cash Provided By Financing Activities</b>	<u>40,855</u>	<u>75,259</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>77,859</u>	<u>106,547</u>
Cash and Cash Equivalents, Beginning of Year	<u>630,228</u>	<u>523,681</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 708,087</u>	<u>\$ 630,228</u>

See the accompanying notes to financial statements.

CORELIFE EATERY FRANCHISOR, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 26, 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** - CoreLife Eatery Franchisor, LLC (the Company) was formed in New York State on February 10, 2016 as a limited liability company. The Company is a wholly owned subsidiary of CoreLife Eatery, LLC (the Parent). The Parent has developed a system for the operation of fast-casual restaurants under the name "CoreLife Eatery". The concept features made-to-order bowls, salads, and other healthy menu options. The system includes, among other things, distinctive recipes, preparation techniques, product specifications, signs, trade secrets and other confidential information, architectural designs, lease dress, layout plans, uniforms, equipment specifications, inventory, and marketing techniques. The Company was formed to sublicense this system as the franchisor. The Company has entered into agreements with several franchisees who desire to own and operate CoreLife Eatery restaurant locations. As of December 26, 2021 and December 27, 2020, there were 32 and 36 franchise locations, respectively, in operation throughout the United States.

**Franchising Agreement** - The initial term of each franchise agreement is ten years from the date the franchise store opens to the public, with the option to renew for two additional ten-year terms. In connection with the franchise agreement, the franchisees pay initial franchise fees of \$35,000 to offset the cost of preopening activities required by the Company. Initial franchise fee revenue is recognized when the franchise store opens. The agreements require royalty payments of 5% of franchisee net sales. In 2021 and 2020, the Company waived or reduced some of its 5% royalty fee for some of the initial startups. The agreements also require payments of up to 3.5% of franchisee net sales to an established regional advertising cooperative, CoreLife Eatery Branding Fund, Inc. (a related party). Payments are due weekly based on the preceding week's net sales.

**Basis of Accounting** - The Company uses the accrual method of accounting for both financial reporting and income tax purposes.

**Revenue Recognition** - The Company follows the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional factors affecting the Company's recognition of revenue are more fully disclosed in Note 6.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash balances at a local banking institution. The Company has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable** - Accounts receivable are stated at the amount management 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 that are 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. Management considers all accounts receivable to be fully collectible as of December 26, 2021 and December 27, 2020.

SEE INDEPENDENT AUDITORS' REPORT

6

**CORDIFF BATTERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 26, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising Costs** – Advertising costs are expensed as incurred. Advertising expense was \$0-\$114 for the year ended December 27, 2020. There was no advertising expense for the year ended December 26, 2021.

**Property and Equipment** – Property and equipment are stated at cost. Depreciation is provided using the straight-line method and assets are depreciated over their estimated useful lives as follows:

Furniture and Fixtures – 5 Years  
 Computer Equipment and Software – 3 Years

Expenditures for repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred.

**Income Taxes** – The Company is treated as a disregarded entity for both federal and state income tax purposes. No provision is made in the accompanying financial statements for federal income taxes since, as a limited liability company, all items of income and loss are passed through to the sole member. The Company is, however, subject to a minimal state annual LLC filing fee.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Fiscal Year** – The Company's annual fiscal accounting period ends annually on the last Sunday of December.

**Reclassifications** – Certain amounts in the December 27, 2020 financial statements have been reclassified for comparative purposes to conform to the presentation in the December 26, 2021 financial statements. There was no effect on member's equity (deficit).

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of December 26, 2021 and December 27, 2020:

		<u>2021</u>		<u>2020</u>
Furniture and Fixtures	\$	12,500	\$	12,500
Computers and Equipment		15,000		15,000
		<u>27,500</u>		<u>27,500</u>
Less: Accumulated Depreciation		<u>25,625</u>		<u>20,208</u>
<b>Net Property and Equipment</b>	<b>\$</b>	<b><u>1,875</u></b>	<b>\$</b>	<b><u>7,292</u></b>

Depreciation expense was \$9,417 and \$7,500 for the years ended December 26, 2021 and December 27, 2020, respectively.

**SEE INDEPENDENT AUDITORS' REPORT**

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 26, 2021**

**NOTE 3 – DEFERRED FRANCHISE FEES**

Initial franchise fees are recorded as deferred revenue and are recognized as revenue when a franchised restaurant is opened, as all material services and conditions related to the franchise fee have been substantially performed when the franchised store opens. Deferred franchise fees related to stores that are expected to open in the next operating cycle are classified as current liabilities in the accompanying balance sheets, with the balance classified as long-term liabilities.

**NOTE 4 – LONG-TERM DEBT**

On April 21, 2020, the Company received \$257,700 from the U.S. Small Business Administration Paycheck Protection Program (PPP) pursuant to the federal COVID-19 economic stimulus Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. If the loan was not forgiven, the loan term was two years at an interest rate of 1%, with payments of principal and interest deferred until ten months after the loan forgiveness covered period ends. The note was unsecured and nonrecourse. During 2021, the SBA granted full forgiveness of the \$257,700 PPP loan. Accordingly, \$257,700 is included as gain on debt extinguishment on the accompanying 2021 statement of operations and changes in member's equity (deficit).

On March 18, 2021, the Company received \$248,952 from the SBA as part of the second round of the PPP loans pursuant to the federal COVID-19 economic stimulus The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act) which extended the PPP loan program as part of the CARES Act. The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. If the loan was not forgiven, the loan term was two years at an interest rate of 1%, with payments of principal and interest deferred until the SBA had made a loan forgiveness determination. The loan was unsecured and nonrecourse. During 2021, the SBA granted full forgiveness of the \$248,952 PPP loan. Accordingly, \$248,952 is included as gain on debt extinguishment on the accompanying 2021 statement of operations and changes in member's equity (deficit).

On June 15, 2020, the Company borrowed \$150,000 from the U.S. Small Business Administration as part of the Economic Injury Disaster Loan (EIDL) program pursuant to the CARES Act. The EIDL provides resources to small businesses for working capital to alleviate economic injury caused by COVID-19. The loan term is for thirty years at an interest rate of 3.75% with payments of principal and interest of \$751 deferred for twenty-four months. In the current year, \$8,605 accrued interest was added to the loan balance. The note is secured by all tangible and intangible personal property owned by the Company.

The Company also received an EIDL emergency advance in the amount of \$10,000 which was not required to be repaid and was included as grant income on the accompanying 2020 statement of operations and changes in member's equity (deficit).

**SEE INDEPENDENT AUDITORS' REPORT**

8

**COBELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 26, 2021**

**NOTE 4 – LONG-TERM DEBT (Continued)**

The aggregate annual maturities of long-term debt as of December 26, 2021 are as follows:

2022	\$	2,011
2023		2,011
2024		4,221
2025		3,655
2026		3,795
Thereafter		<u>145,653</u>
	<b>\$</b>	<b><u>158,665</u></b>

Interest expense on all long-term debt amounted to \$9,616 for the year ended December 26, 2021. There was no interest expense for the year ended December 27, 2020.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Company is related to various parties through common ownership and periodically advances money to these related parties on an as needed basis. Such borrowings and advances bear no interest. There are no stated terms of repayment and amounts are classified as long-term based on the intent of the parties.

A summary of related party receivables as of December 26, 2021 and December 27, 2020 are as follows:

	2021	2020
<b>Due from Related Parties</b>		
Cobelife Eatery Branding Fund, Inc.	\$ 40,756	\$ 39,750
Cobelife of the Midwest, LLC	221,750	321,750
Cobelife Eatery, LLC	<u>615,390</u>	<u>422,340</u>
	<b>\$ 785,901</b>	<b>\$ 577,940</b>

The Company recurrently provided corporate office space free of charge by Cobelife Eatery, LLC, a related party. During 2021, the Company reimbursed Cobelife of Illinois, LLC and Cobelife of Albany, LLC, related parties, for payroll costs in the amount of \$404,200.

SEE INDEPENDENT ACCOUNTING REPORT

B

CORBELIFE EATERY FRANCHISOR, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 26, 2021

**NOTE 6 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company follows the provisions of ASC 606, *Revenue from Contracts with Customers*. ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Company sells franchise licenses to franchisees located across the United States and collects royalties on the net sales achieved at the franchise stores. The Company's contracts and resulting revenue are directly impacted by the nation's demand for the franchise stores, the products sold therein, and franchisees' desire to own and operate franchise stores.

During 2020, the Company adopted Accounting Standards Update (ASU) No. 2021-20, *Franchisors – Revenue from Contracts with Customers* (Subtopic 952-006), and applied the practical expedient as provided therein. Accordingly, the Company accounts for pre-opening services as a distinct performance obligation from the franchise license. The Company has elected to account for the pre-opening services as a single performance obligation. The Company's contracts with customers consist of franchise agreements with franchisees. The contracts contain two separate performance obligations, pre-opening services, for which an initial franchise fee is charged, and the franchise license, for which a sales-based royalty fee is charged. The agreements also contain an advertising component requiring the franchisees to pay a weekly contribution to Corbel Life Eatery Branding Fund, Inc., a related party, for advertising services rendered.

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The Company recognizes franchise fee revenue for financial reporting purposes at a point in time when a franchised store is opened, as all pre-opening services and conditions related to the franchise fee have been substantially performed when the franchise store opens. The Company has determined that the sales-based royalty fee is deemed variable consideration (due to the uncertain nature of the royalty). However, the Company has also determined that the royalty predominantly relates to the franchise license, and accordingly must apply the constraint for sales-based royalties. This constraint requires that consideration that varies based on sales must not be recognized until the uncertainty about the amount of consideration is resolved, i.e., when both the sale has occurred, and the Company has satisfied the related performance obligation. The Company recognizes royalty revenue for financial reporting purposes at a point in time when the franchise sales are earned by the franchisee and royalties are remitted to the Company, as this is the date that the Company has determined that the uncertainty about the amount of consideration is resolved. These methods are used because management considers them to be the best available measure of progress on contracts as it has satisfied its performance obligations to the customer.

Franchise fee revenue recognized for the years ended December 26, 2021 and December 27, 2020 was \$70,000 and \$210,000, respectively. Royalty revenue recognized for the years ended December 26, 2021 and December 27, 2020 was \$1,527,987 and \$1,058,583, respectively.

Franchise fee consideration from the Company's contracts is generally fixed according to franchise agreements and payment is due at the time the franchise contract is signed. For franchisees investing in more than one location, payment for each subsequent location requires 50% due at the time the franchise contract is signed and the remaining 50% when the location opens. Royalty consideration is a fixed percentage of the franchisee's net sales and payments are due weekly based on the preceding week's net sales. Any amounts due as of year-end are included in accounts receivable. Contracts do not contain a stated interest rate, and as such the Company has determined that such contracts do not contain a financing element. No contract revenue was recognized during the years ended December 26, 2021 or December 27, 2020 as a result of performance obligations wholly or partially satisfied in a prior period.

SEE INDEPENDENT AUDITORS' REPORT

**COBBLE LALRY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 26, 2021**

**NOTE 6 – REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**

Contract assets represent the Company's right to consideration in exchange for services and products that have been transferred to the customer. The Company has no contract assets as of December 26, 2021 and December 27, 2020. Accounts receivable from contracts with customers are generally comprised of franchise fees and royalties due from franchisees, which amounted to \$1,377 and \$35,000 as of December 26, 2021 and December 27, 2020, respectively. Contract liabilities represent the Company's obligation to transfer services and products to a customer for which the Company has received consideration or an amount of consideration is due. The Company's contract liabilities are generally comprised of gift cards payable and deferred revenue resulting from payment of initial franchise fees received from a franchisee prior to a franchise store opening. Contract liabilities consist of the following as of December 26, 2021 and December 27, 2020, respectively:

	<u>2021</u>	<u>2020</u>
<b>Contract Liabilities</b>		
Gift Cards Payable	\$ 844,288	\$ 425,692
Deferred Franchise Fees - Current and Long-Term	<u>420,000</u>	<u>525,000</u>
	<u>\$ 1,264,288</u>	<u>\$ 1,440,692</u>

**NOTE 7 – SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred between December 27, 2021 and March 15, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Since 2020, the worldwide pandemic Coronavirus disease (COVID-19), has been significantly impacting the United States. COVID-19 continues to cause significant disruptions in all aspects caused by required government closures of business and decreased demand for certain products and services. Additionally, there have been material retractions in economic demand causing a severe macroeconomic downturn in both financial markets as well as business operations in general. While the full economic impacts of COVID-19 are unknown as of March 15, 2022, it is at least reasonably possible that the Company may experience material impacts caused by this global crisis on its operations during the next operating cycle.

**NOTE 8 – EMPLOYEE RETENTION CREDIT**

In 2021, the Company received the Employee Retention Credit (ERC) in the amount of \$273,715. The ERC is a refundable credit on qualified wages paid to employees pursuant to the CARES Act. The ERC is included as an offset to payroll and related payroll taxes and benefits in the accompanying 2021 statement of operations and changes in member's equity (deficit).

**SEE INDEPENDENT AUDITORS' REPORT**

CORELIFE EATERY FRANCHISOR, LLC

FINANCIAL STATEMENTS

DECEMBER 24, 2023

CORELIFE EATERY FRANCHISOR, LLC  
FINANCIAL STATEMENTS  
DECEMBER 24, 2023

CONTENTS

FINANCIAL STATEMENTS	<u>PAGE</u>
Independent Auditors' Report	
Balance Sheets	3
Statements of Income and Changes in Member's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11

*Officers:*  
Allison E. Gunther, CPA  
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Richard A. Lynch, CPA  
Kyle J. Miesfeldt, CPA  
Eric J. Rouse, CPA  
Janeen F. Schramm, CPA\*  
Thomas F. Shanahan, CPA\*  
\*Also Licensed in Pennsylvania

*Of Counsel:*  
Alan D. Piaker, CPA



Philip M. Piaker  
(1921-2003)  
Abraham L. Piaker  
(1925-2005)  
Angelo J. Gallo  
(1947-2022)  
*Retired:*  
Allan R. Lyons  
Kenneth L. Coleman  
James J. Lewis  
Roy E. Fuller  
John R. May

## INDEPENDENT AUDITORS' REPORT

To the Member of  
CoreLife Eatery Franchisor, LLC

### Opinion

We have audited the accompanying financial statements of **CORELIFE EATERY FRANCHISOR, LLC**, which comprise the balance sheets as of December 24, 2023 and December 25, 2022, and the related statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CoreLife Eatery Franchisor, LLC as of December 24, 2023 and December 25, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CoreLife Eatery Franchisor, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 CoreLife Eatery Franchisor, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## Piaker & Lyons

To the Member of  
CoreLife Eatery Franchisor, LLC

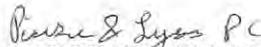
### Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 CoreLife Eatery Franchisor, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CoreLife Eatery Franchisor, LLC's ability to continue as a going concern for a reasonable period of time.

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

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 18, 2024

**CORELIFE EATERY FRANCHISOR, LLC**  
**BALANCE SHEETS**  
**DECEMBER 24, 2023 AND DECEMBER 25, 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 579,409	\$ 650,194
Due from Franchisees	<u>62,341</u>	<u>62,341</u>
<b>Total Current Assets</b>	<u>641,750</u>	<u>712,535</u>
<b>Property and Equipment, at Cost</b>		
Property and Equipment	27,500	27,500
Less: Accumulated Depreciation	<u>27,500</u>	<u>27,500</u>
<b>Net Property and Equipment</b>	<u>-</u>	<u>-</u>
<b>Other Assets</b>		
Due from Related Parties	<u>1,723,710</u>	<u>1,296,455</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,365,460</u>	<u>\$ 2,008,990</u>

**LIABILITIES AND MEMBER'S EQUITY**

<b>Current Liabilities</b>		
Escrow Obligations	\$ 804,706	\$ 726,983
Current Portion of Long-Term Debt	<u>3,147</u>	<u>3,147</u>
<b>Total Current Liabilities</b>	807,853	730,130
<b>Long-Term Liabilities</b>		
Deferred Franchise Fees	280,000	420,000
Long-Term Debt, Net of Current Maturities	<u>157,323</u>	<u>160,016</u>
<b>Total Long-Term Liabilities</b>	<u>437,323</u>	<u>580,016</u>
<b>Total Liabilities</b>	1,245,176	1,310,146
<b>Member's Equity</b>	<u>1,120,284</u>	<u>698,844</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 2,365,460</u>	<u>\$ 2,008,990</u>

See the accompanying notes to financial statements.

**CORELIFE EATERY FRANCHISOR, LLC**  
**STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 24, 2023 AND DECEMBER 25, 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue from Contracts with Customers</b>		
Royalties	\$ 1,283,217	\$ 1,475,771
Franchise Fees	<u>140,000</u>	<u>-</u>
<b>Total Revenue from Contracts with Customers</b>	<u>1,423,217</u>	<u>1,475,771</u>
<b>Operating Expenses</b>		
Bank Fees	62,973	26,094
Computer Expense	7,800	34,023
Office Expenses	4,900	9,150
Professional Fees	24,186	26,315
Management Fees	75,000	-
Payroll and Related Payroll Taxes and Benefits	814,015	897,306
Service Fees	659	-
Travel Expense	36,102	41,466
Depreciation Expense	-	1,875
Miscellaneous Expense	<u>652</u>	<u>6,108</u>
<b>Total Operating Expenses</b>	<u>1,026,287</u>	<u>1,042,337</u>
<b>Other Income (Expense)</b>		
Interest Expense - EIDL	(6,079)	(5,229)
Miscellaneous Rebates	<u>30,589</u>	<u>109,683</u>
<b>Total Other Income</b>	<u>24,510</u>	<u>104,454</u>
<b>Net Income</b>	421,440	537,888
Member's Equity - Beginning of Year	<u>698,844</u>	<u>160,956</u>
<b>Member's Equity - End of Year</b>	<u>\$ 1,120,284</u>	<u>\$ 698,844</u>

See the accompanying notes to financial statements.

**CORELIFE EATERY FRANCHISOR, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 24, 2023 AND DECEMBER 25, 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
<b>Net Income</b>	\$ <u>421,440</u>	\$ <u>537,888</u>
<b>Adjustments to Reconcile Net Income to</b>		
<b>Net Cash Provided By Operating Activities:</b>		
Depreciation	-	1,875
Accrued Interest - EIDL	-	4,498
Accrued Interest Paid - EIDL	(2,693)	-
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable	-	1,877
Due from Franchisees	-	23,825
Escrow Obligations	77,723	(117,305)
Deferred Franchise Fees	(140,000)	-
<b>Total Adjustments</b>	<u>(64,970)</u>	<u>(85,230)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>356,470</u>	<u>452,658</u>
<b>Cash Flows From Investing Activities:</b>		
Advances to Related Parties	<u>(427,255)</u>	<u>(510,551)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(70,785)</u>	<u>(57,893)</u>
Cash and Cash Equivalents, Beginning of Year	<u>650,194</u>	<u>708,087</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 579,409</u>	<u>\$ 650,194</u>
<b>Schedule of Non-Cash Investing and Financing Activities</b>		
Interest Paid	\$ 8,772	\$ 731

See the accompanying notes to financial statements.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** - CoreLife Eatery Franchisor, LLC (the Company) was formed in New York State on February 10, 2016, as a limited liability company. The Company is a wholly owned subsidiary of CoreLife Eatery, LLC (the Parent). The Parent has developed a system for the operation of fast-casual restaurants under the name "CoreLife Eatery". The concept features made-to-order bowls, salads, and other healthy menu options. The system includes, among other things, distinctive recipes, preparation techniques, product specifications, signs, trade secrets and other confidential information, architectural designs, trade dress, layout plans, uniforms, equipment specifications, inventory, and marketing techniques. The Company was formed to sublicense this system as the franchisor. The Company has entered into agreements with several franchisees who desire to own and operate CoreLife Eatery restaurant locations. As of December 24, 2023 and December 25, 2022, there were 24 and 26 franchise locations, respectively, in operation throughout the United States.

**Franchising Agreement** - The initial term of each franchise agreement is ten years from the date the franchise store opens to the public, with the option to renew for two additional ten-year terms. In connection with the franchise agreement, the franchisees pay initial franchise fees of \$35,000 to offset the cost of preopening activities incurred by the Company. Initial franchise fee revenue is recognized when the franchise store opens. The agreements require royalty payments of 5% of franchisee net sales. In 2023 and 2022, the Company waived or reduced some of its 5% royalty fee for some of the initial startups. The agreements also require payments of up to 3.5% of franchisee net sales to an established regional advertising cooperative, CoreLife Eatery Branding Fund, Inc. (a related party). Payments are due weekly based on the preceding week's net sales.

**Basis of Accounting** - The Company uses the accrual method of accounting for both financial reporting and income tax purposes.

**Revenue Recognition** - The Company follows the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. Additional factors affecting the Company's recognition of revenue are more fully disclosed in Note 7.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash balances at a local banking institution. The Company has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable and Allowance for Credit Losses** - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Company adopted the standard effective December 26, 2022. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounts Receivable are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. The Company extends credit to customers in the normal course of business and does not charge interest. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. The Company also considers any specific customer collection issues. Since the Company's accounts receivable are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment. At origination, the Company evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance.

As of December 24, 2023, there is no accounts receivable balance. Accordingly, no allowance for credit losses is necessary.

Prior to the adoption of FASB ASC 326, for the year ended December 25, 2022, the Company utilized the allowance method for uncollectible accounts for financial statement purposes. Accounts receivables were stated at the amount management expected to collect at year-end. As of December 25, 2022, there was no accounts receivable balance. Accordingly, no allowance for doubtful accounts was necessary.

**Advertising Costs** – Advertising costs are expensed as incurred. There was no advertising expense in 2023 or 2022.

**Property and Equipment** – Property and equipment are stated at cost. Depreciation is provided using the straight-line method and assets are depreciated over their estimated useful lives as follows:

Furniture and Fixtures – 5 Years  
Computer Equipment and Software – 3 Years

Expenditures for repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred.

**Income Taxes** – The Company is treated as a disregarded entity for both federal and state income tax purposes. No provision is made in the accompanying financial statements for federal income taxes since all items of income and loss are passed through to the sole member. The Company is, however, subject to a minimal state annual LLC filing fee.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Fiscal Year** – The Company's annual fiscal accounting period ends annually on the last Sunday of December.

**Reclassifications** – Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. There was no effect on member's equity.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of December 24, 2023 and December 25, 2022:

	<u>2023</u>		<u>2022</u>
Furniture and Fixtures	\$ 12,500	\$	12,500
Computers and Equipment	15,000		15,000
	<u>27,500</u>		<u>27,500</u>
Less: Accumulated Depreciation	<u>27,500</u>		<u>27,500</u>
<b>Net Property and Equipment</b>	<u>\$ -</u>	<u>\$</u>	<u>-</u>

There was no depreciation expense for the year ended December 24, 2023. Depreciation expense was \$1,875 for the year ended December 25, 2022.

**NOTE 3 - ESCROW OBLIGATIONS**

The Company acts as an agent by collecting and maintaining a portion of the cash that restaurant locations receive from store customers when gift cards are purchased. The stores remit proceeds from gift card purchases to the Company, and in turn the Company remits cash to the stores upon gift card redemption by customers. These obligations maintained on the Company's balance sheet represent the total cash that is due to the stores when gift cards are redeemed, and amounted to \$804,706 and \$726,983 at December 24, 2023 and December 25, 2022, respectively.

**NOTE 4 - DEFERRED FRANCHISE FEES**

Initial franchise fees are recorded as deferred revenue and are recognized as revenue when a franchised restaurant is opened, as all material services and conditions related to the franchise fee have been substantially performed when the franchise store opens. Deferred franchise fees related to stores that are expected to open in the next operating cycle are classified as current liabilities in the accompanying balance sheets, with the balance classified as long-term liabilities.

**NOTE 5 - LONG-TERM DEBT**

On June 15, 2020, the Company borrowed \$150,000 from the U.S. Small Business Administration as part of the Economic Injury Disaster Loan (EIDL) program pursuant to the CARES Act. The EIDL provides resources to small businesses for working capital to alleviate economic injury caused by COVID-19. The loan term is for thirty years at an interest rate of 3.75% with payments of principal and interest of \$731 deferred for twenty-nine months. The note is secured by all tangible and intangible personal property owned by the Company. During 2022, accrued interest of \$4,498 was added to the loan balance. The balance outstanding at December 24, 2023 and December 25, 2022 was \$160,470 and \$163,163, respectively.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 5 - LONG-TERM DEBT** (Continued)

The aggregate annual maturities of long-term debt as of December 24, 2023 are as follows:

2024	\$	3,147
2025		3,147
2026		3,147
2027		3,178
2028		3,295
Thereafter		<u>144,556</u>
	<b>\$</b>	<b><u>160,470</u></b>

Interest expense on long-term debt amounted to \$6,079 and \$5,229 for the years ended December 24, 2023 and December 25, 2022, respectively.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Company is related to various parties through common ownership and periodically advances money to these related parties on an as needed basis. Such borrowings and advances bear no interest. There are no stated terms of repayment and amounts are classified as long-term based on the intent of the parties.

A summary of related party receivables as of December 24, 2023 and December 25, 2022 are as follows:

	<u>2023</u>		<u>2022</u>
<b>Due from Related Parties</b>			
CoreLife Eatery Branding Fund, Inc.	\$ 49,747	\$	48,756
CoreLife of the Midwest, LLC	121,750		121,750
CoreLife Eatery, LLC	<u>1,552,213</u>		<u>1,125,949</u>
	<b><u>\$ 1,723,710</u></b>	<b>\$</b>	<b><u>1,296,455</u></b>

The Company is currently provided corporate office space free of charge by a member of CoreLife Eatery, LLC, a related party. During 2023, the Company paid CoreLife Eatery, LLC management fees totaling \$75,000.

**NOTE 7 - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company follows the provisions of ASC 606, *Revenue from Contracts with Customers*. ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 7 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

The Company sells franchise licenses to franchisees located across the United States and collects royalties on the net sales achieved at the franchise stores. The Company's contracts and resulting revenue are directly impacted by the nation's demand for the franchise stores, the products sold therein, and franchisees' desire to own and operate franchise stores.

The Company also follows the provisions of Accounting Standards Update (ASU) No. 2021-20, *Franchisors – Revenue from Contracts with Customers* (Subtopic 952-606). Accordingly, the Company accounts for pre-opening services as a distinct performance obligation from the franchise license. The Company has elected to account for the pre-opening services as a single performance obligation. The Company's contracts with customers consist of franchise agreements with franchisees. The contracts contain two separate performance obligations, pre-opening services, for which an initial franchise fee is charged, and the franchise license, for which a sales-based royalty fee is charged. The agreements also contain an advertising component requiring the franchisee to pay a weekly contribution to CoreLife Eatery Branding Fund, Inc., a related party, for advertising services rendered.

The Company recognizes franchise fee revenue for financial reporting purposes at a point in time when a franchised store is opened, as all pre-opening services and conditions related to the franchise fee have been substantially performed when the franchise store opens. The Company has determined that the sales-based royalty fee is deemed variable consideration due to the uncertain nature of the royalty. However, the Company has also determined that the royalty predominantly relates to the franchise license, and accordingly must apply the constraint for sales-based royalties. This constraint requires that consideration that varies based on sales must not be recognized until the uncertainty about the amount of consideration is resolved, i.e., when both the sale has occurred, and the Company has satisfied the related performance obligation. The Company recognizes royalty revenue for financial reporting purposes at a point in time when the franchise sales are earned by the franchisee and royalties are remitted to the Company, as this is the date that the Company has determined that the uncertainty about the amount of consideration is resolved. These methods are used because management considers them to be the best available measure of progress on contracts as it has satisfied its performance obligations to the customer.

Franchise fee revenue recognized for the year ended December 24, 2023 was \$140,000. There was no franchise fee revenue recognized for the year ended December 25, 2022. Royalty revenue recognized for the years ended December 24, 2023 and December 25, 2022 was \$1,283,217 and \$1,475,771, respectively.

Franchise fee consideration from the Company's contracts is generally fixed according to franchise agreements and payment is due at the time the franchise contract is signed. For franchisees investing in more than one location, payment for each subsequent location requires 50% due at the time the franchise contract is signed and the remaining 50% when the location opens. Royalty consideration is a fixed percentage of the franchisee's net sales and payments are due weekly based on the preceding week's net sales. Any amounts due as of year-end are included in accounts receivable. Contracts do not contain a stated interest rate, and as such the Company has determined that such contracts do not contain a financing element. No contract revenue was recognized during the years ended December 24, 2023 or December 25, 2022 as a result of performance obligations wholly or partially satisfied in a prior period.

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 24, 2023**

**NOTE 7 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

Contract assets represent the Company's right to consideration in exchange for services and products that have been transferred to the customer. The Company had no contract assets as of December 24, 2023, December 25, 2022, and December 26, 2021. Accounts receivable from contracts with customers are generally comprised of franchise fees and royalties due from franchisees. As of December 24, 2023, and December 25, 2022 there was no accounts receivable. Accounts receivable amounted to \$1,877 as of December 26, 2021. Contract liabilities represent the Company's obligation to transfer services and products to a customer for which the Company has received consideration or an amount of consideration is due. The Company's contract liabilities are comprised of deferred revenue resulting from payment of initial franchise fees received from a franchisee prior to a franchise store opening. Contract liabilities consist of \$280,000, \$420,000, and \$420,000 as of December 24, 2023, December 24, 2022, and December 26, 2021, respectively.

**NOTE 8 - SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred between December 25, 2023 and March 18, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

CORELIFE EATERY FRANCHISOR, LLC

FINANCIAL STATEMENTS

DECEMBER 25, 2022

CORELIFE EATERY FRANCHISOR, LLC  
FINANCIAL STATEMENTS  
DECEMBER 25, 2022

CONTENTS

FINANCIAL STATEMENTS	<u>PAGE</u>
Independent Auditors' Report	
Balance Sheets	3
Statements of Operations and Changes in Member's Equity (Deficit)	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
CoreLife Eatery Franchisor, LLC

### Opinion

We have audited the accompanying financial statements of **CORELIFE EATERY FRANCHISOR, LLC**, which comprise the balance sheets as of December 25, 2022 and December 26, 2021, and the related statements of operations and changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CoreLife Eatery Franchisor, LLC as of December 25, 2022 and December 26, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 CoreLife Eatery Franchisor, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## Piaker & Lyons

To the Member of  
CoreLife Eatery Franchisor, LLC

### Auditors' 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 auditors' 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 CoreLife Eatery Franchisor, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CoreLife Eatery Franchisor, LLC's ability to continue as a going concern for a reasonable period of time.

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



PIAKER & LYONS, P.C.

Binghamton, New York  
March 31, 2023

**CORELIFE EATERY FRANCHISOR, LLC**  
**BALANCE SHEETS**  
**DECEMBER 25, 2022 AND DECEMBER 26, 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 650,194	\$ 708,087
Accounts Receivable	-	1,877
Due from Franchisees	<u>62,341</u>	<u>86,166</u>
<b>Total Current Assets</b>	<u>712,535</u>	<u>796,130</u>
<b>Property and Equipment, at Cost</b>		
Property and Equipment	27,500	27,500
Less: Accumulated Depreciation	<u>27,500</u>	<u>25,625</u>
<b>Net Property and Equipment</b>	<u>-</u>	<u>1,875</u>
<b>Other Assets</b>		
Due from Related Parties	<u>1,296,455</u>	<u>785,904</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,008,990</u>	<u>\$ 1,583,909</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current Liabilities</b>		
Gift Cards Payable	\$ 726,983	\$ 844,288
Current Portion of Long-Term Debt	<u>3,147</u>	<u>-</u>
<b>Total Current Liabilities</b>	730,130	844,288
<b>Long-Term Liabilities</b>		
Deferred Franchise Fees	420,000	420,000
Long-Term Debt, Net of Current Maturities	<u>160,016</u>	<u>158,665</u>
<b>Total Long-Term Liabilities</b>	<u>580,016</u>	<u>578,665</u>
<b>Total Liabilities</b>	1,310,146	1,422,953
<b>Member's Equity</b>	<u>698,844</u>	<u>160,956</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 2,008,990</u>	<u>\$ 1,583,909</u>

See the accompanying notes to financial statements.

**CORELIFE EATERY FRANCHISOR, LLC**  
**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 25, 2022 AND DECEMBER 26, 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenue from Contracts with Customers</b>		
Royalties	\$ 1,475,771	\$ 1,537,967
Franchise Fees	<u>-</u>	<u>70,000</u>
<b>Total Revenue from Contracts with Customers</b>	<u>1,475,771</u>	<u>1,607,967</u>
<b>Operating Expenses</b>		
Bank Fees	26,094	1,085
Computer Expense	34,023	83,406
Franchise Expenses	-	2,600
Office Expenses	9,150	10,117
Professional Fees	26,315	50,295
Payroll and Related Payroll Taxes and Benefits	897,306	1,114,115
Service Fees	-	37,045
Travel Expense	41,466	44,704
Depreciation Expense	1,875	5,417
Miscellaneous Expense	<u>6,108</u>	<u>-</u>
<b>Total Operating Expenses</b>	<u>1,042,337</u>	<u>1,348,784</u>
<b>Other Income (Expense)</b>		
Interest Expense - EIDL	(5,229)	(8,665)
Gain on Debt Extinguishment - PPP Loans	-	506,652
Miscellaneous Rebates	<u>109,683</u>	<u>9,811</u>
<b>Total Other Income</b>	<u>104,454</u>	<u>507,798</u>
<b>Net Income</b>	537,888	766,981
Member's Equity (Deficit) - Beginning of Year	<u>160,956</u>	<u>(606,025)</u>
<b>Member's Equity - End of Year</b>	<u>\$ 698,844</u>	<u>\$ 160,956</u>

See the accompanying notes to financial statements.

**CORELIFE EATERY FRANCHISOR, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 25, 2022 AND DECEMBER 26, 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
<b>Net Income</b>	\$ 537,888	\$ 766,981
<b>Adjustments to Reconcile Net Income to</b>		
<b>Net Cash Provided By Operating Activities:</b>		
Depreciation	1,875	5,417
Accrued Interest - EIDL	4,498	8,665
Gain on Debt Extinguishment - PPP Loans	-	(506,652)
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable	1,877	33,123
Due from Franchisees	23,825	(86,166)
Gift Cards Payable	(117,305)	(79,404)
Deferred Franchise Fees	-	(105,000)
<b>Total Adjustments</b>	<u>(85,230)</u>	<u>(730,017)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>452,658</u>	<u>36,964</u>
<b>Cash Flows From Financing Activities:</b>		
Advances to Related Parties	(510,551)	(208,057)
PPP Loan Proceeds	-	248,952
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>(510,551)</u>	<u>40,895</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(57,893)</u>	<u>77,859</u>
Cash and Cash Equivalents, Beginning of Year	<u>708,087</u>	<u>630,228</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 650,194</u>	<u>\$ 708,087</u>
<b>Schedule of Non-Cash Investing and Financing Activities</b>		
Debt Obligation Forgiveness - PPP Loan	\$ -	\$ 506,652
Interest Paid	731	-

See the accompanying notes to financial statements.

CORELIFE EATERY FRANCHISOR, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 25, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** – CoreLife Eatery Franchisor, LLC (the Company) was formed in New York State on February 10, 2016 as a limited liability company. The Company is a wholly owned subsidiary of CoreLife Eatery, LLC (the Parent). The Parent has developed a system for the operation of fast-casual restaurants under the name “CoreLife Eatery”. The concept features made-to-order bowls, salads, and other healthy menu options. The system includes, among other things, distinctive recipes, preparation techniques, product specifications, signs, trade secrets and other confidential information, architectural designs, trade dress, layout plans, uniforms, equipment specifications, inventory, and marketing techniques. The Company was formed to sublicense this system as the franchisor. The Company has entered into agreements with several franchisees who desire to own and operate CoreLife Eatery restaurant locations. As of December 25, 2022 and December 26, 2021, there were 26 and 32 franchise locations, respectively, in operation throughout the United States.

**Franchising Agreement** – The initial term of each franchise agreement is ten years from the date the franchise store opens to the public, with the option to renew for two additional ten-year terms. In connection with the franchise agreement, the franchisees pay initial franchise fees of \$35,000 to offset the cost of preopening activities incurred by the Company. Initial franchise fee revenue is recognized when the franchise store opens. The agreements require royalty payments of 5% of franchisee net sales. In 2022 and 2021, the Company waived or reduced some of its 5% royalty fee for some of the initial startups. The agreements also require payments of up to 3.5% of franchisee net sales to an established regional advertising cooperative, CoreLife Eatery Branding Fund, Inc. (a related party). Payments are due weekly based on the preceding week’s net sales.

**Basis of Accounting** – The Company uses the accrual method of accounting for both financial reporting and income tax purposes.

**Revenue Recognition** – The Company follows the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. Additional factors affecting the Company’s recognition of revenue are more fully disclosed in Note 6.

**Cash and Cash Equivalents** – The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash balances at a local banking institution. The Company has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable** – Accounts receivable are stated at the amount management 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 that are 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.

SEE INDEPENDENT AUDITORS’ REPORT

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising Costs** – Advertising costs are expensed as incurred. There was no advertising expense in 2022 or 2021.

**Property and Equipment** – Property and equipment are stated at cost. Depreciation is provided using the straight-line method and assets are depreciated over their estimated useful lives as follows:

Furniture and Fixtures – 5 Years  
 Computer Equipment and Software – 3 Years

Expenditures for repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred.

**Income Taxes** – The Company is treated as a disregarded entity for both federal and state income tax purposes. No provision is made in the accompanying financial statements for federal income taxes since, as a limited liability company, all items of income and loss are passed through to the sole member. The Company is, however, subject to a minimal state annual LLC filing fee.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Fiscal Year** – The Company’s annual fiscal accounting period ends annually on the last Sunday of December.

**Risks and Uncertainties** – During the year ended December 25, 2022 and continuing, the Company has experienced significant increases in costs for various goods and services. It is at least reasonably possible that these increases and the current inflation in the U.S. economy could have a material effect on the Company.

**NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of December 25, 2022 and December 26, 2021:

	<u>2022</u>		<u>2021</u>
Furniture and Fixtures	\$ 12,500	\$	12,500
Computers and Equipment	15,000	-	15,000
	<u>27,500</u>		<u>27,500</u>
Less: Accumulated Depreciation	<u>27,500</u>		<u>25,625</u>
<b>Net Property and Equipment</b>	<u>\$ -</u>	<u>\$</u>	<u>1,875</u>

Depreciation expense was \$1,875 and \$5,417 for the years ended December 25, 2022 and December 26, 2021, respectively.

**SEE INDEPENDENT AUDITORS’ REPORT**

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 3 - DEFERRED FRANCHISE FEES**

Initial franchise fees are recorded as deferred revenue and are recognized as revenue when a franchised restaurant is opened, as all material services and conditions related to the franchise fee have been substantially performed when the franchise store opens. Deferred franchise fees related to stores that are expected to open in the next operating cycle are classified as current liabilities in the accompanying balance sheets, with the balance classified as long-term liabilities.

**NOTE 4 - LONG-TERM DEBT**

On April 21, 2020, the Company received \$257,700 from the U.S. Small Business Administration Paycheck Protection Program (PPP) pursuant to the federal COVID-19 economic stimulus Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. During 2021, the SBA granted full forgiveness of the \$257,700 loan.

On March 18, 2021, the Company received \$248,952 from the SBA as part of the second round of the PPP loans pursuant to the federal COVID-19 economic stimulus The Economic Aid to Hard-Hit Businesses, Nonprofits and Venues Act (Economic Aid Act) which extended the PPP loan program as part of the CARES Act. The PPP loan was a forgivable loan depending on threshold requirements being met, primarily related to payroll costs. During 2021, the SBA granted full forgiveness of the \$248,952 loan.

Accordingly, \$506,652 is included as gain on debt extinguishment on the accompanying statement of operations and changes in member's equity (deficit) for the year ended December 26, 2021.

On June 15, 2020, the Company borrowed \$150,000 from the U.S. Small Business Administration as part of the Economic Injury Disaster Loan (EIDL) program pursuant to the CARES Act. The EIDL provides resources to small businesses for working capital to alleviate economic injury caused by COVID-19. The loan term is for thirty years at an interest rate of 3.75% with payments of principal and interest of \$731 deferred for twenty-nine months. The note is secured by all tangible and intangible personal property owned by the Company. During 2022 and 2021, accrued interest of \$4,498 and \$8,665, respectively, was added to the loan balance. The balance outstanding at December 25, 2022 and December 26, 2021 was \$163,163 and \$158,665, respectively.

The aggregate annual maturities of long-term debt as of December 25, 2022 are as follows:

2023	\$	3,147
2024		3,147
2025		3,147
2026		3,147
2027		3,178
Thereafter		147,397
		<b>\$ 163,163</b>

Interest expense on long-term debt amounted to \$5,229 and \$8,665 for the years ended December 25, 2022 and December 26, 2021, respectively.

**SEE INDEPENDENT AUDITORS' REPORT**

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company is related to various parties through common ownership and periodically advances money to these related parties on an as needed basis. Such borrowings and advances bear no interest. There are no stated terms of repayment and amounts are classified as long-term based on the intent of the parties.

A summary of related party receivables as of December 25, 2022 and December 26, 2021 are as follows:

	<u>2022</u>	<u>2021</u>
<b>Due from Related Parties</b>		
CoreLife Eatery Branding Fund, Inc.	\$ 48,756	\$ 48,756
CoreLife of the Midwest, LLC	121,750	121,750
CoreLife Eatery, LLC	<u>1,125,949</u>	<u>615,398</u>
	<u>\$ 1,296,455</u>	<u>\$ 785,904</u>

The Company is currently provided corporate office space free of charge by CoreLife Eatery, LLC, a related party. During 2021, the Company reimbursed CoreLife of Illinois, LLC and CoreLife of Albany, LLC, related parties, for payroll costs in the amount of \$404,200.

**NOTE 6 - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company follows the provisions of ASC 606, *Revenue from Contracts with Customers*. ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Company sells franchise licenses to franchisees located across the United States and collects royalties on the net sales achieved at the franchise stores. The Company's contracts and resulting revenue are directly impacted by the nation's demand for the franchise stores, the products sold therein, and franchisees' desire to own and operate franchise stores.

The Company also follows the provisions of Accounting Standards Update (ASU) No. 2021-20, *Franchisors – Revenue from Contracts with Customers* (Subtopic 952-606). Accordingly, the Company accounts for pre-opening services as a distinct performance obligation from the franchise license. The Company has elected to account for the pre-opening services as a single performance obligation. The Company's contracts with customers consist of franchise agreements with franchisees. The contracts contain two separate performance obligations, pre-opening services, for which an initial franchise fee is charged, and the franchise license, for which a sales-based royalty fee is charged. The agreements also contain an advertising component requiring the franchisee to pay a weekly contribution to CoreLife Eatery Branding Fund, Inc., a related party, for advertising services rendered.

**SEE INDEPENDENT AUDITORS' REPORT**

**CORELIFE EATERY FRANCHISOR, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 25, 2022**

**NOTE 6 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

The Company recognizes franchise fee revenue for financial reporting purposes at a point in time when a franchised store is opened, as all pre-opening services and conditions related to the franchise fee have been substantially performed when the franchise store opens. The Company has determined that the sales-based royalty fee is deemed variable consideration due to the uncertain nature of the royalty. However, the Company has also determined that the royalty predominantly relates to the franchise license, and accordingly must apply the constraint for sales-based royalties. This constraint requires that consideration that varies based on sales must not be recognized until the uncertainty about the amount of consideration is resolved, i.e., when both the sale has occurred, and the Company has satisfied the related performance obligation. The Company recognizes royalty revenue for financial reporting purposes at a point in time when the franchise sales are earned by the franchisee and royalties are remitted to the Company, as this is the date that the Company has determined that the uncertainty about the amount of consideration is resolved. These methods are used because management considers them to be the best available measure of progress on contracts as it has satisfied its performance obligations to the customer.

There was no franchise fee revenue recognized for the year ended December 25, 2022. Franchise fee revenue recognized for the year ended December 26, 2021 was \$70,000. Royalty revenue recognized for the years ended December 25, 2022 and December 26, 2021 was \$1,475,771 and \$1,537,967, respectively.

Franchise fee consideration from the Company's contracts is generally fixed according to franchise agreements and payment is due at the time the franchise contract is signed. For franchisees investing in more than one location, payment for each subsequent location requires 50% due at the time the franchise contract is signed and the remaining 50% when the location opens. Royalty consideration is a fixed percentage of the franchisee's net sales and payments are due weekly based on the preceding week's net sales. Any amounts due as of year-end are included in accounts receivable. Contracts do not contain a stated interest rate, and as such the Company has determined that such contracts do not contain a financing element. No contract revenue was recognized during the years ended December 25, 2022 or December 26, 2021 as a result of performance obligations wholly or partially satisfied in a prior period.

Contract assets represent the Company's right to consideration in exchange for services and products that have been transferred to the customer. The Company has no contract assets as of December 25, 2022 and December 26, 2021. Accounts receivable from contracts with customers are generally comprised of franchise fees and royalties due from franchisees. As of December 25, 2022, there was no accounts receivable balance. Accounts receivable amounted to \$1,877 as of December 26, 2021. Contract liabilities represent the Company's obligation to transfer services and products to a customer for which the Company has received consideration or an amount of consideration is due. The Company's contract liabilities are generally comprised of gift cards payable and deferred revenue resulting from payment of initial franchise fees received from a franchisee prior to a franchise store opening. Contract liabilities consist of the following as of December 25, 2022 and December 26, 2021, respectively:

	<u>2022</u>	<u>2021</u>
<b>Contract Liabilities</b>		
Gift Cards Payable	\$ 726,983	\$ 844,288
Deferred Franchise Fees - Long-Term	<u>420,000</u>	<u>420,000</u>
	<u>\$ 1,146,983</u>	<u>\$ 1,264,288</u>

**SEE INDEPENDENT AUDITORS' REPORT**

**CORELIFE EATERY FRANCHISOR, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 25, 2022**

**NOTE 7 – EMPLOYEE RETENTION CREDIT**

In 2021, the Company received the Employee Retention Credit (ERC) in the amount of \$275,715. The ERC is a refundable credit on qualified wages paid to employees pursuant to the CARES Act. The ERC is included as an offset to payroll and related payroll taxes and benefits in the accompanying statement of operations and changes in member's equity (deficit) for the year ended December 26, 2021.

**NOTE 8 – SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred between December 26, 2022 and March 31, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**SEE INDEPENDENT AUDITORS' REPORT**

**EXHIBIT C**  
**FRANCHISE AGREEMENT**



**EXHIBIT C**



**CORELIFE EATERY FRANCHISOR, LLC**

**FRANCHISE AGREEMENT**

**Eatery #:** \_\_\_\_\_

**Eatery Address:** \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

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

**Territory:** \_\_\_\_\_

\_\_\_\_\_

TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
ARTICLE 1	DEFINITIONS..... 1
ARTICLE 2	GRANT..... 1
ARTICLE 3	TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT ... 3
ARTICLE 4	PAYMENTS..... 5
ARTICLE 5	CONSTRUCTION AND COMMENCEMENT OF BUSINESS..... 7
ARTICLE 6	TRAINING ..... 12
ARTICLE 7	MANUALS AND STANDARDS OF OPERATOR QUALITY, CLEANLINESS AND SERVICE..... 14
ARTICLE 8	ADVERTISING..... 22
ARTICLE 9	DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS..... 26
ARTICLE 10	REPORTS, BOOKS AND RECORDS, INSPECTIONS ..... 29
ARTICLE 11	TRADEMARKS ..... 31
ARTICLE 12	COVENANTS REGARDING OTHER BUSINESS INTERESTS..... 33
ARTICLE 13	NATURE OF INTEREST, ASSIGNMENT..... 37
ARTICLE 14	DEFAULT AND TERMINATION ..... 42
ARTICLE 15	RIGHTS AND OBLIGATIONS UPON TERMINATION ..... 45
ARTICLE 16	INSURANCE..... 47
ARTICLE 17	RELATIONSHIP OF PARTIES, DISCLOSURE ..... 48
ARTICLE 18	MEDIATION AND ARBITRATION ..... 49
ARTICLE 19	MISCELLANEOUS PROVISIONS..... 51
ARTICLE 20	FINANCIAL COVENANT ..... 54
ARTICLE 21	SUBMISSION OF AGREEMENT..... 55

ATTACHMENTS:

Appendix 1 - Definitions

Attachment A – Franchise Data Sheet

Attachment B – Entity Information

Attachment C – Owners Agreement

## CORELIFE EATERY FRANCHISE AGREEMENT

This Franchise Agreement (this “**Franchise Agreement**”) is being entered as of the date listed on Attachment A to this Franchise Agreement (the “**Effective Date**”). The parties to this Franchise Agreement are CoreLife Eatery Franchisor, LLC, a New York limited liability company (“**Franchisor**”), and the franchisee listed on Attachment A to this Franchise Agreement (“**Franchisee**”).

A. Franchisor has the right to sublicense the “CoreLife Eatery” name and service mark, and such other trademarks, service marks, logo types and commercial symbols as Franchisor may from time to time authorize or direct Franchisee to use in connection with the operation of the Franchised Eatery (the “**Marks**”).

B. Franchisor and/or an Affiliate of Franchisor have developed and continue to develop, and Franchisor owns or has the right to sublicense, a system for the operation of fast-casual Eateries feature an assembly line style build-your-own green, grain and bone broth bowls that are made to order and related food and drink items, pursuant to the Franchisor’s System, which includes, among other things, distinctive recipes, preparation techniques, product specifications, signs, trade secrets and other confidential information, architectural designs, trade dress, layout plans, uniforms, equipment specifications, inventory and marketing techniques.

C. Franchisee desires to obtain the license and franchise to operate a single Eatery, under the Marks and in strict accordance with the System, and the standards and specifications established by Franchisor; and Franchisor is willing to grant Franchisee such license and franchise under the terms and conditions of this Agreement.

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

### ARTICLE 1 DEFINITIONS

1.1 Certain Fundamental Definitions and Applicable Information. In addition to those terms defined in the body of this Agreement, many of the capitalized terms contained in this Agreement are defined in Appendix 1.

### ARTICLE 2 GRANT

2.1 Grant.

2.1.1 Franchisor hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one Eatery at, and only at, the Location.

2.1.2 Franchisee may offer, sell or provide delivery services or Catering services as Franchisor may expressly authorize in writing. Franchisor may grant, deny or withdraw its consent in Franchisor’s sole discretion. If such prior written consent is granted for delivery or Catering services, Franchisee shall not offer delivery or Catering services outside of Franchisee’s Territory (defined below) without Franchisor’s prior written authorization, shall not offer delivery or Catering services in the protected territory of any other franchisee, and shall at all times strictly comply with Franchisor’s standards, specifications and policies as they may be amended. Franchisor’s standards, specifications and policies may

include, without limitation, restrictions regarding the types of products and services Franchisee may offer and the geographic area in which Franchisee may provide such services.

2.2 No Sublicensing Rights. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Franchised Eatery or to use the System granted pursuant to this Agreement.

2.3 Territorial Rights.

2.3.1 If “No Territorial Rights” is selected in Attachment A or if there is no geographic area designated on Attachment A as the Territory, the franchise and license and other rights granted in this Agreement are for the Location only at the specific numbered street address at which the Franchised Eatery shall be physically located. In such case, Franchisee acknowledges the franchise and license granted to Franchisee under this Agreement is nonexclusive and it has no territorial protection under this Agreement.

2.3.2 If an area is described in Attachment A, then during the Term, neither Franchisor nor any Affiliate of Franchisor shall open or operate any Traditional Eatery, nor license others to do so, within the geographic area described in Attachment A (the “**Territory**”).

2.3.3 Except to the limited extent expressly provided in Section 2.3 of this Agreement, the license granted to the Franchisee under this Agreement is nonexclusive and Franchisor expressly reserves all other rights including the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others, without any compensation from Franchisor to Franchisee:

(a) to own or operate, and to franchise or license others (which may include its Affiliates) to own or operate CoreLife Eateries at any location outside the Territory, and regardless of proximity to Franchisee’s Eatery;

(b) to own or operate, and to franchise or license others to own or operate restaurants or other businesses operating under names other than “CoreLife Eatery”, at any location within or outside the Territory and regardless of their proximity to Franchisee’s Eatery;

(c) to own or operate, and to franchise or license others to own or operate CoreLife Eateries at Non-Traditional Venues at any location, within or outside the Territory, and regardless of proximity to Franchisee’s Eatery; ;

(d) to produce, license, distribute and market “CoreLife” or “CoreLife Eatery” brand products, including pre-packaged food items, dressings and other food and beverage products; books; clothing; souvenirs and novelty items; at or through any location or outlet (including within the Territory and regardless of its proximity to Franchisee’s Eatery), including grocery stores and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising, delivery, Catering and other distribution methods; and to advertise and promote the System through any means, including the Internet; and

(e) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory.

**ARTICLE 3**  
**TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT**

3.1 Initial Term. The term of this Agreement (“**Term**”) shall commence on the Effective Date and shall expire on the Expiration Date, unless sooner terminated or extended pursuant hereto.

3.2 Right to Enter into Successor Franchise Agreements.

3.2.1 Subject to the conditions contained in Section 3.4 of this Agreement and Franchisee’s compliance with Section 3.3 of this Agreement at the expiration of the Term hereof, Franchisee shall have the right (the “**Successor Franchise Right**”) to enter into a new franchise agreement in the form then generally being offered to prospective franchisees of the System (the “**First Successor Franchise Agreement**”) for a ten-year period (the “**First Successor Term**”), which Successor Franchise Agreement shall likewise grant Franchisee the right to enter into one additional franchise agreement at the end of the First Successor Term, in the form then generally being offered to prospective franchisees of the System (the “**Second Successor Franchise Agreement**”) for a ten-year period (the “**Second Successor Term**”). Franchisee acknowledges that the terms, including financial and payment term, during the First Successor Term and Second Successor Term shall be as then generally applicable to new franchisees granted at the time and may materially differ from those contained in this Agreement.

3.2.2 The term of the First Successor Franchise Agreement and the Second Successor Franchise Agreement, as applicable, shall commence upon the date of expiration of the Term hereof or the First Successor Franchise Agreement, as applicable; provided, however, that notwithstanding the terms of Franchisor’s then-current form of Franchise Agreement:

(a) the First Successor Franchise Agreement and the Second Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial franchise fee, a renewal fee in the amount equal to 50% of Franchisor’s then-current initial franchise fee (if Franchisor is not offering Franchises at the time of Franchisee’s renewal, the renewal fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document); and

(b) unless otherwise mutually agreed in writing, the First Successor Franchise Agreement and the Second Successor Franchise Agreement shall be modified to conform to the Successor Franchise Rights granted in franchisee’s original franchise agreement for the Franchised Eatery.

3.3 Form and Manner of Exercising Successor Franchise Right. The Successor Franchise Right shall be exercised, if at all, strictly in the following manner:

3.3.1 Between six months and twelve months before the expiration of the Term, Franchisee shall notify Franchisor in writing (“**Notice of Election**”) that it intends to exercise its Successor Franchise Right. Franchisee shall execute the Successor Franchise Agreement and return it to Franchisor together with the renewal fee described in Section 3.2.2(a) within 20 days of the day that Franchisee receives Franchisor’s then-current Franchise Disclosure Document and/or execution copies of the applicable Successor Franchise Agreement.

3.3.2 If Franchisee shall have exercised its Successor Franchise Right in accordance with Section 3.3 of this Agreement and satisfied all of the conditions contained in Section 3.4 of this Agreement, Franchisor shall execute the Successor Franchise Agreement.

3.3.3 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 of the Agreement, in a timely fashion, such failure shall be

deemed an election by Franchisee not to exercise its Successor Franchise Right and shall automatically cause Franchisee's said Successor Franchise Right to lapse and expire.

3.4 Conditions Precedent to Entering into a Successor Franchise Agreement. Franchisee's Successor Franchise Right is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Notice of Election to Franchisor and at all times thereafter until the commencement of the applicable Successor Term, Franchisee shall have fully performed, in all material respects, all of its obligations under the Agreement, the Manuals and all other agreements then in effect between Franchisee and Franchisor (or its Affiliates).

3.4.2 At Franchisor's request, Franchisee shall remodel, renovate, modernize, or refurbish the Franchised Eatery, which may include installation of new or replacement equipment, to comply with Franchisor's then-current specifications and standards for new Eateries.

3.4.3 Franchisee shall not have committed three or more material defaults of the Agreement during any 36 month period during the Term of the Agreement for which Franchisor shall have delivered notices of default, whether or not such defaults were cured.

3.4.4 Franchisee, and at Franchisee's direction, Franchisee's employees, as applicable, shall comply with Franchisor's then-current qualification, training and certification requirements at Franchisee's expense.

3.4.5 Concurrently with the execution of the applicable Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates and Owners to, execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees. The release may cover future consequences of acts, omissions events and circumstances predating the date of the release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the release is executed.

3.5 Notice Required by Law. If Applicable Law requires that Franchisor give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Notice of Election, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a Successor Term determined in accordance with Section 3.1 of this Agreement hereof, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

3.6 Interim Period. If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Franchise Agreement and continues to accept the benefits of this Franchise Agreement after the expiration of this Franchise Agreement, then at Franchisor's option, this Franchise Agreement may be treated either as: (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of Franchisee's obligations shall remain in full force and effect during

the Interim Period as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Franchise Agreement shall be deemed to take effect upon termination of the Interim Period.

## ARTICLE 4 PAYMENTS

4.1 Initial Franchise Fee. Unless the Franchisee is signing this Franchise Agreement pursuant to an Area Development Agreement, in which case the payment schedule would be determined thereunder, upon execution hereof, Franchisee shall pay to Franchisor the Initial Franchise Fee listed on Attachment A. The Initial Franchise Fee is non-refundable, in whole or in part, under any circumstances. The Initial Franchise Fee is payment for all of the pre-opening assistance that Franchisor provides to allow Franchisee to open the Franchised Eatery and also offsets some of Franchisor's franchisee recruitment expenses.

4.2 Continuing Royalty. Franchisee shall pay to Franchisor each Week during the Term, as provided in Section 4.6, a continuing royalty (the "**Continuing Royalty**") equal to 5% of Franchisee's Net Sales during the preceding Week. The Continuing Royalty is an ongoing payment that allows Franchisee to use the Marks and the intellectual property of the System and pays for Franchisor's ongoing support and assistance.

4.3 Brand Fund Contribution. Franchisee shall pay to Franchisor each Week during the Term, as provided in Section 4.6, a Brand Fund Contribution ~~up to 3.5%~~ of 2% of Franchisee's Net Sales during the preceding Week ("**Brand Fund Contribution**"). Franchisor shall contribute the Brand Fund Contribution to the Brand Fund to be administered in the manner provided in Section 8.3 of this Agreement (the "**Brand Fund**"). Franchisor may increase the Brand Fund Contribution to up to 3.5% of Franchisee's weekly Net Sales upon written notice to Franchisee.

4.4 Hosted Solutions Services Fee. Franchisee shall pay to Franchisor a fee of \$130 each month for hosting services through our loyalty vendor ("**Hosted Solutions Services Fee**"). This fee will be due and payable, beginning with the month Franchisee begins operations. Franchisor reserves the right to impose additional fees up to \$305 per month for hosted solutions Franchisor is currently paying to third-party vendors, upon 30 days' notice to Franchisee.

4.5 Technology Fee. Franchisor has the right to charge Franchisee, and if imposed, Franchisee will have the obligation to pay Franchisor a "**Technology Fee**" for technology services provided by Franchisor for the smooth operation of the System including email services, access to a franchisee intranet, website hosting, access to cloud based data storage and communication systems. If imposed, the Technology Fee will be due and payable in the same manner as Continuing Royalties, beginning with the month Franchisee begins operations. The Technology Fee shall not exceed \$62.50 per week. Franchisor reserves the right to license, sublicense, and create software and technology that CoreLife Eatery franchisees must pay for and use.

4.6 Manner of Payment. Franchisee shall calculate the Continuing Royalty and Brand Fund Contribution due to Franchisor as prescribed above and cause Franchisor to receive payment of all Continuing Royalties, Brand Fund Contributions, Technology Fees and all other amounts then owed to Franchisor, together with a statement of Franchisee's Net Sales for the applicable Week (certified as complete and accurate by a duly authorized representative of Franchisee), by no later than the Wednesday following such Week. The statement may be provided by software approved by Franchisor. In the event that the software is not functioning or this feature is not available, Franchisee shall prepare and submit the required reports manually.

#### 4.7 EFT and Pre-Authorized Payments.

4.7.1 Franchisee, at Franchisee's sole cost and expense, shall instruct its bank to pay the amount of its Continuing Royalties, Brand Fund Contributions, Technology Fees and other fees directly to Franchisor from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Franchisor may designate ("EFT") and upon the terms and conditions set forth in the Manuals. Upon Franchisor's request, Franchisee shall execute or re-execute and deliver to Franchisor such pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Continuing Royalties, Brand Fund Contributions, Technology Fees and other sums payable under the terms of this Agreement. Franchisor's current form of EFT authorization is attached to the Franchise Disclosure Document as Exhibit H. Franchisee shall also, in addition to those terms and conditions set forth in the Manuals, maintain a single bank account for such payments and shall maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close such account except upon Franchisor's prior written approval.

4.7.2 If Franchisee is delinquent more than three times in any continuous 12 month period during the Term in the payment of its Continuing Royalty, Brand Fund Contribution, Technology Fee or other fees, or of other sums due to Franchisor or to its Affiliates including on account of the purchase of goods or services, or fails to report its sales on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor which shall permit Franchisor unilaterally to estimate and draw down the amounts owed by Franchisee. Franchisor may base its estimates of Brand Fund Contributions, Continuing Royalties and similar payments which are calculated based on Net Sales, on Franchisee's historically reported Net Sales.

4.8 Other Payments. In addition to all other payments provided herein, Franchisee shall pay to Franchisor, its Affiliates and designees, as applicable, promptly when due:

4.8.1 All amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.8.2 The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon Franchisee and required to be collected or paid by Franchisor (a) on account of Franchisee's Net Sales, or (b) on account of Continuing Royalties, Brand Fund Contributions or Initial Franchise Fees collected by Franchisor from Franchisee (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Continuing Royalties are collected herein and promptly pay the tax collections to the appropriate Governmental Authority; provided, however, that unless Franchisor so elects, it shall be Franchisee's responsibility to pay all sales, use or other taxes now or hereinafter imposed by any Governmental Authorities on Continuing Royalties, Initial Fees, or Brand Fund Contributions.

4.8.3 All amounts due for any reason, including on account of purchases of goods, supplies or services relating to the Franchised Eatery.

4.8.4 Application of Funds. If Franchisee shall be delinquent in the payment of any obligation to Franchisor hereunder, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, including to Franchisee's vendors, Suppliers and landlord, notwithstanding any contrary designation by Franchisee as to application. Franchisor may offset any obligations it may have to Franchisee under this Agreement against any amounts owed by Franchisee to Franchisor.

4.9 Interest and Charges for Late Payments. If Franchisee shall fail to pay to Franchisor the entire amount of the Continuing Royalty, Brand Fund Contribution, Technology Fee and all other sums owed to Franchisor or its Affiliates, promptly when due, Franchisee shall pay, in addition to all other amounts which are due but unpaid, a \$100 late fee per occurrence, plus interest on the unpaid amounts, from the due date thereof, at the daily equivalent of 12% per year simple interest or the highest rate allowable under applicable law, whichever is less. If any check, draft, electronic transfer or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee also shall pay Franchisor a fee of \$100 per occurrence or the highest amount allowed by law, whichever is less.

4.10 Payment Methods and Frequencies. Franchisor has the right to periodically specify (in the Manual or otherwise in writing) different payees, payment frequencies and/or payment methods, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check upon 30 days' written notice to Franchisee.

4.11 CPI Adjustments to Fixed Fees. All fees expressed as a fixed dollar amount in this Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. Franchisor may periodically review and increase these fees based on changes to the Consumer Price Index, but only if the increase to the Consumer Price Index is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the effective date of the Agreement (for the initial fee adjustments); or (b) the date Franchisor implemented the last fee adjustment (for subsequent fee adjustments). Franchisor will notify Franchisee of any CPI adjustment at least 60 days before the fee adjustment becomes effective. Franchisor will implement no more than one fee adjustment during any calendar year.

## ARTICLE 5 CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5.1 Location. Franchisee's Eatery shall be located at the "Location" designated on Attachment A.

5.1.1 If no Location has been inserted on Attachment A at the time of execution of this Agreement, Franchisee shall, within 90 days after the Effective Date, locate one or more proposed sites which meet Franchisor's then-current standards and specifications. Franchisee shall submit to Franchisor such demographic and other information regarding the proposed site(s) and neighboring areas as Franchisor shall require, in the form prescribed by Franchisor ("**Site Review Request**"). Franchisor may request that Franchisee provide additional information as it deems necessary and Franchisee shall respond promptly to such request for additional information. If Franchisor does not deliver written notice of acceptance of the proposed site within 14 days of receipt of Franchisee's fully and accurately completed Site Review Request, or within 14 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Franchisor accepts the proposed site it shall notify Franchisee of its acceptance of the site. If none of Franchisee's first three proposed sites submitted to Franchisor are approved by Franchisor, Franchisee will be required to reimburse Franchisor for Franchisor's actual costs incurred in reviewing the fourth and all subsequent sites that Franchisee submits for Franchisor's approval.

5.1.2 Promptly following either mutual execution of this Agreement or, if no Location has been inserted in the blank space provided in Attachment A, Franchisor's acceptance of a proposed site, Franchisee shall proceed to negotiate a Lease or purchase agreement for the site and shall submit to Franchisor a copy of the proposed Lease or purchase agreement, as applicable, to Franchisor. Franchisee shall not enter into any Lease or purchase agreement for the Location unless and until Franchisor has accepted the proposed site and such site shall be deemed to be the "Location" as defined above and the parties shall amend Attachment A to list the approved site as the Location.

5.1.3 Franchisee may not conduct any activities associated with Franchisor or the Marks at any location except for operating the Franchised Eatery in accordance with this Agreement, or other agreement with Franchisor.

5.1.4 Franchisee may not relocate the Franchised Eatery without Franchisor's prior written consent, for which among other conditions, Franchisor may impose a relocation fee equal to 50% of the then-current initial franchise fee (if we are not offering Franchises at the time of Franchisee's relocation, the relocation fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document) payable upon Franchisor's approval of the new location. If Franchisor shall consent to any relocation, Franchisee shall de-identify the former location in the manner described in Section 15.1.6 of this Agreement and shall indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so.

5.2 Franchisor Site Selection Assistance. Franchisee is solely responsible for finding, leasing and constructing the Eatery. Franchisor is not required to visit any potential location. However, Franchisor may voluntarily assist Franchisee in obtaining or evaluating an acceptable location. Neither Franchisor's site location assistance, if any, its acceptance of Franchisee's proposed site, nor its acceptance of the proposed Lease or purchase agreement shall be construed to insure or guarantee the profitable or successful operation of the Franchised Eatery by Franchisee, and Franchisor hereby expressly disclaims any responsibility therefore. Franchisor's acceptance of a location is solely an indication that the Location meets Franchisor's minimum standards and specifications at the time of acceptance and such acceptance shall not be construed as any express or implied representation or warranty that the Location will be profitable or successful.

### 5.3 Lease or Purchase of Location.

5.3.1 If the Location is leased or subleased, (i) the Lease shall name Franchisee as the sole lessee; (ii) the Lease may not be assigned or sublet without Franchisor's prior written consent; (iii) Franchisor shall have the right to review and accept or reject the Lease, a true and correct copy of which shall be delivered to Franchisor at least 15 days prior to the execution thereof; (iv) Franchisee shall neither create nor purport to create any obligations on behalf of Franchisor, nor grant or purport to grant to the lessor thereunder any rights against Franchisor, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (v) the Lease shall be for a term (including options) which is not less than the Term of this Agreement (plus each Successor Term); (vi) the Lease shall not contain a non-competition covenant or radius restriction which purports to restrict the Franchisor, or any franchisee or licensee of the Franchisor (or its Affiliates), from operating an Eatery or any other retail establishment at any location; (vii) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the Lease; and (viii) a fully executed copy of said Lease, in the form and on the terms previously accepted by Franchisor, shall be delivered to Franchisor promptly following the execution thereof and upon Franchisor's request. Franchisor may condition its acceptance of the Lease, on (a) the Lease granting Franchisor (or its designee) the right at its option to assume the Lease and succeed to Franchisee's rights under the Lease (or enter into a substitute Lease) on the same terms, upon Franchisee's default under the Lease or this Agreement, and upon Franchisee's non-exercise of any renewal or extension rights or options in the Lease; (b) Landlord agreeing not to change the traffic flow around or the visibility of or access to the Premises; (c) Landlord agreeing not to permit any assignment, sublease or amendment of the Lease by Franchisee without Franchisor's prior written consent; (d) Landlord agreeing to prohibit other restaurants, grocery stores or other retail businesses specializing in assembly line style soup, salad or grain-based bowls in the same center containing the Premises (or nearby centers owned by the same Landlord); (e) Landlord agreeing that the Premises shall be constructed and improved pursuant to this Agreement; (f) Landlord agreeing to allow Franchisor to enter the Premises for any reason and to remove, modify or upgrade the Premises and its fixtures, furnishings and equipment to

maintain the uniformity and integrity of the System; and (g) Landlord agreeing that upon expiration or termination of the Lease for any reason, Franchisee must remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, an Eatery. Franchisor's review and acceptance of the Lease is solely for Franchisor's benefit and is solely an indication that the Lease meets Franchisor's minimum standards and specifications at the time of acceptance for the Lease. Franchisor's review and acceptance shall not be construed as any express or implied representation or warranty that the Lease complies with Applicable Law or represents a lease transaction that is fair or in Franchisee's best interest. If Franchisee is unable to obtain any of the terms set forth in clauses (a) through (g) listed above, Franchisor may, in Franchisor's sole discretion, approve the Lease or require that Franchisee propose a new Location and Lease to Franchisor. A Lease Addendum is included as Exhibit H to the Franchise Disclosure Document.

5.3.2 If Franchisor or its designee elects to succeed to Franchisee's rights under the Lease, as aforesaid, Franchisee shall assign to Franchisor or such designee all of its right, title and interest in and to the Lease, whereupon the lessor thereunder shall attorn to Franchisor or such designee as the tenant thereunder. Franchisee shall execute and deliver to Franchisor or such designee such assignment and take such further action as Franchisor or such designee, as applicable, in its sole and absolute discretion, may deem necessary or advisable to effect such assignment, within ten days after written demand by Franchisor or such designee to do so, and upon Franchisee's failure to do so, Franchisor or such designee shall be, and hereby is, appointed Franchisee's attorney-in-fact to do so. This power of attorney granted by Franchisee to Franchisor and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Franchisee. Any sum expended by Franchisor or such designee to cure Franchisee's breach of the Lease shall be deemed additional sums due Franchisor hereunder and Franchisee shall pay such amount to Franchisor upon demand. The covenants of Franchisee contained in this Section 5.2 shall survive the termination of this Agreement. Franchisor's acceptance of the Lease shall not constitute Franchisor's assurance that the terms of the Lease are favorable to Franchisee, or that the location will be successful.

5.3.3 Franchisee hereby authorizes Franchisor to communicate with the lessor under the Lease (and hereby authorizes such lessor to communicate with Franchisor) for any purpose, including identification of the Location following the termination or expiration of this Agreement, Franchisee's sales, Franchisee's defaults under this Agreement or the Lease and negotiating a lease for the Location commencing following the termination or expiration of the Franchisee's Lease. Franchisee shall at all times fully perform each and all of its obligations under the Lease.

#### 5.4 Construction.

5.4.1 Following the Effective Date and before the renovation or construction of the Franchised Eatery or the Location, Franchisor shall provide Franchisee with copies of Franchisor's specifications for the design and layout of the Franchised Eatery and required fixtures, equipment, furnishings, decor, trade dress, and signs. Franchisee shall at its sole cost and expense promptly cause the Premises and Franchised Eatery to be constructed, equipped and improved in accordance with such standards and specifications, including all fixtures, furnishings, equipment, supplies and signage in conformance with Franchisor's Manual, specifications and requirements, unless Franchisor shall, in writing, agree to modifications thereof. Franchisee must designate a project coordinator whom Franchisor has approved prior to beginning development of the Franchised Eatery, the cost of whom shall be borne by Franchisee. Except as otherwise provided in Section 5.4.2, Franchisee shall hire licensed architects, engineers and general contractors of its own selection, and at its sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Franchised Eatery and Premises. All such plans, and modifications and revisions thereto, shall be submitted to Franchisor for its prior review and acceptance

before Franchisee's commencement of construction. If Franchisor shall not deliver written notice to Franchisee that Franchisor accepts such design criteria, the design criteria shall be deemed rejected.

5.4.2 Franchisee must retain one of Franchisor's designated architects to create Franchisee's preliminary plan, at Franchisee's sole expense. Franchisee may choose to retain one of Franchisor's designated architects or another architect Franchisor approves, to prepare Franchisee's construction documents. Within 15 days of completion of Franchisee's construction documents, if Franchisee has chosen not to use Franchisor's designated architects, Franchisor will require Franchisee to employ Franchisor's designated architect to review and approve the construction documents and Franchisee will pay Franchisor ~~aan~~ an architectural design review fee of \$1,000.

5.4.3 Franchisor has the right, but not the obligation, to perform inspections of the Franchised Eatery and Premises during construction and after construction to ensure that the Franchised Eatery is built in accordance with the drawings and specifications accepted by Franchisor, and all fixtures, signs, furnishings and equipment are in compliance with Franchisor's standards and specifications. Franchisee may not open the Franchised Eatery for business until Franchisee has received written authorization to open from Franchisor, which authorization may be conditional and subject to Franchisor's satisfactory inspection of the Franchised Eatery.

5.4.4 Franchisee may from time to time request additional information regarding the design and construction of the Franchised Eatery, which, if in the possession of Franchisor, shall be provided at no expense to Franchisee. Upon request, Franchisor shall provide additional site visits, project management, design work and equipment purchasing services to Franchisee at Franchisee's sole cost.

5.4.5 Subject only to Force Majeure (provided that Franchisee continuously complies with this Section, Franchisee shall complete construction or renovation, as the case may be, of the Premises, the Franchised Eatery and all improvements therein, including installation of all fixtures, signs, equipment and furnishings as soon as possible. In the event of the occurrence of an event which Franchisee claims to constitute Force Majeure, Franchisee shall provide written notice to Franchisor in writing within five days following commencement of the alleged Force Majeure which notice shall include the words "Force Majeure" and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall provide Franchisor with continuous updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure, and shall notify Franchisor immediately upon cessation of such Force Majeure, and provide all other information as may be requested by Franchisor. If Franchisee shall fail to notify Franchisor of any alleged Force Majeure within said five days, or shall fail to provide any such updates during the continuance of the alleged Force Majeure, Franchisee shall be deemed to have waived the right to claim such Force Majeure.

5.4.6 Franchisor's acceptance of Franchisee's plans and specifications for the Location, Franchisor's guidance with the development of the Location, and Franchisor's authorization to open the Franchised Eatery are to assure that Franchisee complies with Franchisor's standards and specifications, and shall not be construed as any express or implied representation or warranty that the Location complies with any Applicable Laws, codes or regulations or that the construction is sound or free from defects. Franchisor's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Franchisor will have no liability with respect to construction of the Location, nor shall Franchisor be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Franchised Eatery, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating, or stocking of the Franchised Eatery, or any other reason. Franchisee expressly acknowledges and agrees that Franchisor does not, directly or indirectly, warrant or

ensure that the design, decor, appearance, fixtures, layout, and/or other improvements of the Franchised Eatery will guaranty Franchisee's success.

5.4.7 During construction, Franchisee shall provide Franchisor with such periodic reports regarding the progress of the construction as may be requested by Franchisor including providing weekly photographs of the construction and pre-construction no later than 5pm each Friday.

(a) In addition, Franchisor shall make such on-site inspections as it may deem reasonably necessary to evaluate such progress. If Franchisee requests an on-site inspection, or Franchisor deems it necessary, Franchisor may require Franchisee to pay all Travel Expenses and Wages incurred by Franchisor in connection with such additional visits. If during such inspections Franchisor identifies instances where Franchisee's construction or remodeling is inconsistent with, or does not meet, Franchisor's standards, Franchisor shall notify Franchisee in writing of such deficiencies, and Franchisee shall promptly correct such deficiencies.

(b) Franchisee shall notify Franchisor 30 days in advance of the scheduled date on which: (i) all construction or remodeling will be completed, (ii) all Permits necessary to open to the public will be obtained and (iii) the general contractor turns the Premises over to Franchisee (the "**GC Turnover Date**"). Franchisee shall submit training support forms as prescribed by Franchisor at least 20 days in advance of the GC Turnover Date. Franchisee will contact Franchisor approximately eight days before the scheduled GC Turnover Date to confirm that Franchisor may book travel arrangements. If the GC Turnover Date is delayed or accelerated by more than two days from the date specified during that final conference call, Franchisee must reimburse Franchisor for all resulting additional Travel Expenses and other costs and expenses resulting from changing the travel arrangements of Franchisor Opening Team scheduled to provide training, inspect and assist in opening the completed Eatery ("**Rescheduling Expenses**").

(c) Within a reasonable time after the date of the actual completion of construction, Franchisor may, at its option, conduct an inspection of the completed Eatery. If Franchisor shall conduct such inspection, Franchisor shall notify Franchisee in writing (the "**Punch List**") of those items of such construction which are inconsistent with, or do not meet, Franchisor's standards. Franchisee shall promptly correct the deficiencies listed on the Punch List.

5.4.8 Franchisee must open and continuously operate the Franchised Eatery no later than the first anniversary of the Effective Date.

## 5.5 Maintaining and Remodeling of Franchised Eatery.

5.5.1 Franchisee shall maintain the condition and appearance of the Franchised Eatery in a "like new" level of cosmetic appearance consistent with the image of Eateries as attractive, clean, and efficiently operated, offering high quality food products and beverages, efficient and courteous service, and pleasant ambiance. Franchisee shall, immediately upon receipt of notice from Franchisor, repair and maintain the Franchised Eatery, as required by Franchisor, including updating and or replacing the decor, fixtures, equipment, furniture, signs and utensils. Such maintenance shall not be deemed to constitute remodeling, as set forth below.

5.5.2 In addition to Franchisee's obligations under Section 5.5.1, during the Term, but not earlier than five years after the Franchised Eatery opens for business and not more frequently than once every five years during the Term and as a condition to Franchisee's exercising its Successor Franchise Right, Franchisor may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Franchised Eatery to conform the Franchisee's building design, trade dress, color schemes, and

presentation of Marks to Franchisor's then-current specified public image (or image implemented or in development at an Eatery owned or operated by Franchisor or any of its Affiliates). Such a remodeling may include extensive structural changes to the Franchised Eatery and replacement or modification of furnishings, fixtures and equipment as well as such other changes as the Franchisor may direct, and Franchisee shall undertake such a program promptly upon notice from the Franchisor, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same (and no later than the commencement of the applicable Successor Term).

5.5.3 If the Franchised Eatery is damaged or destroyed by fire or any other casualty, Franchisee, within 90 days thereof, shall initiate such repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) such repairs or reconstruction, in order to restore the premises of the Franchised Eatery to its original condition prior to such casualty; any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within six months following the event causing the damage or destruction. If, in the Franchisor's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Franchised Eatery in conformance with Franchisor's then standard System decor specifications for new Eateries, the Franchisor may require that Franchisee repair or reconstruct the Premises and Eatery operated pursuant hereto in conformance with the then standard System decor specifications.

## **ARTICLE 6 TRAINING**

### 6.1 Initial Training Program.

6.1.1 At no extra charge, Franchisor shall provide an Initial Training Program in the Franchisor's System and methods of operation (the "**Initial Training Program**") at the Franchisor's training facilities in Vestal, New York, or other location specified by Franchisor, to up to four persons selected by Franchisee, who shall include the Operating Principal, Designated Manager and two additional kitchen staff, so long as these four persons attend Initial Training Program at the same time. Franchisee may, at Franchisor's discretion, be required to pay Franchisor's then-current training fee for any personnel, beyond those individuals who attend the Initial Training Program. The Initial Training Program shall consist of approximately 150 hours and is conducted over a period of approximately three weeks. Except as otherwise provided, the Initial Training Program shall be provided by Franchisor prior to the opening of the Franchised Eatery and must be completed before the Franchised Eatery opens to the public. Franchisee shall pay all Travel Expenses and Wages, and other expenses, if any, incurred by Franchisee and/or Franchisee's employees in connection with attendance at all training programs including the Initial Training Program. Franchisee may not open the Franchised Eatery until such training shall have been completed to the satisfaction of Franchisor and Franchisee's management team has been certified by Franchisor.

6.1.2 Franchisor shall determine the scheduling, exact duration, contents and manner of conducting the Initial Training Program in its discretion, however, the training course will be structured to provide practical training in the implementation and operation of an Eatery and may include such topics as on-site food preparation, portion control, preparation and cooking procedures, packaging procedures, Franchisor's standards, marketing and customer service techniques, reports and equipment maintenance. Without limiting the generality of the foregoing, Franchisor may establish certain black-out dates during which it shall not be obligated to provide training (which may include holidays and during its Annual Convention), or if it agrees to provide training on such dates at Franchisee's request, in its sole discretion, Franchisor may impose additional charges therefore.

The Initial Training Program shall not be provided if (i) Franchisee and/or any Affiliate of Franchisee collectively own or operate five or more Eateries as of the Effective Date, provided however, that Franchisor may, in its sole discretion, require Franchisee and its Operating Principal and Designated Manager complete the Initial Training Program, at Franchisor's then-current fees for additional certifications or recertification, if Franchisee's (or its Affiliate's) existing Eateries are not in compliance with Franchisor's standards and specifications, or (ii) this Agreement is executed as a Successor Franchise Agreement. If this Franchise Agreement is for Franchisee's and/or its Affiliates' sixth or subsequent Eatery and (i) Franchisor determines that Franchisee and/or its Affiliates do not have a location that is qualified to adequately train Franchisee's staff for the Eatery; or (ii) Franchisor is required for any reason to provide training for the Eatery, Franchisee may not be able to receive any discounts to the Initial Franchise Fee that are then currently available to other Franchisees.

6.1.3 Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage the Eatery, its judgment as to whether or not the Franchisee or his manager has satisfactorily completed such training shall be determined by Franchisor in its judgment.

6.2 On-Site Opening Assistance. Commencing shortly before and ending shortly after the Franchised Eatery opens to the public, Franchisor shall provide up to two weeks of on-site training to Franchisee's Operating Principal and Designated Manager(s) ("**On-Site Assistance Program**"). The On-Site Assistance Program shall be provided at Franchisor's sole discretion and control; however, the training will be structured to provide additional practical training in the implementation and operation of an Eatery. Franchisor is not required to provide the On-Site Assistance Program if Franchisee and or its affiliates collectively have previously opened five or more Eateries.

### 6.3 Other Assistance.

6.3.1 Franchisee shall have the right, to inquire of Franchisor's headquarters staff, its field representatives and training staff with respect to problems relating to the operation of the Franchised Eatery, by telephone, electronic mail, facsimile, or other means of correspondence, and Franchisor shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the Franchised Eatery. At no time shall reasonable assistance be interpreted to require Franchisor to pay any money to Franchisee or to defer Franchisees' obligation to pay any sums to Franchisor.

6.3.2 At Franchisee's request, Franchisor may, but shall not be obligated to (a) cause its field representatives to visit the Franchised Eatery to advise, consult with, or train Franchisee in connection with its performance and operation of the Franchised Eatery and Franchisee's compliance with the Manuals; or (b) permit Franchisee or certain of its employees to provide assistance, consultation, or additional training at an Eatery selected by Franchisor. If Franchisor provides such additional assistance, consultation or training to Franchisee (i) such assistance, consultation or training will be subject to Franchisor's capacity, scheduling, and discretion, but Franchisor shall not be obligated to provide that assistance, consultation or training, (ii) Franchisee shall pay all Travel Expenses and Wages, and other expenses, if any, incurred by Franchisee and/or Franchisee's employees in connection with such additional assistance, consultation, or training, (iii) Franchisor shall not pay any compensation to Franchisee or Franchisee's employees for providing services at Franchisor's or another Franchisee's Eatery in connection with the assistance, consultation, or training, and (iv) Franchisee shall pay Franchisor's then-current training charges and shall reimburse Franchisor for Travel Expenses incurred by Franchisor and its personnel in connection with such training.

6.3.3 In the event of any sale, transfer, or Assignment, the transferee/assignee must be trained by Franchisor as a condition of Franchisor's consent to such transfer. The Franchised Eatery shall

not be transferred, opened, or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Eatery and Franchisor has otherwise consented to the transfer in accordance with this Agreement.

6.4 Annual Convention. Franchisee, or if Franchisee is an Entity, its Operating Principal or a major Owner acceptable to Franchisor, must attend Franchisor's annual convention, for which Franchisor may charge a reasonable registration fee, and Franchisee must bear all of its attendee's Travel Expenses and Wages and other expenses. Franchisee will be required to pay the annual convention fee registration fee regardless of whether Franchisee or its designees attend the annual convention.

## **ARTICLE 7 MANUALS AND STANDARDS OF OPERATOR QUALITY, CLEANLINESS AND SERVICE**

7.1 Compliance with Applicable Law. Franchisee shall operate the Franchised Eateries as a clean, orderly, legal and respectable place of business in accordance with Franchisor's business standards and merchandising policies, and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of its Location or Premises to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action (or failing to take any action) which will cause Franchisor to be in violation of any Applicable Law. Franchisee shall refrain from engaging in action (or failing to take any action), which in the sole opinion of Franchisor, causes or could cause harm to the Marks, the System and/or the "CoreLife Eatery" brand. If Franchisee shall receive any notice, report, fine, test results or the like from the applicable state or local department of health (or other similar Governmental Authority), Franchisee shall promptly send a copy of the same to Franchisor. Franchisee shall correct any such deficiency noted within ten days or such fewer number of days as required by the applicable Governmental Authority.

### 7.2 Operating Principal and Management Employees.

7.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Franchisor regarding business, operational and other ongoing matters concerning this Agreement and the Franchised Eatery. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement. The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Eatery and all other Eateries owned or operated, directly or indirectly, by Franchisee or its Affiliates within a geographic area specified by Franchisor. The Operating Principal shall, during the entire period he or she serves as such, meet the following qualifications: (a) unless otherwise agreed in writing, shall devote 100% of his/her time and best efforts to the operation of all Eateries owned or operated, directly or indirectly, by Franchisee or its Affiliates in such geographic area; (b) meet Franchisor's educational, experience, financial and other reasonable criteria for such position, as set forth in the Manuals or otherwise in writing by Franchisor; (c) be an Owner with 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee; and (d) be an individual acceptable to Franchisor. The Operating Principal shall be responsible for all actions necessary to ensure that all Eateries owned or operated, directly or indirectly, by Franchisee in such geographic area are operated in compliance with this Agreement and the Manuals. If during the Term the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Franchisor's subsequent disapproval of such person), Franchisee shall promptly notify Franchisor of such occurrence. Thereafter, Franchisee shall promptly, but not later than 30 days after the prior Operating Principal ceases to serve Franchisee, (i) designate a replacement operating principal who meets Franchisor's then-current qualification requirements; (ii) provide Franchisor with such information about such new Operating

Principal as Franchisor may request; (iii) cause such replacement Operating Principal to undergo, at Franchisee's cost, such training as Franchisor may require; and (iv) obtain Franchisor's written acceptance of such person as the Operating Principal. Franchisor may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Franchisor's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who shall have been accepted by Franchisor.

7.2.2 Franchisee shall notify Franchisor in writing at least ten days prior to employing the Operating Principal setting forth in reasonable detail all information reasonably requested by Franchisor. Franchisor's acceptance of the Operating Principal shall not constitute Franchisor's endorsement of such individual or a guarantee by Franchisor that such individual will perform adequately for Franchisee or its Affiliates, nor shall Franchisor be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

7.2.3 Franchisee shall ensure that the operation of the Franchised Eatery is at all times under the direct control of the Operating Principal or a Designated Manager. At all times that the Franchised Eatery is open and at all times which pre-opening or post-closing activities are being undertaken at the Franchised Eatery, the Franchised Eatery shall be managed by a person that has successfully completed training (and if required, a person that is certified, by Franchisor in its discretion, for the performance of such responsibilities) and has successfully completed other courses and training as may be specified by Franchisor and/or required by Applicable Law. Each such Designated Manager shall be solely dedicated to the operation of the Eatery to which the person is assigned. Franchisee shall supervise, direct and be solely responsible for in all respects, the activities and performance of all Operating Principals, Designated Managers, and other employees of franchise and shall ensure compliance with the Manuals and otherwise. Franchisor will not have the power to hire or fire Franchisee's employees and/or independent contractors. Franchisee expressly agrees that Franchisor's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions or operations for the Franchised Eatery does not directly or indirectly vest in Franchisor the power to hire, fire, or control any such employee or independent contractor. Franchisee alone is responsible for all employment decisions and functions of Franchisee's Franchised Eatery, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed Franchisor's employees or subject to Franchisor's control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees. Franchisee will require all of its employees to acknowledge in writing that Franchisee is their sole employer when they commence their employment with Franchisee. Franchisee agrees to indemnify Franchisor for any such liabilities it incurs including resulting from any finding by any court, arbiter or government agency that Franchisor is a joint employer of Franchisee's employees. Franchisee agrees that any direction Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisor alone is responsible for establishing and implementing Franchisee's own policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel well-versed in employment law.

7.2.4 Notwithstanding anything in Section 7.2.3 to the contrary, Franchisee (or Franchisee's Operating Principal) must be adequately trained and Franchisee must have three certified Designated Managers in the Eatery if this is the first Eatery operated by Franchisee or its Affiliates in the

trade area in which it is located for at least the first 30 days of operation, and Franchisee must have a minimum of two certified Designated Managers if this is the second or subsequent Eatery in the same trade area for at least the first 30 days of operation, and then Franchisee must have no less than one Certified Designated Manager in the Eatery from then on, as well as an adequate staff of employees who have in Franchisor's judgment, been fully and adequately trained.

### 7.3 Computer/Information Systems.

7.3.1 Franchisee shall purchase, use and maintain the Information Systems specified in the Manuals in accordance with the Franchisor's standards and specifications. The Information Systems must at all times be connected to one or more high-speed communications media specified by Franchisor and be capable of accessing the Internet. Franchisee must electronically link the Information Systems to Franchisor or its designee. Franchisee shall allow Franchisor and/or its designee to access the Information Systems and stored files, and to add, remove, configure and modify information systems via any means including electronic polling and uploads, with or without notice. Franchisor may from time to time upon 30 days advance written notice require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software. Although Franchisor cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Franchisor to maintain, protect, and interface with Information Systems. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Franchisor at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Franchisor. Franchisee must purchase maintenance contracts from our approved supplier including managed firewall, above store reporting, inventory, scheduling, help desk support, and hardware maintenance for the suppliers' current fees, which will depend on the level of support for the Information System Franchisee purchases.

7.3.2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or nonbusiness-related activity. Franchisee shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems. Franchisee shall take all commercially reasonable measures to ensure that the Information Systems are used strictly in accordance with Franchisor's standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access (via LAN, WAN, internet or otherwise), use, perform support and installation functions and conduct transactions with the Information Systems. No virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems. Franchisee shall at all times provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access the Information Systems and obtain the data Franchisor is permitted to obtain. Franchisor reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

7.3.3 Franchisee shall, upon Franchisor's request transmit email, digital photos and real time video and audio signals of the Eatery to, and in the form and manner prescribed by Franchisor.

7.3.4 Within a reasonable time upon Franchisor's request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, credit card vendors (including services for electronic payment or near field communication vendors such as Apple Pay and Google Wallet), loyalty and gift cards and other non-cash payment methods. Franchisee shall adhere to all PCI (Payment Card Industry), CISP

(Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended.

7.3.5 Franchisee shall participate in accordance with Franchisor's policies and specifications, including those set forth in the Manuals, in all types of ordering systems, specified by Franchisor, including online and mobile application programs. Franchisee will cooperate in all respects to implement, support and maintain such systems, including providing Franchisor and its representatives with access to Franchisee's banking accounts.

~~7.3.6 Franchisor reserves the right to charge a monthly fee up to \$305 per month for hosted solutions services including online ordering, loyalty, catering and gift cards upon 30 days' notice.~~

7.3.6 Franchisee shall pay Franchisor's approved vendor(s) a fee for hardware, software and online services support and maintenance. This fee will vary depending on the level of maintenance and support services Franchisee selects to secure the Information Systems (estimated to be between \$580 and \$740 per month).

7.4 Manuals. Franchisee shall participate in the System and operate the Franchised Eatery in strict compliance with the standard procedures, policies, rules and regulations established by Franchisor and incorporated in Franchisor's Manual(s). Franchisor will provide Franchisee with electronic access to the Manuals, including bulletins and updates to use during the term of this Agreement.

7.4.1 The subject matter of the Manuals may include matters such as: forms, information relating to product and menu specifications, purchase orders, general operations, online ordering, gift cards, labor management, sales reports, training and accounting; sanitation; staff certification, design specifications and uniforms; display of signs and notices; authorized and required Information Systems, equipment and fixtures, including specifications therefor; Mark usage; insurance requirements; lease requirements; ownership requirements, decor; standards for management and personnel, hours of operation; yellow page and local advertising formats; standards of maintenance and appearance of the Franchised Eatery; procedures upon the occurrence of a Crisis Management Event; and required posting of notices to customers as to how to contact the Franchisor to submit complaints and feedback; participation in surveys and mystery shopper programs; and such other matters and policies as Franchisor may reasonably elect to include which relate to the System or the franchise relationship under the System. In the event of the occurrence of a Crisis Management Event, Franchisor may also establish emergency procedures pursuant to which Franchisor may require Franchisee to, among other things, temporarily close the Franchised Eatery to the public, in which event Franchisor shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby. In the event of any dispute as to the contents of the Manuals, the terms and contents of the master copy maintained by Franchisor shall be controlling.

7.4.2 Franchisor shall have the right to modify the Manuals at any time and from time to time; provided, that no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Manuals shall become effective upon delivery of written or electronic notice thereof to Franchisee unless a longer period is specified in such written notice or unless a longer period is set forth in this Agreement. The Manuals, as modified from time to time, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time.

7.4.3 The Manuals and all amendments to the Manuals (whether electronic or hard copies thereof) are copyrighted and remain Franchisor's property. They are loaned to Franchisee for the term of the Agreement, and must be returned to Franchisor immediately upon the Agreement's termination

or expiration. The Manuals are highly confidential documents which contain certain Trade Secrets of Franchisor. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manuals without Franchisor's express prior written consent. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Manuals to Franchisor. Franchisee's loss or unauthorized transfer of the Manuals, or other breach of this Section shall, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

7.4.4 Franchisee acknowledges that its compliance with the Manuals is vitally important to Franchisor and to other franchisees and is necessary to protect Franchisor's reputation and the goodwill of the Marks and to maintain the uniform quality of operation for all franchisees. However, while the Manuals are designed to protect Franchisor's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Franchised Eateries.

7.5 Hours. Subject to Applicable Law or subsequent written agreement between Franchisor and Franchisee to the contrary, Franchisor and Franchisee agree that Franchised Eatery shall be open and operational seven days per week, every day of the year (except Thanksgiving and Christmas on which Franchisee is authorized to close the Franchised Eatery), and at least from 11:00 a.m. to 9:00 p.m. unless approved in writing. Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Net Sales possible from its Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales. Notwithstanding the foregoing, Franchisor may authorize or direct Franchisee and other franchisees to operate during hours and on fewer or more days than are specified in this Agreement.

7.6 Product Line and Service. Franchisee shall advertise, sell and serve all and only those Authorized "CoreLife Eatery" Products which Franchisor has directed to be advertised, sold and served at or from the Franchised Eatery. All Authorized "CoreLife Eatery" Products shall be sold and distributed under the specific name designated by Franchisor and shall be purchased, inventoried, stored, prepared and served strictly in accordance with Franchisor's recipes and specifications. Franchisee shall not remove any Authorized "CoreLife Eatery" Product from the Franchisee's menu without Franchisor's express written approval, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the Authorized "CoreLife Eatery" Products. All sales by Franchisee shall be for retail consumption only.

7.7 Utensils, Fixtures and Other Goods. All products to be used in the operation of the business including tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Franchised Eatery shall conform to Franchisor's specifications, shall be imprinted with Franchisor's Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a Supplier approved in writing by Franchisor, as provided in ARTICLE 9 of this Agreement. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Eatery unless expressly approved by Franchisor.

7.8 Menus.

7.8.1 Authorized "CoreLife Eatery" Products shall be marketed by approved menu format(s) to be utilized in the Franchised Eatery. The approved and authorized menu and menu format(s) may include, in Franchisor's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu(s), whether or not similar to those listed. In Franchisor's discretion, the menu and/or menu format(s) may vary depending upon region, market size, and other factors. Franchisor may change the menu and/or menu format(s) from time to time or region

to region or authorize tests from region to region or authorize non-uniform regions or Eateries within regions. Franchisee shall have ten days to implement all such changes to the menu(s).

7.8.2 Franchisee shall, upon receipt of notice from Franchisor, add, delete, or update any Authorized “CoreLife Eatery” Products to its menu(s) according to the instructions contained in the notice. Franchisee shall have ten days after receipt of written notice in which to fully implement any such change. Franchisee shall cease selling any previously approved product within ten days after receipt of notice that the product is no longer approved. Franchisor may instruct Franchisee to remove any item from the menu(s) on an emergency basis and Franchisee must comply with such instruction immediately. Franchisor shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee’s failure to comply with such instruction).

7.8.3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and other requirements communicated by Franchisor or contained in Franchisor’s Manuals from time to time.

7.8.4 Franchisee is entitled to request that Franchisor approve additional menu items, including food, beverage and merchandise, to be offered at the Franchised Eatery. Franchisee shall submit a variance request, in writing, that Franchisor approve such additional menu items and the Supplier of such items. Upon receiving the written request, Franchisor shall evaluate the suggested menu items and the Supplier of such items in its sole discretion whether Franchisee shall be permitted to offer such items at the Franchised Eatery. Upon receiving written approval by Franchisor, Franchisee may offer such additional menu items, subject to any conditions and/or limitations imposed by Franchisor.

7.8.5 If Franchisor, in its discretion, determines that the Eatery is a candidate to serve beer and wine, Franchisee shall use all reasonable efforts to promptly secure and maintain in effect all necessary licenses and permits required to offer beer and wine for sale.

## 7.9 Notification of Legal Proceedings; and Crisis Management Events.

7.9.1 Franchisee shall notify Franchisor in writing within ten days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other Governmental Authority that pertains to the Franchised Eatery or that may adversely affect Franchisee’s operation of the Franchised Eatery or ability to meet its obligations hereunder, including notice of any failure to strictly comply with any health code or ordinance; and

7.9.2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Franchisor, as instructed in the Manuals, by telephone and email (or other electronic messaging medium authorized by Franchisor for this purpose). Franchisee shall cooperate fully with Franchisor with respect to Franchisor’s response to the Crisis Management Event.

7.10 Signs. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the Premises, identifying the Location as an Eatery, which shall conform in all respects to Franchisor’s specifications and requirements and the layout and design plan approved for the Location, subject only to restrictions imposed by Applicable Law. On receipt of notice by Franchisor of a requirement to alter any existing sign on its premises, Franchisee will, at its cost, make the required changes within 30 days, subject to the approval of the lessor if required by Franchisee’s Lease. Franchisee will not be required to alter or replace the existing sign more than once every five years.

7.11 Uniforms and Employee Appearance. Franchisee shall cause all employees, while working in the Franchised Eatery, to: (i) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (ii) present a neat and clean appearance. If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have 60 days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform. In no case shall Franchisee permit any employee of Franchisee to wear the required uniform except while working at the Franchised Eatery; without limiting the generality of the foregoing, the uniform may not be worn off Premises for any other purpose (other than while commuting to and from work at the Franchised Eatery).

7.12 Vending or Other Machines. Except with Franchisor's written approval, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Location.

7.13 Co-Branding. Franchisee may not engage in any co-branding in or in connection with the Franchised Eatery except with Franchisor's prior written consent, in its sole discretion. Franchisor shall not be required to approve any co-branding chain or arrangement. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within the Franchisee's Premises or is adjacent to Franchisee's Premises and operated in a manner which is likely to cause the public to perceive it to be related to the Eatery licensed and franchised hereunder. An example would be an independent ice cream store or counter installed within Franchisee's Premises.

#### 7.14 Intranet.

7.14.1 Franchisor has established and maintains an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

7.14.2 Franchisee shall have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things, (a) the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) communications between or among franchisees that endorse or encourage Default of any franchisee's franchise agreement, or other agreement with Franchisor or its Affiliates; (c) confidential treatment of materials that Franchisor transmits via the Intranet; (d) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet; (e) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (f) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

7.14.3 Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the

specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

7.14.4 If Franchisee shall default under this Agreement or any other agreement with Franchisor or its Affiliate, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

7.14.5 If Franchisor has enabled the Intranet to facilitate Franchisee ordering goods and products from Franchisor and other vendors, then to the maximum extent possible, Franchisee shall order and purchase through the Intranet all good and products available for purchase through the Intranet.

7.15 Gift and Loyalty Cards. Franchisee is obligated to participate in Franchisor's gift and loyalty card program. At Franchisor's discretion, gift and loyalty cards will be made available by Franchisee for purchase and redemption at the Eatery.

7.16 Online Ordering. Franchisee shall participate in customer online ordering and/or payment systems and programs which Franchisor may establish and modify from time to time.

7.17 Hosted Solutions Services. Franchisor reserves the right to charge a monthly fee for hosted solutions services including online ordering, loyalty, catering and gift cards upon 30 days' notice.

7.18 Privacy. Franchisee agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). Franchisee also agrees to comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

7.19 Step-In Rights. In order to prevent any interruption of the Eatery operations which would cause harm to the Eatery, thereby depreciating the value thereof, Franchisor has the right, but not the obligation, to step-in and designate an individual of Franchisor's choosing (an "**Interim Manager**") for up to 90 consecutive days at a time to temporarily manage Franchisee's Eatery, upon delivery of written notice to Franchisee: (i) if Franchisee fails to comply with any provision of this Agreement and does not cure the failure within the time period specified by the Agreement or by Franchisor; (ii) if Franchisor determines in Franchisor's sole judgment that the Eatery is not being managed by an approved and trained Designated Manager; (iii) if Franchisee determines in Franchisee's sole discretion that operational problems require that Franchisor operate the Eatery and Franchisee requests that Franchisor do so; (iv) if Franchisee abandons or fails to actively operate the Eatery; (v) upon Franchisee's, any Owner of Franchisee's or the Designated Manager's or Operating Principal's absence, termination, death, or disability, in accordance with Franchisee and Franchisor's rights set forth in Section 14.3.2; or (vi) this Agreement expires or terminated and Franchisor is deciding whether to exercise its right of first refusal under Section 13.2.3.c., or Franchisor has exercised such right and the parties are awaiting closing ("**Step-in Rights**"). If Franchisor exercises the Step-In Rights:

7.19.1 Franchisee agrees to pay Franchisor, in addition to all other amounts due under this Agreement, ~~an amount~~ Franchisor's then-current management fee (currently equal to \$500 per day that the Interim Manager manages the Eatery), plus the Interim Manager's direct out-of-pocket costs and expenses;

7.19.2 Franchisee acknowledges that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or Franchisee's Owners for any debts, losses, or obligations the Eatery incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Eatery purchases while Interim Manager manages it;

7.19.3 Franchisee agrees to indemnify and hold harmless Franchisor, the Interim Manager, and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor, the Interim Manager and any representative of Franchisor may perform, as regards the interests of Franchisee or third parties;

7.19.4 Franchisee agrees to pay all of Franchisor's reasonable attorney fees and costs incurred as a consequence of Franchisor's exercise of the Step-In Rights; and

7.19.5 Franchisee shall not take any action or fail to take any action that interferes with Franchisor's or its appointee's exclusive right to manage the Eatery.

All funds from the operation of the Restaurant while Franchisor or its appointee assumes its management will be kept in a separate account, and all of the expenses of the Restaurant will be charged to that account. Franchisor's (or its appointee's) management of the Restaurant shall continue until Franchisor's delivery of written notice to Franchisee. Nothing contained in this Section 7.19 shall prevent Franchisor from exercising any other right which Franchisor may have under this Agreement, including, without limitation, termination.

## **ARTICLE 8 ADVERTISING**

8.1 General Advertising Requirements. Franchisee shall only use and display approved advertising material provided, from time to time, by Franchisor and shall use and display all material in accordance with Franchisor's policies, standards and specifications. Franchisee must obtain the prior written consent of Franchisor to use and/or display any advertising materials, including, without limitation, all print and electronic advertising, social media postings or listings, website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Franchisor. Franchisee shall submit all such materials to Franchisor for approval and Franchisor shall grant or deny such approval within in 15 days of receiving the materials. If Franchisor has not approved such materials within 15 days, the materials shall be deemed disapproved. Any advertising materials or concepts created by Franchisee and approved by Franchisor shall be deemed the sole and exclusive property of Franchisor. Franchisor may, in its discretion, require Franchisee to cease using any advertising materials which it has previously approved and upon receiving notification from Franchisor, Franchisee shall cease using such materials. All of Franchisee's advertising, promotion and marketing materials shall be completely clear, factual and not misleading and conform to the highest ethical standards and to Franchisor's standards and policies. Franchisee shall not in any medium: (a) use abusive, slanderous or otherwise offensive language; (b) endorse or encourage default of any franchisee's franchise agreement, or other agreement with Franchisor or its Affiliates; or (c) take any action or make any statement which would disparage Franchisor or its Affiliates, or impair, damage or harm the name, reputation, or goodwill of the Marks, System and/or the "CoreLife Eatery" brand.

## 8.2 Local Advertising and Promotion.

8.2.1 Franchisee must spend ~~an average of~~ at least 0.5% of Franchisee's Net Sales on local advertising for the Franchised Eatery each calendar quarter on the sponsorship of local active lifestyle events, which may also include offsetting the salary of a local brand ambassador. Within 30 days after the end of each calendar quarter, Franchisee shall furnish to Franchisor an accurate accounting and supporting documentation of the expenditures on local advertising for the preceding quarter. If Franchisee does not spend the required amount on local advertising, Franchisee shall pay the difference between the amount that Franchisee actually paid for local advertising and the required amount for local advertising to Franchisor which amount will be contributed to the Brand Fund, or if the Brand Fund does not then exist, to other marketing initiatives then conducted by Franchisor.

## 8.3 Brand Fund.

8.3.1 In accordance with Section 4.2 of this Agreement, Franchisee's Brand Fund Contribution shall be applied to the Brand Fund. An amount equal to all Brand Fund revenues and allocations will be expended for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised, and Franchisor-owned (including Affiliate owned) Eateries. Such expenditures may include: (a) the costs of maintaining, administering, directing and preparing the secret shopper initiatives and rewards program (this program will include cash rewards paid to the highest scoring restaurants that are to be disbursed by Franchisee directly to its employees at the applicable restaurants as bonuses); (b) creative development, production and placement of print advertisements, commercials, musical jingles, decals, radio spots, audio advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, electronic media advertisements, and other advertising and promotional material; (c) creative development, preparation, production and placement of video, audio and written materials and electronic media, (d) to purchase artwork and other components for advertising; (e) media placement and buying, including all associated expenses and fees; (f) administering regional and multi-regional marketing and advertising programs; (g) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers; (h) development and production of, and, to the extent applicable, acquisition of, premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (i) creative development of signage, posters, and individual decor items including wall graphics; (j) recognition and awards events and programs; (k) system recognition events, including periodic national and regional conventions and meetings; (l) website, extranet and/or Intranet development, implementation and maintenance; (m) development, implementation and maintenance of a website that permits electronic commerce, reservation system and/or related strategies; (n) retention and payment of advertising and promotional agencies and other outside advisors, including retainer and management fees; (o) public relations and community involvement activities and programs; (p) expenditures for activities conducted for the benefit of co-branding, or other arrangements where "CoreLife Eatery" Brand Products and/or services are offered in conjunction with other marks or through alternative channels of distribution; (q) development, amendment and revisions to the standards, policies and procedures set forth in the Manuals; (r) stadium promotion marketing fees; (s) payment to Franchisor or its Affiliates, for indirect costs and overhead incurred in connection with the operation of its creative department(s), if any, and the administration of the Brand Fund not to exceed 20% of required contributions; (t) payments for corporate and store-level hosted access from Radiant Systems, NCR or successor data hosted solutions providers; (u) gift card blanks; and (v) retention and payment of social media agencies.

8.3.2 Franchisor may employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by or affiliated with Franchisor, to provide services for the Brand Fund. The Brand Fund may be used to defray direct expenses of Franchisor employees related to the operation of the Brand Fund, to pay for attorneys' fees and other costs related to the defense of claims

against the Brand Fund or against Franchisor relating to the Brand Fund, and to pay costs with respect to collecting amounts due to the Brand Fund.

8.3.3 Franchisor shall determine, in its discretion, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Franchisee acknowledges that not all franchisees may be required to contribute, or contribute the same percentage of Net Sales, to the Brand Fund and by way of illustration and not limitation, Franchisor may waive or impose lower contribution requirements with respect to Eateries operating at Non-Traditional Venues, or outside the United States. Nothing herein shall be construed to require Franchisor to allocate or expend Brand Fund contributions or allocations so as to benefit any particular franchisee, Franchisee or group of franchisees or franchisees on a pro rata or proportional basis or otherwise. Except as directed in writing by Franchisor, Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. Franchisor may make copies of advertising materials available to Franchisee with or without additional reasonable charge, as determined by Franchisor. Any additional advertising shall be at the sole cost and expense of Franchisee. The Brand Fund shall, as available, provide to Franchisee marketing, advertising and promotional formats and sample materials at the Brand Fund's direct cost of producing such items, plus shipping and handling.

8.3.4 Franchisor (or its Affiliates) may collect rebates and allowances and credits from Suppliers based on purchases or sales by franchisees, including Franchisee, and Franchisor (and/or its Affiliates), which shall either: (a) be distributed directly by the Supplier to Franchisee, other franchisees and Franchisor (and/or its Affiliates) pro rata based on their respective relative purchases or sales volumes; or (b) be contributed to the Brand Fund and subsequently distributed to franchisees, including Franchisee, and to Franchisor (and/or its Affiliates) pro rata based on their respective relative purchases or sales volumes; in either case, net of the actual and reasonable costs and expenses incurred to administer, collect, calculate and distribute the rebates, credits and marketing allowances. Any such contribution of such rebates, allowances or credits to the Brand Fund shall not reduce Franchisee's obligation to pay the Brand Fund Contribution. Franchisor may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund.

8.3.5 Franchisor may either (i) hold the Brand Fund contributions Franchisor receives from franchisees in a separate account administratively segregated on Franchisor's books and records, or (ii) transfer the Brand Fund Contributions to a separate Entity to whom Franchisor has assigned or delegated the responsibility to operate and maintain the Brand Fund. Nothing herein shall be deemed to create a trust fund. For each Eatery that Franchisor or any of its Affiliate operates, Franchisor or such Affiliate will similarly allocate to the Brand Fund the amount that would be required to be contributed to the Brand Fund if it were a Franchised Eatery. Franchisor reserves the right to dissolve the Brand Fund upon written notice.

8.3.6 If less than the total of all contributions and allocations to the Brand Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest surplus funds. If Franchisor (or an Affiliate) advances money to the Brand Fund, it will be entitled to be reimbursed for such advances. Any interest earned on monies held in the Brand Fund may be retained by Franchisor for its own use in its discretion. Within 60 days following each fiscal year, Franchisor shall prepare a statement of contributions and expenditures for the Brand Fund and, upon Franchisee's written request, Franchisor shall provide such information to Franchisee.

#### 8.4 Promotional Campaigns.

8.4.1 Prior to and in connection with the opening of the Eatery, Franchisee shall conduct a pre-opening promotion campaign in accordance with such policies and provisions with respect to format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by Franchisor, and which may include offering free food to consumers. At least 60 days prior to the opening of the Eatery, Franchisee shall pay Franchisor ~~a minimum of \$28,000~~ for Franchisee's pre-opening promotion campaign that Franchisor will design and execute on Franchisee's behalf. Franchisee may choose, but is not required, to spend additional amounts on pre-opening advertising for the Franchised Eatery. Franchisee shall not use or publish any advertising material which does not conform to said policies and provisions.

8.4.2 From time to time during the term hereof, Franchisor shall have the right to establish and conduct promotional or discount campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee agrees to participate in such promotional or discount campaigns upon such terms and conditions as the Franchisor may establish, including, subject to applicable law, minimum and maximum price policies minimum advertised price policies and unilateral price policies. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Brand Fund). Franchisee must also provide those services and other items that Franchisor specifies on such terms and at such rates, including free-of-charge, as Franchisor may specify).

#### 8.5 Internet.

8.5.1 Franchisee shall not develop, create, generate, own, license, lease, participate in or use in any manner any computer medium or electronic medium (including any Internet home page, email address, website, domain name, bulletin board, social media site, PR publication, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

8.5.2 Franchisor has established one or more Internet web sites. Franchisor shall have discretion over the design, content and functionality of such web sites. Franchisor may include one or more interior pages that identifies restaurant operated under the Marks, including the Franchised Eatery, by among other things, geographic region, address, telephone number(s), and menu items. Such web site(s) may also include one or more interior pages dedicated to the sale of franchises by Franchisor and/or relations with Franchisor's or its Affiliate's investors. Franchisor may permit Franchisee to periodically select from Franchisor's designated alternative design elements for an interior page (or portion thereof) dedicated to the Franchised Eatery. Such designated alternative design elements may change from time to time. Franchisor will implement any such designated design elements or changes promptly, subject to Franchisor's business needs and scheduling availability. Franchisor may disable or terminate such website(s), in whole or in part, without Franchisor having any liability to Franchisee.

8.5.3 Franchisee acknowledges and agrees that Franchisor (or its Affiliate) is the owner of, and will retain all right, title and interest in and to (i) the [www.corelifeeatery.com](http://www.corelifeeatery.com) domain name and URL; all existing and future domain names, URLs, future addresses and sub-addresses using the Marks in any manner; (ii) means all computer programs and computer code (e.g., HTML, XML DHTML, Java) used for or on the Franchisor's web site(s), excluding any software owned by third parties; (iii) all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques,

processes and data used in connection with, displayed on, or collected from or through Franchisor's web site(s); and (v) all intellectual property rights in or to any of the foregoing.

## ARTICLE 9 DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS

9.1 CoreLife Eatery Brand Products. At all times throughout the Term, Franchisee shall purchase and maintain in inventory such types and quantities of "CoreLife Eatery" Brand Products as are needed to meet reasonably anticipated consumer demand. Franchisee shall purchase "CoreLife Eatery" Brand Products solely and exclusively from Franchisor or its designees.

9.2 Proprietary Products. Franchisor may, from time to time throughout the Term, require that Franchisee purchase, use, offer and/or promote, and maintain in stock at the Franchised Eatery: (i) in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products, sauces, dressings, condiments, beverages, food products and other ingredients and raw materials, which are grown and produced or manufactured in accordance with Franchisor's Trade Secrets, proprietary recipes, specifications and/or formulas or which Franchisor designates as "proprietary," and (ii) certain packaging, Information Systems, other products, supplies, services and equipment designated by Franchisor as "proprietary" ("**Proprietary Products**"). Franchisee shall purchase Proprietary Products only from Franchisor or its Affiliates (if they sell the same), or Franchisor's designees. Franchisor shall not be obligated to reveal such Trade Secrets, recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non-designated suppliers, or any other third parties.

9.3 Non-Proprietary Products. Franchisor may designate certain food products, condiments, merchandise, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, Information Systems, and other products, supplies, services and equipment, other than Proprietary Products, which Franchisee may or must use and/or offer and sell at the Franchised Eatery ("**Non-Proprietary Products**"). Franchisee may use, offer or sell only such Non-Proprietary Products that Franchisor has expressly authorized, and that are purchased or obtained from Franchisor or a producer, manufacturer, distributor, supplier or service provider ("**Supplier**") designated or approved by Franchisor pursuant to Section 9.3.2 of this Agreement.

9.3.1 Franchisee may purchase authorized Non-Proprietary Products from (i) Franchisor or its Affiliates (if they sell the same); (ii) Suppliers designated or approved in writing by Franchisor; or (iii) Suppliers selected by Franchisee and approved in writing by Franchisor prior to Franchisee making such purchase(s); *provided, however*, that if this is one of the first three Eateries developed by Franchisee or its Affiliates, Franchisee must purchase certain Non-Proprietary Products that Franchisor designates only from Franchisor or Suppliers it designates, including new equipment for all items that impact food production and the guest experience, and large equipment and small wares. Each such Supplier designated by Franchisor must comply with Franchisor's usual and customary requirements regarding insurance, indemnification, and non-disclosure, and shall have demonstrated to the reasonable satisfaction of Franchisor: (a) its ability to supply a Non-Proprietary Product meeting the specifications of Franchisor, which may include specifications as to brand name, model, contents, manner of preparation, ingredients, quality, freshness and compliance with governmental standards and regulations; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by Franchisor to be in the best interest of the system.

9.3.2 If Franchisee should desire to procure authorized Non-Proprietary Products from a Supplier other than Franchisor or one previously approved or designated by Franchisor (and not subsequently disapproved), Franchisee shall deliver a written variance request to Franchisor of its desire to

seek approval of such Supplier, which notice shall (a) identify the name and address of such Supplier, (b) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manuals (which may include reasonable financial, operational and economic information regarding its business and its product), and (c) identify the authorized Non-Proprietary Products desired to be purchased from such Supplier. Franchisor shall, upon request of Franchisee, furnish to Franchisee the general, but not manufacturing, specifications for such Non-Proprietary Products if such are not contained in the Manuals. The Franchisor may thereupon request that the proposed Supplier furnish Franchisor at no cost to Franchisor, product samples, specifications and such other information as Franchisor may require. Franchisor may also require that Franchisee reimburse Franchisor for its costs to inspect a proposed Non-Proprietary Product or proposed Supplier if Franchisee makes such a request. Franchisor or its representatives, including qualified third parties, shall also be permitted to inspect the facilities of the proposed Supplier and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other Eateries.

9.3.3 Franchisor will use its good faith efforts to notify Franchisee of its decision within 30 days after Franchisor's receipt of Franchisee's request for approval and other requested information and items in full compliance with this Section 9.2; should Franchisor not deliver to Franchisee, within 30 days after it has received such notice and all information and other items requested by Franchisor in order to evaluate the proposed Supplier, a written statement of approval with respect to such Supplier, such Supplier shall be deemed disapproved as a Supplier of the authorized Non-Proprietary Products described in such notice. Nothing in this article shall require Franchisor to approve any Supplier, and without limiting Franchisor's right to approve or disapprove a Supplier in its discretion, Franchisee acknowledges that it is generally disadvantageous to the system from a cost and service basis to have more than one Supplier in any given market area and that among the other factors Franchisor may consider in deciding whether to approve a proposed Supplier, it may consider the effect that such approval may have on the ability of Franchisor and its Franchisees to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide. Without limiting the foregoing, Franchisor may disapprove a proposed Supplier, if in Franchisor's opinion; the approval of the proposed Supplier would disrupt or adversely impact Franchisor's national or regional distributional arrangements. Franchisor may also determine that certain Non-Proprietary Products (e.g. beverages) shall be limited to a designated brand or brands set by Franchisor which brand(s) it may change from time to time. Franchisor may revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's criteria. Franchisee agrees that at such times that Franchisor establishes a regional purchasing program for any of the raw materials used in the preparation of Authorized "CoreLife Eatery" Products or other Non-Proprietary Products used in the operation of the Franchised Eatery, which may benefit Franchisee by reduced price, lower labor costs, production of improved products, increased reliability in supply, improved distribution, raw material cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Franchisee or other tangible benefits to Franchisee, Franchisee will participate in such purchasing program in accordance with the terms of such program.

9.3.4 As a further condition of its approval, Franchisor may require a Supplier to agree in writing: (i) to provide from time to time upon Franchisor's request free samples of any Non-Proprietary Product it intends to supply to Franchisee, (ii) to faithfully comply with Franchisor's specifications for applicable Non-Proprietary Products sold by it, (iii) to sell any Non-Proprietary Product bearing the Franchisor's Marks only to franchisees and Franchisees of Franchisor and only pursuant to a trademark license agreement in form prescribed by Franchisor, (iv) to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and (v) to otherwise comply with Franchisor's reasonable requests.

9.3.5 Franchisee shall at all times remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers.

#### 9.4 Purchases from Franchisor or its Affiliates.

9.4.1 When and if Franchisor begins to manufacture and/or distribute goods, products or supplies, all goods, products, and supplies purchased from Franchisor or its Affiliates shall be purchased in accordance with the purchase order format issued from time to time by Franchisor (or the applicable Affiliate), the current form of which shall be set forth in the Manual, and in accordance with the policies set forth in the Manuals, if any. Franchisor (or such Affiliate) may change the prices, delivery terms and other terms relating to its sale of goods, services, products and supplies (“**Goods and Services**”) to Franchisee on prior written notice, provided, that such prices shall be the same as the prices charged to similarly situated Franchisees (excluding shipping, transportation, warehousing, insurance and related costs and expenses). Such prices shall be Franchisor’s (or the Affiliate’s) then-current prices, which may change from time to time. Franchisee further acknowledges that prices the Franchisor (or the applicable Affiliate) charges to Franchisee may include a profit to Franchisor and may be higher than Franchisor’s (or its Affiliate’s) internal prices allocated or charged to Franchisor or Affiliate owned Eatery. Presently, Franchisor (or its Affiliate) expects to receive a mark-up based on its or their cost of goods sold. Franchisor (or the applicable Affiliate) in its discretion, may discontinue the sale of any Goods or Services at any time if in Franchisor’s (or the applicable Affiliate) judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. Franchisor (or the applicable Affiliate) shall not be liable to Franchisee for unavailability of, or delay in shipment or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor (or the applicable Affiliate). If any goods or products sold by Franchisor (or the applicable Affiliate) are not in sufficient supply to fully fulfill all orders therefor, Franchisor (or the applicable Affiliate) may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Franchisor (or the applicable Affiliate) deems appropriate, which may result in Franchisee not receiving any allocation of certain goods or products as a result of a shortage. All product orders by Franchisee shall be subject to acceptance by Franchisor (or the applicable Affiliate) at Franchisor’s (or the applicable Affiliate’s) designated offices, and Franchisor (or the applicable Affiliate) reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisee shall submit to Franchisor (or the applicable Affiliate), upon written request, financial statements which contain sufficient information to enable Franchisor to determine the credit limits, if any, to be extended to Franchisee. Franchisor (or the applicable Affiliate), in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee’s orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

9.4.2 Each order placed by Franchisee, whether oral or written, for any product shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Franchisor (or the applicable Affiliate) may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Franchisor from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor (or the applicable Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Franchisor unless such term or condition shall have been expressly accepted by Franchisor (or the applicable Affiliate) in writing.

9.4.3 Franchisor (or the applicable Affiliate) shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Franchisor’s (or the applicable Affiliate) reasonable control including such events as labor or material shortages, conditions of supply and demand, import/export restrictions, or disruptions in Franchisor’s (or the applicable Affiliate’s) supply sources.

9.4.4 Franchisor (or the applicable Affiliate) may act as a Supplier of goods, services, products, and/or supplies purchased by Franchisee, and Franchisor (or its Affiliate) may be designated as the sole Supplier of any such Goods or Services. On the expiration or termination of this Agreement, or in the event of any default by Franchisee of this Agreement, Franchisor (or the applicable Affiliate) shall not be obliged to fill or ship any orders then pending or, in the case of termination or nonrenewal, made any time thereafter by Franchisee, and Franchisor may notify its approved Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct such Suppliers to deliver only such quantity of Proprietary Products as is reasonably necessary to supply Franchisee's needs prior to the expiration or termination date of this Agreement.

9.4.5 From time to time upon Franchisor's (or the applicable Affiliate's) request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make from Franchisor (or the applicable Affiliate) over the two weeks following the date of the request.

9.5 Rebates. Franchisor (or its Affiliates) may collect rebates and allowances and credits from Suppliers in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee and, if in cash, Franchisor shall disburse such funds in accordance with Section 8.3.4.

9.6 Test Marketing. Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Franchised Eatery. Franchisee shall cooperate with Franchisor in connection with the conduct of such test marketing and shall comply with the Franchisor's rules and regulations established from time to time in connection herewith.

9.7 Customer Reporting and Comments. At Franchisor's request, and subject to applicable law, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Franchisor, of Franchisee's customers at the Eatery and shall allow such information to be used by Franchisor only for the "CoreLife Eatery" brand. Franchisee may not divulge such customer names, addresses or other information, with or without remuneration, to any third party. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. If Franchisor deems that its goodwill is negatively affected because Franchisee did not appropriately or fairly handle a customer complaint, Franchisor has the right to intervene and resolve the complaint to customer's satisfaction, including providing a gift card, refund, or other item or service of value. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in responding to customer's complaint pursuant to this Section plus an administrative fee equal to 10% of Franchisor's costs.

9.7.1 At Franchisor's request, Franchisee shall purchase, use and display in the Eatery during all operating hours, customer comment and other cards in the manner specified in the Manuals, or use other physical and electronic methods to gather customer information and comments regarding their experience at the Eatery, or "CoreLife Eatery" Eateries in general.

## **ARTICLE 10 REPORTS, BOOKS AND RECORDS, INSPECTIONS**

10.1 General Reporting. Franchisee shall submit to Franchisor statistical control forms and such other financial, operational and statistical information as Franchisor may require to: (i) assist Franchisee in the operation of the Franchised Eatery in accordance with the System; (ii) allow Franchisor to monitor the Franchisee's Net Sales, purchases, costs and expenses; (iii) enable Franchisor to develop chain-wide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized products or the removal of existing unsuccessful Authorized "CoreLife Eatery" Products; (v) enable Franchisor to refine existing Authorized "CoreLife Eatery" Products; (vi) generally improve chain-wide

understanding of the System (collectively, the “**Information**”). Without limiting the generality of the foregoing:

10.1.1 Franchisee will electronically link the Franchised Eatery to Franchisor and its third-party supplier and will allow Franchisor to poll on a daily or more frequent basis.

10.1.2 For Eateries not on the “CoreLife Eatery” Information System, at Franchisor’s request, on or before Wednesday of each Week during the Term hereof, Franchisee shall submit a Net Sales report signed by Franchisee, on a form prescribed by Franchisor, reporting all Net Sales for the preceding Week, together with such additional financial information as Franchisor may from time to time request.

10.1.3 Within 60 days following the end of each calendar year, Franchisee shall submit to Franchisor an unaudited financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete. Promptly upon Franchisor’s request, Franchisee will furnish Franchisor with a copy of each of Franchisee’s reports and returns of sales, use, and gross receipt taxes related to the operation of the Franchised Eatery. Franchisor reserves the right to require such further information concerning the Franchised Eateries that Franchisor may from time to time reasonably request.

10.1.4 During the term of this Franchise Agreement, Franchisee shall submit to Franchisor copies of Franchisee’s federal income tax returns within ten days after their respective filing. Franchisee shall submit to Franchisor, upon request, copies of Franchisee’s state and city tax returns and sales tax returns along with such other documents as Franchisor may request from time to time.

10.2 Inspections. Franchisor’s authorized representatives shall have the right, from time to time, to enter upon the entire premises of the Franchised Eatery during business hours, to examine same, conferring with Franchisee’s employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether the business is being conducted in accordance with this Agreement, the System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Franchised Eatery. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manuals, including quality, cleanliness, service, health and authorized product line, Franchisor will notify Franchisee in writing of Franchisee’s noncompliance with the Manuals, the System, or this Agreement and Franchisee shall promptly correct or repair such deficiency or unsatisfactory condition. In accordance with Section 7.4, Franchisor may require Franchisee to take and thereafter Franchisee shall take, immediate corrective action, which action may include temporarily closing the Franchised Eatery. If Franchisee fails any ServSafe inspection or other public health, food safety or Eatery cleanliness inspection or audit conducted by Franchisor, Franchisor’s designee, applicable restaurant association or public health and safety agency, Franchisee will pay Franchisor a fee of \$300 per occurrence.

10.3 Audits. Franchisee shall prepare, and keep for not less than three years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts in, at, and from the Franchised Eatery, applicable sales tax returns (if any), all pertinent original serially numbered sales slips and cash register records, income tax returns and such other sales records as may be reasonably required by Franchisor from time to time to verify Net Sales and purchases reported by Franchisee to Franchisor, in a form suitable for an audit of its records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, where possible. Franchisor, its agents or representatives may, at any reasonable time during normal working hours, audit or review Franchisee’s tax returns, books and records in accordance with generally accepted standards established by certified public accountants. Franchisor may also conduct the audit at a site other than the Location and Franchise shall provide all information to

Franchisor, its agents or representatives, promptly upon demand (but not later than five days following the date of the request). If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the daily equivalent of 12% per year simple interest, not to exceed the highest rate permitted by Applicable Law. In addition, if any such audit or other investigation reveals an under-reporting or under-recording error of 2% or more or if Franchisee fails to submit any reports when due, then in addition to any other sums due and in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in Article 14, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, which shall include Franchisor's Travel Expenses and Wages and reasonable accounting and legal expense. Without limiting the foregoing, if such audit or other investigation reveals an under-reporting or under-recording error of 2% or more Franchisor, in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in Article 14, may require Franchisee to maintain and deliver to Franchisor from time to time, financial statements audited by an independent certified public accountant.

10.4 Books and Records. Franchisee shall maintain an accounting and record keeping system, in accordance with sound business practices, which shall provide for basic accounting information necessary to prepare financial statements, a general ledger, and reports required by this Agreement and the Manuals. Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information.

## **ARTICLE 11 TRADEMARKS**

11.1 Use of Marks. Subject to Section 11.6 of this Agreement, the Franchised Eatery shall be named "CoreLife Eatery" with only such additional prefix or suffix as may be required by Franchisor from time to time. Franchisee shall use and display such of Franchisor's trade dress, Marks, and such signs, advertising and slogans only as Franchisor may from time to time prescribe or approve. Upon expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary in Franchisor's judgment to end and cause the discontinuance of Franchisee's use of the trade dress and Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact so to do. Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the express written approval of Franchisor. Franchisee shall not use the Marks in connection with any offering of securities or any request for credit without the prior express written approval of Franchisor. Franchisor may withhold or condition any approval related to the Marks, including those described in this Section, in its discretion. During the Term, Franchisee shall identify the Franchised Eatery as an independently owned and operated franchise of Franchisor, in the form and manner specified by Franchisor, including on all invoices, order forms, receipts, checks, business cards, on posted notices located the Location and in other media and advertisements as Franchisor may direct from time to time.

11.2 Non-Use of Trade Name. If Franchisee is an Entity, it shall not use Franchisor's Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the Marks, as all or part of Franchisee's name.

11.3 Use of Other Trademarks. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Franchised Eatery without the express prior written consent of Franchisor, which may be withheld in its discretion; provided however, in the case of a Non-Traditional Venue, the Premises (but not the Eatery) may display the trademarks, service marks and other commercial symbols of Franchisee or third parties, in accordance with the terms herein contained.

11.4 Non-ownership of Marks. Nothing herein shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Franchisor's trade dress, or to any of the Marks or the goodwill annexed thereto, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

11.5 Defense of Marks. If Franchisee receives notice, or is informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Marks in accordance with the terms of this Agreement ("**Trademark Claim**"), Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Thereupon, Franchisor shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim by any third party. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor shall have the sole right to defend, compromise or settle any such claim, in its discretion, at Franchisor's sole cost and expense, using attorneys of its own choosing, and Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions with regard thereto shall be final.

11.6 Prosecution of Infringers. If Franchisee shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Franchisor's trade dress or Marks, is using Franchisor's trade dress or Marks or any variant thereof, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Thereupon, Franchisor shall, in its discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of the trade dress and/or Marks. Franchisee shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement.

11.7 Modification of Marks. From time to time, in the Manuals or in directives or bulletins supplemental thereto, Franchisor may add to, delete or modify any or all of the Marks and trade dress. Franchisee shall, at its cost and expense, use, or cease using, as may be applicable, the Marks and/or trade dress, including any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Manuals or in written directives issued by Franchisor to Franchisee, as though they were specifically set forth in this Agreement. Except as Franchisor may otherwise direct, Franchisee shall implement any such change within 60 days after notice thereof by Franchisor, at Franchisee's expense.

11.8 Acts in Derogation of the Marks. Franchisee agrees that Franchisor's trade dress and the Marks are the exclusive property of Franchisor and/or its Affiliates and Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee further agrees that it is familiar with the standards and high quality of the use by Franchisor and others authorized by Franchisor of the trade dress and Marks in the operation of Eateries, and agrees that Franchisee will maintain this standard in its use of the Marks and trade dress. All use of the Marks and trade dress by Franchisee inures to the benefit of Franchisor. Franchisee shall not contest or assist anyone in contesting at any time during or after the Term, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Franchisor or its Affiliates in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Marks and Franchisor's trade dress only for the uses and in the manner licensed and/or franchised hereunder and as herein provided. Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Franchisor's trade dress and/or the Marks by any other franchisee or licensee of Franchisor; or (ii) divert or attempt to divert any business or any customers of the Franchised Eatery to any other person or Entity, by direct or indirect

inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

11.9 Assumed Name Registration. If Franchisee is required to do so by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with applicable Governmental Authorities, a notice of its intent to conduct its business under the name “CoreLife Eatery” with only such additional prefix or suffix as may be required by Franchisor from time to time. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to do so for and on behalf of Franchisee.

11.10 Photo/Video Release. Franchisee acknowledges and authorizes Franchisor to use its likeness and the Eatery’s likeness in a photograph in any and all of Franchisor’s publications, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph using such likeness will become Franchisor’s property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee or of the Eatery for any lawful purpose. Franchisee agrees and waives any rights to royalties or any other compensation related to Franchisor’s use of any photograph of Franchisee. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

## **ARTICLE 12 COVENANTS REGARDING OTHER BUSINESS INTERESTS**

12.1 Non-Competition. Franchisee acknowledges that the System is distinctive and has been developed by Franchisor and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and trade secrets regarding the System. Franchisee recognizes its obligations to keep confidential such information as set forth herein. Franchisee therefore agrees as follows:

12.1.1 During the Term, no Restricted Person or Designated Manager shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities at any location, unless Franchisor shall consent thereto in writing, or (ii) divert or attempt to divert any business or any customers of the Franchised Eatery to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

12.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person’s relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities: ~~(a) within the Territory, or (b) within an area within five miles from the Franchised Eatery or any then-existing Eatery, without the Franchisor’s prior written consent.~~ In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or other franchisees or area developers of the Franchisor.

## 12.2 Trade Secrets.

12.2.1 Franchisor possesses and continues to develop, and during the course of the relationship established hereunder, Restricted Persons may have access to, proprietary and confidential information, including the Trade Secrets, proprietary software (and related documentation) recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of developing and operating an Eatery and producing Authorized “CoreLife Eatery” Products. Franchisor may disclose certain of its Trade Secrets to Restricted Persons in the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through the Franchisor’s training program and other guidance and management assistance, and in performing Franchisor’s other obligations and exercising Franchisor’s rights under this Agreement. “Trade Secrets” shall not include information which: (a) has entered the public domain or was known to Franchisee prior to Franchisor’s disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Franchisor or its Affiliates; (b) becomes known to the Restricted Persons from a source other than Franchisor or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Franchisor or its Affiliates; or (c) was independently developed by Franchisee without the use or benefit of any of the Franchisor’s Trade Secrets. The burden of proving the applicability of the foregoing will reside with Franchisee.

12.2.2 Each Restricted Person shall acquire no interest in the Trade Secrets other than the right to use them in developing and operating the Franchised Eatery during the Term of this Agreement. A Restricted Person’s duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Franchised Eatery; (ii) maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; and (iii) make no unauthorized copy of any portion of the Trade Secrets, including the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Franchisee shall operate the Eatery and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use and disclosure of the Trade Secrets, including, implementing restrictions and limitations as Franchisor may prescribe on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Trade Secrets. Promptly upon Franchisor’s request, Franchisee shall deliver executed copies of such agreements to Franchisor. If Franchisee has any reason to believe that any employee has violated the provisions of the confidentiality and non-competition agreement, Franchisee shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor against infringement or other unlawful use including, but not limited to, the prosecution of any lawsuits if, in the judgment of Franchisor, such action is necessary or advisable. Without limiting the foregoing, Franchisor may also impose reasonable restrictions and conditions, from time to time, on the disclosure of financial or statistical information in connection with the sale or potential sale of the Franchised Eatery, including the execution of confidentiality agreements.

12.2.3 In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth herein in connection with these matters, the parties agree that each party shall have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the state courts in the state of our principal place of business (currently State of New York) and the U.S. federal courts with jurisdiction where our principal place of business sits in New York for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts with jurisdiction where our principal place of business is situated (currently, ~~Binghamton~~ Vestal, New York). Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee’s sole remedy in the

event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

12.3 Confidentiality and Press Releases. Franchisee shall not disclose the substance of this Agreement to any third party except as necessary to inform lessors from which it is seeking Leases or lessors which are parties to Leases in order to obtain renewals of, or avoid terminations of, such Leases or as necessary to obtain any Permits or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction or federal, state, or local agency having jurisdiction over Franchisee, provided that Franchisee shall give Franchisor prior notice of such disclosure. Unless disclosure is required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Franchised Eatery or any Crisis Management Event shall be made by Franchisee without the written approval of Franchisor in advance of such press release announcement, or public communication.

12.3.1 Franchisee must follow all reasonable procedures Franchisor prescribes to prevent unauthorized use and disclosure of Franchisor's policies and the contents of Franchisor's Manuals, marketing concepts, and operating methods and techniques (the "**Confidential Materials and Practices**"), which may include limiting access to confidential information to management employees with a need to know, and requiring such persons to execute non-disclosure agreements.

12.3.2 Notwithstanding the foregoing, the restrictions on the disclosure and use of the Trade Secrets, Confidential Materials and Practices will not apply to disclosure of Trade Secrets, Confidential Materials and Practices: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Trade Secrets, Confidential Materials and Practices to an attorney and for use of the Trade Secrets, Confidential Materials and Practices in such court proceeding, so long as any document containing the Trade Secrets, Confidential Materials and Practices is filed under seal and Trade Secrets, Confidential Materials and Practices is not otherwise disclosed except pursuant to court order.

12.4 Agreements for the Protection of Franchisor's Confidential Information and the System. Franchisee shall require all Restricted Persons, other than Owners who have signed the Owners Agreement, to sign the System Protection Agreement in the form attached to Franchisor's Franchise Disclosure Document in Exhibit H. Franchisee shall also require all of Franchisee's employees, independent contractors, suppliers, agents, or representatives that may have access to Franchisor's confidential information to sign a Confidentiality Agreement, the current form of which is attached to the Franchise Disclosure Document in Exhibit H (unless they already signed a System Protection Agreement). Franchisee shall maintain copies of all signed System Protection Agreements and Confidentiality Agreements for a period of not less than three years following the date that any person signing such agreement loses the status that required such person to sign such agreement. Franchisee shall deliver copies of all System Protection Agreements and Confidentiality Agreements to Franchisor upon Franchisor's request.

12.5 Business Practices. Franchisee represents, warrants and covenants to Franchisor that:

12.5.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being “blocked” under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is neither directly nor indirectly owned nor controlled by the government of any country that is subject to a United States embargo. Neither Franchisee nor its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.5.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate “know-your-customer” verification programs and such other provisions as may be required by applicable law.

12.5.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being “blocked” under any Anti-Terrorism Laws.

12.5.4 Franchisee shall promptly notify Franchisor upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.5.3 above is identified on any Terrorist List, any list maintained by OFAC or to being “blocked” under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Franchisor in an appropriate resolution of such matter.

12.6 Effect of Applicable Law. In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Franchisor and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

12.6.1 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion

of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.7 Customer Data. Without limiting the generality of anything else contained herein, all data that Franchisee collects, creates, provides or otherwise develops (including, but not limited to information regarding customers) is (and will be) owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon its request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the Franchised Eatery under this Agreement. Franchisee agrees to provide Franchisor with the information that it reasonably requires with respect to data and cybersecurity requirements. Franchisee is required to safeguard any such data using commonly accepted practices in the restaurant industry as well as comply with any laws or regulations regarding data protection

12.8 Survival. The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or Franchisor's Marks, System, Trade Secrets, or any other proprietary aspects of Franchisor's business.

### **ARTICLE 13 NATURE OF INTEREST, ASSIGNMENT**

13.1 Assignment by Franchisor. This Agreement is fully transferable by Franchisor, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Franchisor's obligations under this Agreement. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment. In connection with any of the foregoing, at Franchisor's request, Franchisee shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Franchisee agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

#### 13.2 Assignment by Franchisee.

13.2.1 The rights and duties created by this Agreement are personal to Franchisee. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of

Franchisee, or if applicable, its Owners who will actively and substantially participate in the development ownership and operation of the Franchised Eatery. Accordingly, except as otherwise may be permitted herein, neither Franchisee nor any Owner (other than Franchisor, if applicable) shall, without Franchisor's prior written consent, cause or permit any Assignment. Any such purported Assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell the Franchised Eatery and assign this Agreement in accordance with the terms hereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Franchisee's Lease or the real or personal property used in connection with the Franchised Eatery. Franchisee may not make any Assignment to a public Entity, or to any Entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any Owner of Franchisee may be offered for sale through the public offering of securities. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the assets of the Franchised Eatery may be ineffective under Applicable Law, Franchisee shall provide not less than ten days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or the assets of the Franchised Eatery.

13.2.2 If Franchisee is an Entity, Franchisee shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

13.2.3 Franchisor will not unreasonably withhold its consent to any Assignment which is subject to the restrictions of this Article, provided however, Franchisor may impose any reasonable condition to the granting of its consent, and requiring Franchisee to satisfy any or all of the following conditions shall be deemed reasonable:

(a) Franchisee's written request for Franchisor's consent to Assignment must be accompanied by a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Franchisor may reasonably request;

(b) Franchisor's receipt of an estoppel agreement indicating any and all causes of action, if any, that Franchisee may have against Franchisor or if none exist, so stating, and a list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Franchisor may require;

(c) Franchisee's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Franchisor customary for transactions of the type proposed (the "**ROFR**"). If Franchisor elects to exercise the ROFR, Franchisor or its nominee, as applicable, shall send written notice of such election to Franchisee within 30 days of receipt of Franchisee's request (the "**ROFR Period**"). If Franchisor accepts such offer, the training and transfer/administrative fees due by Franchisee in accordance with this Agreement shall be waived by Franchisor, and the closing of the transaction shall occur within 60 days following the date of Franchisor's acceptance. Any material change in the terms of an offer prior to closing (or the failure to

close the transaction within 60 days following the written notice provided by Franchisee) shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third-party designee, as in the case of the initial offer. Franchisor's failure to exercise such ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer. The ROFR is fully assignable by Franchisor. Without waiving any other rights provided for herein or otherwise, Franchisor hereby waives its ROFR if the proposed transferee/assignee is an immediate family member of Franchisee;

(d) The Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), the Manuals or any other obligations owed Franchisor, and all of its then-due monetary obligations to Franchisor shall have been paid in full;

(e) The Franchisee, and its Owners, if the Franchisee is an Entity, shall execute a general release under seal, in a form prescribed by Franchisor, of any and all known and unknown claims against Franchisor, its Affiliates, Owner(s), directors, officers, agents and employees;

(f) The transferee/assignee shall have demonstrated to Franchisor's satisfaction that it meets all of Franchisor's then-current requirements for new Eatery operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the sale of alcoholic beverages, and the ability to fully comply with the terms of this Agreement;

(g) The transferee/assignee shall have either (a) assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor; provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any such obligations; or (b) at Franchisor's option, shall have executed a replacement franchise agreement on the then-current standard form of franchise agreement used by Franchisor in the State in which the Franchised Eatery is being operated, provided, however, that the term of replacement franchise agreement shall be the remaining term of this Agreement, and, at the Franchisor's request, the transferor/assignor shall have executed Franchisor's then-current Owners Agreement or other continuing guaranty in favor of Franchisor of the performance and payment by the transferee/assignee of all obligations and debts to Franchisor and its Affiliates under the replacement franchise agreement;

(h) The assignee shall agree to refurbish the Franchised Eateries needed (in Franchisor's discretion) to match the building design, trade dress, color scheme and presentation then used by Franchisor within the 12 month period preceding the assignment for its (or its Affiliates') Eatery (such refurbishment may include remodeling, redecoration and modifications to existing improvements);

(i) There shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Franchised Eatery;

(j) Upon submission of Franchisee's request for Franchisor's consent to any proposed transfer or assignment, Franchisee shall pay to Franchisor a non-refundable \$1,000 deposit. If Franchisor approves such transfer or assignment, Franchisee shall pay to Franchisor at such time (i) the remaining balance of the transfer fee, which is equal to 50% of Franchisor's then-current initial franchise fee (if Franchisor is not offering Franchises at the time of Franchisee's requested transfer, the transfer fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document), and is non-

refundable under any circumstances and (ii) any franchise broker, brokerage commissions, finder's fees, placement fees or similar charges that Franchisor may incur with respect to the transferee/assignee; and

(k) The transferee/assignee, its operating principal, Designated Manager and other employees responsible for the operation of the Franchised Eatery shall have satisfactorily completed Franchisor's Initial Training Program and paid all fees related thereto.

(l) If this Agreement has been executed pursuant to an Area Development Agreement with Franchisor (whether or not such agreement remains in effect), then:

(i) If three or fewer Franchised Eateries are operated pursuant to the Area Development Agreement, all Franchised Eateries operated pursuant to the Area Development Agreement must be included in the proposed transfer; or

(ii) If four or more Franchised Eateries are operated pursuant to the Area Development Agreement, at least half of all Franchised Eateries operated pursuant to the Area Development Agreement must be included in the proposed transfer.

13.2.4 Franchisor's consent to an Assignment shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including: (a) any payment or other duty owed by Franchisee to Franchisor under this Agreement before such Assignment; or (b) Franchisee's duty of indemnification and defense as set forth in Section 17.12 of this Agreement, whether before or after such Assignment; or (c) the obligation to obtain Franchisor's consent to any subsequent transfer.

13.3 Entity Franchisee. If a Franchisee is an Entity, the following provisions will apply:

13.3.1 Franchisee represents and warrants that the information set forth in Attachment B, which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within ten days of any change in the information set forth in Attachment B, and shall submit to Franchisor a revised Attachment B, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as Attachment B. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

13.3.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Eatery, pursuant to one or more franchise agreements from Franchisor. Franchisee shall submit to Franchisor, upon the execution of this Agreement and thereafter from time to time upon Franchisor's request, a resolution of Franchisee (or its governing body) confirming that Franchisee is in compliance with this provision.

13.3.3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee and all spouses of such persons, will execute an Owners Agreement in the form attached as Attachment C.

13.3.4 Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the

Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No such offering by Franchisee shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Franchisor, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Franchisor the greater of: (a) a non-refundable fee equal to 50% of Franchisor's then-current initial franchise fee (if Franchisor is not offering Franchises at the time of Franchisee's proposed offering, the fee will be 50% of the initial franchise fee in the most recent Franchise Disclosure Document); or (b) such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. Franchisee shall give Franchisor written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section.

#### 13.4 Assignment to a Controlled Entity.

13.4.1 If Franchisee is one or more individuals, and in the event that Franchisee proposes to transfer all of its interest in this Agreement and the assets of the Eatery operated hereunder to an Entity formed by Franchisee solely for the convenience of ownership, Franchisee may (without paying the transfer fee specified in Section 13.2.3(j) of this Agreement), with Franchisor's written consent, transfer such interest and assets, provided, and on condition that:

(a) Upon Franchisor's request, Franchisee delivering to Franchisor a true, correct and complete copy of the transferee Entity's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Franchisor has accepted the same;

(b) the transferee Entity's articles of incorporation or articles of organization, bylaws, and operating agreement, as applicable, shall provide that its activities are confined exclusively to operating the Eatery operated hereunder;

(c) Franchisee directly owns not less than 100% of the Equity and voting rights of the transferee Entity;

(d) such Entity is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Franchisee as the Operating Principal has exclusive day-to-day operational control of the Franchised Eatery;

- (f) such Entity conducts no other business than the operation of Eateries;
- (g) such Entity assumes all of the obligations under this Agreement pursuant to written agreement, the form and substance of which shall be acceptable to Franchisor;
- (h) Each individual comprising Franchisee, and all present and future Owners of 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of Franchisee and all spouses of such persons shall execute an Owners Agreement attached as Attachment C;
- (i) That none of the Owners of the Equity of the transferee Entity is, directly or indirectly, engaged in a Competitive Activity;
- (j) At Franchisor's request, Franchisee shall, and shall cause each of its Affiliates who have executed a franchise agreement and each direct or indirect parent or subsidiary of such Affiliate, to execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees; and
- (k) Franchisee shall reimburse Franchisor for all direct and indirect costs and expenses it may incur in connection with the transfer, including attorney fees.

13.4.2 In the event that Franchisee exercises its rights under Section 13.4 of this Agreement then Franchisee and such assignee Entity shall affirmatively covenant to continue to satisfy each of the conditions set forth in Section 13.4.1 of this Agreement throughout the term of this Agreement.

## **ARTICLE 14 DEFAULT AND TERMINATION**

14.1 General. Franchisor shall have the right to terminate this Agreement only for "cause." "Cause" is hereby defined as a default of this Agreement. Franchisor shall exercise its right to terminate this Agreement upon notice to Franchisee upon the following circumstances and manners.

14.2 Automatic Termination without Notice. Subject to Applicable Laws of the jurisdiction in which the Eatery operated hereunder is located to the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Franchisor's election automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) Franchisee shall allow a judgment against him in the amount of more than \$25,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed); (iii) the Franchised Eatery, the Premises or the Franchisee's assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); (iv) a levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Franchised Eatery, and it is not discharged within five days of such levy or attachment; (v) Franchisee permits any recordation of a notice of mechanic's lien against the Franchised Eatery or any equipment at the Franchised Eatery which is not released within 60 days, or if any person commences any action to foreclose on the Franchised Eatery or said equipment; (vi) Franchisee allows or permits any judgment to be entered against Franchisor or any of its Affiliates, arising out of or relating to the operation of the Franchised Eatery; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) Franchisee or any of its Owners, officers, directors, or

key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the Franchisor's reputation, System, Marks or the goodwill associated therewith, or Franchisor's interest therein; provided, however that if the crime or offense is committed by an Owner other than an Operating Principal, then Franchisor may only terminate on account thereof if such Owner fails within 30 days after the conviction or guilty plea, whichever first occurs, to sell its interest in Franchisee to Franchisee's other Owners; or (ix) Franchisee's failure to comply with Article 12 or Article 20 of this Agreement.

14.3 Option to Terminate without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisor upon the occurrence of any of the following events:

14.3.1 Abandonment. Franchisee abandons the Franchised Eatery. For purposes of this Agreement, "abandon" shall refer to (i) Franchisee's failure, at any time during the term of this Agreement, to keep the Premises or Franchised Eatery open and operating for business for a period of three consecutive days, except as provided in the Manuals; (ii) Franchisee's failure to keep the Premises or Franchised Eatery open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Eatery, unless such failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement); (iii) Franchisee's failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Franchised Eatery solely with the "CoreLife Eatery" name (as the same may be modified in accordance with this Agreement); (iv) the withdrawal of permission from the applicable lessor that results in Franchisee's inability to continue operation of the Franchised Eatery; or (v) closing of the Franchised Eatery required by Applicable Law if such closing was not the result of a violation of this Agreement by Franchisor.

14.3.2 Assignment, Death or Incapacity. Franchisee makes any Assignment without the prior written consent of Franchisor; provided, however, that if the Franchised Eatery continues to be operated in conformity with this Agreement (i) upon prompt written request and upon the death or legal incapacity of a Franchisee who is an individual, Franchisor shall allow up to 150 days after such death or legal incapacity for the heirs, personal representatives, or conservators (the "**Heirs**") of Franchisee either to enter into a new Franchise Agreement upon Franchisor's then-current form (except that no initial franchise fee or transfer fee shall be charged), if Franchisor is subjectively satisfied that the Heirs meet Franchisor's standards and qualifications, or if not so satisfied to allow the Heirs to sell the Franchised Eatery to a person approved by Franchisor; or (ii) upon prompt written request and upon the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Franchisor shall allow a period of up to 150 days after such death or legal incapacity for the Heirs to seek and obtain Franchisor's consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Franchisor. Franchisor shall also have the right to exercise its Step-In Rights and appoint an Interim Manager in accordance with Section 7.19 upon any such death or legal incapacity of Franchisee or such an Owner and, if Franchisor exercises such rights under Section 7.19, Franchisee, Franchisee's Owners, or the executor, administrator, personal representative, trustee or heirs of such person must comply with and pay all fees to Franchisor under Section 7.19. If, within said 150 day period, the Heirs fail either to enter into a new franchise agreement (and any ancillary documents or exhibits including an Owners Agreement or guaranty) or to sell the Franchised Eatery to a person approved by Franchisor pursuant to this Agreement, or fail either to receive Franchisor's consent to the Assignment of such Equity to the Heirs or to another person acceptable by Franchisor, as provided in this Agreement, this Agreement shall thereupon automatically terminate;

14.3.3 Repeated Defaults. Franchisee defaults in any obligation as to which Franchisee has previously received two or more written notices of default from Franchisor setting forth the default complained of within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

14.3.4 Violation of Law. Franchisee fails, for a period of ten days after having received notification of noncompliance from Franchisor or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Eatery;

14.3.5 Sale of Unauthorized Products. Franchisee sells unauthorized products to the public after notice of default and thereafter sells such products, whether or not Franchisee has cured the default after one or more notices;

14.3.6 Under-Reporting. An audit or investigation conducted by Franchisor hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated its Net Sales or withheld the reporting of same as herein provided, and, without limiting the foregoing, if, on three or more occasions in any single 36 month period, any audits or other investigations reveals an under-reporting or under-recording error of 2% or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of 5% or more;

14.3.7 Intellectual Property Misuse. Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Eatery, the System, or the "CoreLife Eatery" brand generally. Franchisee's unauthorized use, disclosure, or duplication of the "Trade Secrets", excluding independent acts of employees or others if Franchisee shall have exercised its best efforts to prevent such disclosures or use;

14.3.8 Misrepresentation. Franchisee makes any material misrepresentations relating to the acquisition of this Agreement;

14.3.9 Health or Safety Violations. Franchisee's conduct of the Franchised Eatery is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices; and

14.3.10 Failure to Complete Training. Franchisee, the initial Operating Principal or the initial Designated Manager fails to complete all phases of the Initial Training Program to Franchisor's satisfaction prior to the opening of the Franchised Eatery.

14.4 Termination with Notice and Opportunity to Cure. Except for any default by Franchisee under Sections 14.12 or 14.23 of this Agreement, and as otherwise expressly provided elsewhere in this Agreement, Franchisee shall have 30 days (ten days in the case of any default in the timely payment of sums due to Franchisor or its Affiliates) after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

14.5 Reimbursement of Franchisor Costs. In the event of a default by Franchisee, all of Franchisor's costs and expenses arising from such default, including reasonable legal and accounting fees and reasonable hourly charges of Franchisor's administrative employees shall be paid to Franchisor by Franchisee within five days after cure or upon demand by Franchisor if such default is not cured.

14.6 Cross-Default. Except for a default or termination of any Area Development Agreement consisting solely of Franchisee's failure to meet the development schedule thereunder, any default by Franchisee under the terms and conditions of this Agreement, any Lease, or any other agreement between Franchisor (or its Affiliate), and Franchisee (or any Affiliate of Franchisee) shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

14.7 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

14.8 Termination by Franchisee. Franchisee may terminate this Agreement due to a material default by Franchisor of its obligations hereunder, which default is not cured by Franchisor within 60 days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged default with specificity; provided, that if the default is such that it cannot be reasonably cured within such 60 day period, Franchisor shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such cure to completion. This is a material term of this Agreement and an arbitrator shall not, and shall not have the power or authority to, waive, modify or change this requirement in any arbitration proceeding or otherwise. If Franchisee terminates this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of Article 15 of this Agreement.

## **ARTICLE 15 RIGHTS AND OBLIGATIONS UPON TERMINATION**

15.1 General. Upon the expiration or termination of Franchisee's rights granted under this Agreement:

15.1.1 Franchisee shall immediately pay all amounts due to Franchisor.

15.1.2 Franchisee shall immediately cease to use all Trade Secrets, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall immediately return the Manual, all training materials, electronic files, records, customer lists, files, advertising and promotional materials and all other written materials incorporating Trade Secrets and all copies of the whole or any part thereof to Franchisor. Franchisee shall at its own cost make cosmetic changes to the Franchised Eatery so that it no longer contains or resembles Franchisor's proprietary designs, including: Franchisee shall remove all materials that would identify the Premises and Location as an Eatery operated under the Marks and System, and remove distinctive cosmetic features and finishes, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Premises and Location as Franchisor may reasonably direct and shall, at Franchisor's request, grant Franchisor access to the

Premises to make cosmetic changes to the Franchised Eatery so that it no longer resembles an Eatery. Or in the alternative, if Franchisor so elects, at its sole option, upon any termination or expiration of this Agreement, Franchisor shall have an immediate right to enter and take possession of the Franchised Eatery in order to maintain continuous operation of the Franchised Eatery, to provide for orderly change of management and disposition of personal property and to otherwise protect Franchisor's interests.

15.1.3 If Franchisor so elects, at its sole option, upon any termination or expiration of this Agreement, Franchisee will sell to Franchisor such equipment and furnishings as Franchisor may designate that are associated with the Franchised Eatery at its net book value, using a five-year straight line amortization period but not less than 10% of the actual cost paid by Franchisee. Franchisor shall have no other payment obligations to Franchisee, and Franchisee specifically waives any and all claims to be paid for other equipment, furnishings, fixtures, products, supplies or the goodwill associated with the terminated Franchised Eatery (which goodwill Franchisee acknowledges is owned exclusively by Franchisor). Franchisor may offset against any obligations it may have pursuant to this Section any amounts owed by Franchisee to Franchisor.

15.1.4 Franchisor may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Franchisor, its Affiliates, and/or suppliers.

15.1.5 Any and all obligations of Franchisor to Franchisee under this Agreement shall immediately cease and terminate.

15.1.6 Any and all rights of Franchisee under this Agreement shall immediately cease and terminate, and Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a Franchisee or other Affiliate of Franchisor.

15.1.7 Franchisee acknowledges that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively "**Identifiers**") used in the operation of Franchisee's Eatery constitute Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five days to cancel or assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at Franchisor's direction. Franchisee agree to take all action required cancel all assumed name or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges that, Franchisor has the sole rights to, and interest in, all Identifiers used by Franchisee to promote Franchisee's Eatery and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Franchise Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer. For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the Internet, except with the prior consent of Franchisor as provided in this Agreement.

15.2 Survival of Obligations. Termination or expiration shall be without prejudice to any other rights or remedies that Franchisor or Franchisee, as the case may be, shall have in law or in equity, including

the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration) covenants and agreements including the obligation of Franchisor and Franchisee to arbitrate any and all disputes shall survive the termination or expiration of this Agreement.

15.3 No Ownership of Marks. Franchisee acknowledges and agrees that rights in and to Franchisor's Marks and the use thereof shall be and remain the property of Franchisor.

15.4 Government Filings. In the event Franchisee has registered any of Franchisor's Marks or the name "CoreLife Eatery" as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Franchisor's Marks and any confusingly similar marks or names therefrom

15.5 Liquidated Damages. Upon termination of this Agreement by Franchisor for Cause, Franchisee agrees to pay to Franchisor within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Continuing Royalties and Brand Fund Contributions that Franchisee was required to pay (without regard to any fee waivers or other reductions) from the date the Eatery opened through the date of early termination multiplied by the lesser of (a) 36, or (b) the number of months remaining in the Agreement had it not been terminated, except that liquidated damages will not under any circumstances be less than \$30,000.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Continuing Royalties and Brand Fund Contributions due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Continuing Royalties would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Continuing Royalties and Brand Fund Contributions. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Continuing Royalties and Brand Fund Contribution sections. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the Continuing Royalties and Brand Fund sections.

## **ARTICLE 16 INSURANCE**

16.1 Insurance. Franchisee must maintain in full force and effect during the term of the Franchise Agreement, including but not limited to: (a) commercial general and product liability insurance including contractual liability in an aggregate amount of not less than \$2,000,000; (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, with full replacement cost limits which are sufficient to satisfy any co-insurance clause contained in the policy for the Franchised Eatery and its contents of not less than \$1,000,000 per occurrence; (c) commercial auto liability insurance, including bodily injury and property damage coverage for all owned, borrowed, hired and non-owned autos of not less than \$1,000,000; (d) statutory workers' compensation; (e) employer's liability insurance on not less than \$1,000,000; (f) disability benefits type insurance as may be required by statute or rule of the state in which the Eatery is located; (g) commercial umbrella liability insurance of not less than \$5,000,000 per occurrence if the Franchisee and or its affiliates collectively operate up to ten

Eateries, not less than \$10,000,000 per occurrence if Franchisee and or its affiliates collectively operate between 11 and 24 Eateries, and not less than \$15,000,000 per occurrence if Franchisee and or its affiliates collectively operate 25 or more Eateries; and (h) such other insurance policies, such as business interruption insurance and unemployment insurance, as Franchisor may determine from time to time. Franchisor reserves the right to require other insurance and endorsements pursuant to Franchisor's then-existing policies and to add, modify or further define required insurance coverages in the Manuals. All insurance policies must: (i) be written by insurance companies authorized to conduct business in the state in which the Eatery is located, and is rated "A-" (Excellent)/ VIII (\$100M to \$250M policy holder surplus) or better by A.M. Best and Company, Inc., or its successor; (ii) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as set forth above or that Franchisor prescribes from time to time in the Manuals; (iii) name Franchisor and Franchisor's Affiliates as Additional Insureds except on Franchisee's employment liability policy; (iv) provide for 30 days' prior written notice to Franchisor of any material modification, cancellation, or expiration of such policy; (v) include a waiver of subrogation; and (vi) include such other provisions as Franchisor may require from time to time. Franchisee's insurance must apply on a primary and non-contributory basis.

16.2 Use of Proceeds. In the event of damage to the Franchised Eatery covered by insurance, the proceeds of any such insurance shall be used to restore the Franchised Eatery to its original condition as soon as possible, unless such restoration is prohibited by the Location Lease or Franchisor has otherwise consented to in writing. Upon the obtaining of such insurance, Franchisee shall promptly provide to Franchisor proof of such insurance coverage.

16.3 Proof of Insurance. Franchisee shall, prior to opening the Franchised Eatery, (and from time to time, within ten days after a request therefor from Franchisor, and annually thereafter provide evidence of the renewal or extension of each insurance policy) file with Franchisor, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring 30 days prior written notice to Franchisor of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain and maintain the required insurance, Franchisor may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums plus 20% of the premium for Franchisor's administrative costs in taking such action.

## **ARTICLE 17 RELATIONSHIP OF PARTIES, DISCLOSURE**

17.1 Relationship of Franchisee to Franchisor. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it shall not under any circumstances hold itself out as the agent, representative, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Franchisee agree that the relationship created by this Agreement is one of independent contractor and not a fiduciary relationship. Franchisee further agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall

be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

17.2 Indemnity.

17.2.1 Franchisee shall protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property directly or indirectly arising out of or in connection with Franchisee's acquisition of the fee or leasehold interest on which the Eatery is to be located, the development, construction (including any latent or patent defects), fixturing, furnishing and equipping of the Eatery, and/or maintenance or operation of the Premises or the Franchised Eatery including the preparation of all food and beverage offered at the Eatery and all services (including delivery service and the provision of alcoholic beverages), any labor or employment law disputes, Franchisee's failure to pay amounts due and payable (to Franchisor or any of its Affiliates) pursuant to the Franchise Agreement, or failure to do or perform any other act, matter or thing required by this Agreement; and/or for action by Franchisor to obtain performance by Franchisee of any act, matter or thing required by this Agreement. In connection with the above, (a) Franchisee agrees to pay all suppliers of goods and services to Franchisee in connection with the construction and/or operation of the Eatery when due and payable; and (b) Franchisee shall include in the text of all contracts entered into between Franchisee and any third party an acknowledgment that Franchisee is solely a franchisee of Franchisor and has no ownership in or other relationship with Franchisor and, shall include an express release and hold harmless of Franchisor of any obligation or liability to such party which arises out of or is otherwise related to or in connection with Franchisee's acquisition, development, construction and operation of the Eatery.

17.2.2 Franchisor shall give Franchisee prompt written notice of any claim for which Franchisor demands indemnity (provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation unless Franchisee has been materially harmed by such delay). Franchisor shall retain the full right and power to direct, manage, control and settle the arbitration of any claim. Franchisor shall submit all indemnifiable claims to its insurers in a timely manner. Any payments made by an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims.

**ARTICLE 18**  
**MEDIATION AND ARBITRATION**

18.1 Mediation. Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than suits described in Section 12.2.3 or to seek provisional remedies, including injunctions and as otherwise described below in Section 18.5), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the Rules of Practice and Procedure of Judicial Arbitration & Mediation Services, Inc. ("JAMS") unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. Such mediation shall be conducted in the city closest to Franchisor's principal place of business (currently Binghamton Vestal, New York) and shall be conducted and completed within 45 days following the date either party first gives notice of mediation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under New York and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however,

that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. If the parties fail to fully resolve the dispute through mediation within such 45 day period, either party may initiate arbitration as set forth in Section 18.2.

18.2 Arbitration. Subject to Section 18.1 of this Agreement, and except as precluded by Applicable Law, any controversy or claim between Franchisor and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, and any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted before and will be heard by three arbitrators in accordance with the then-current Rules of Practice and Procedure of JAMS. Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. Except to the extent prohibited by Applicable Law, the proceedings shall be held in the city closest to Franchisor's principal place of business (currently ~~Binghamton~~ Vestal, New York). All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitrators shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrators at any arbitration hearing. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

18.3 Awards. The arbitrators will have the right to award or include in the award any relief which they deem proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, in accordance with Section 18.12 of this Agreement, provided that the arbitrators will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrators will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The provisions of §1283.05 of the New York Code of Civil Procedure related to depositions and discovery (including any successor provisions) are hereby incorporated by this reference and made a part of this Agreement.

18.4 Permissible Parties. Franchisee and Franchisor agree that arbitration will be conducted on an individual, not a class wide, basis and that any arbitration proceeding between Franchisee and Franchisor will not be consolidated with any other arbitration proceeding involving Franchisor and any other person or entity.

18.5 Injunctive Relief. Notwithstanding anything to the contrary contained in Sections 18.1 or 18.2 of this Agreement, Franchisor and Franchisee will each have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, and other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel

Franchisee to comply with Franchisee's obligations to the Franchisor and/or to protect the Marks of the Franchisor; or any claim or dispute involving or contesting the validity of any of the Marks. However, the parties will contemporaneously submit their dispute for arbitration on the merits. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived). The parties expressly agree that the venue for such litigation shall be the state or federal courts with jurisdiction where Franchisor's principal place of business is located (currently ~~Binghamton~~ Vestal, New York).

18.6 Limitation on Actions and Waiver of Punitive Damages. Franchisor and Franchisee agree that any legal action of any kind by a party arising out of or relating to this Agreement or a default of this Agreement must be commenced within one (1) year from the occurrence of the facts giving rise to any such claim or action or such claim or action will be barred provided, however, that the forgoing limitation shall not apply where required by applicable law, to the parties indemnification obligations under this Agreement. Franchisor and Franchisee, for themselves and on behalf of the Owners respectively, hereby waive to the fullest extent permitted by applicable law, any right to, or claim for, punitive or exemplary damages against the other, and agree that except to the extent provided to the contrary in this Agreement, in the event of a dispute Franchisor and Franchisee shall each be limited to recovering only the actual damages proven to be sustained any legal action of any kind.

18.618.7 Survival. The provisions of this Article 18 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. If neither JAMS nor its successor are in existence at the time a mediation or arbitration under this Article 18 is commenced, Franchisor and Franchisee will agree on another arbitration organization to conduct the proceedings.

## ARTICLE 19 MISCELLANEOUS PROVISIONS

19.1 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by ~~facsimile~~ email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or three business days after placement in the United States Mail by ~~Registered or Certified Mail, Return Receipt Requested, postage pre-paid~~ Priority Mail, delivery confirmation, and addressed as follows:

If to Franchisor: CoreLife Eatery Franchisor, LLC  
33 Lewis Road  
Binghamton 3108 Vestal Parkway East, Suite  
#1  
Vestal, NY 1390513850  
Facsimile No.: (607) 217-4394

With copy (which shall not constitute notice) to:

H. Michael Drumm, Esq.  
Drumm Law LLC  
1465612650 W. 56<sup>th</sup> Drive64<sup>th</sup> Avenue, #519  
Arvada, CO 8000280004  
Facsimile No.: (720) 310-2025

If to Franchisee: See Attachment A

Any party may change his or its address by giving ten days prior written notice of such change to all other parties.

19.2 Franchisor's Right to Cure Defaults. In addition to all other remedies herein granted if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach hereunder and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Franchisor thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Franchisor.

19.3 Waiver and Delay. No waiver by Franchisor of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Franchised Eatery) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Franchised Eatery) or the Manuals, shall constitute a waiver of the provisions of this Agreement or the Manuals with respect to any subsequent default thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Franchisor will consider written requests by Franchisee for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's discretion, at any time and for any reason, effective upon ten days prior written notice to Franchisee. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

19.4 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

19.5 Successors and Assigns; Benefit. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained herein. This Agreement is for the benefit of the parties only, and is not intended to and shall not confer any rights or benefits upon any person who is not a party hereto.

19.6 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several, and such person(s) and/or Entities shall be deemed to be a general partnership.

19.7 Governing Law. This Agreement shall, without giving effect to any conflict of laws principles, be governed by the laws of the state in which the Franchised Eatery operated hereunder is located, and state law relating to (1) the offer and sale of franchises (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

19.8 Entire Agreement. This Agreement and the Manuals contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties. All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this Agreement, are merged and are expressly and superseded by this Agreement, ~~except such representations as are made in the franchise disclosure document delivered to Franchisee and any representations made by Franchisee in acquiring this Agreement.~~ Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document delivered to Franchisee. This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties.

19.9 Titles for Convenience. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

19.10 Gender and Construction. The terms of all attachments hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a nonexclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, acceptance, approval or authorization of Franchisor which Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor’s standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

19.11 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manuals and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manuals thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Manuals shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect consistent with the original intent of the parties (i.e., to provide maximum protection

for Franchisor and to effectuate Franchisee's obligations under the Agreement to the fullest extent permitted by law), and Franchisee agrees to be bound by the modified provisions.

19.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

19.13 Covenant of Good Faith. If Applicable Law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if Applicable Law shall imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely Franchisee's interests; (ii) Franchisor will use its judgment in exercising the discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of the franchisees generally (including Franchisor and its affiliates if applicable), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor's judgment so exercised.

19.14 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party all of the prevailing party's reasonable attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions, including motions for fees and costs; (2) contempt proceedings; (3) garnishment, levy, and debtor and third-party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

19.15 Waiver of Jury Trial; Venue. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT, AND (2) THEY AGREE THAT NEW YORK SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT.

\_\_\_\_\_  
FRANCHISOR  
INITIALS

\_\_\_\_\_  
FRANCHISEE  
INITIALS

## ARTICLE 20 FINANCIAL COVENANT

20.1 Debt to Capital Employed. Unless Franchisor otherwise agrees in writing, at no time during the Term shall Franchisee's ratio of debt to capital employed be greater than 70%; and Franchisee shall promptly notify Franchisor if at any time such ratio is greater than 70%.

**ARTICLE 21**  
**SUBMISSIONEXECUTION OF AGREEMENT**

21.1 General. ~~The submission of this Agreement does not constitute an offer and this~~ This Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. This Agreement shall not be binding on Franchisor unless and until it shall have been accepted and signed on its behalf by an authorized officer of Franchisor.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by

**“FRANCHISOR”**

**CoreLife Eatery Franchisor, LLC**

\_\_\_\_\_  
Date of Execution

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

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

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

**“FRANCHISEE”**

\_\_\_\_\_  
Date of Execution

- an individual;
- a \_\_\_\_\_ general partnership;
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

\_\_\_\_\_

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

Its: \_\_\_\_\_, and individually

## APPENDIX 1

“**Affiliate**” when used herein in connection with Franchisor or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Franchisee, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Franchisee, the term “Affiliate” shall not include or refer to the Franchisor or that Affiliate, and no obligation or restriction upon an “Affiliate” of Franchisee, shall bind Franchisor, or said Affiliate or their respective direct and indirect parents or subsidiaries, or their respective officers, directors, or managers.

“**Agreement**” means this Franchise Agreement.

“**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“**Applicable Law**” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the development, construction and operation of the Franchised Eatery, including all labor, immigration, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“**Area Development Agreement**” means an agreement between Franchisee and Franchisor under which Franchisee or its Affiliate has agreed to open multiple Eateries and pursuant to which Franchisee has executed this Agreement.

“**Assets**” means all of the following personal property and assets owned by Franchisee or in which Franchisee otherwise has any rights, and located at, or used in connection with the Franchised Eatery: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopies numbers, telephone and other directory listings, general intangibles, receivables, claims of Franchisee, all guaranties and security therefor and all of Franchisor’s right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee of any kind used in connection with the Franchised Eatery; and (m) all proceeds of the foregoing, including proceeds of insurance policies.

“**Assignment**” shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee’s rights or privileges hereunder, or all or any substantial portion of the assets of the Franchised Eatery, including the Lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

“**Authorized “CoreLife Eatery” Products**” means the foods products, sauces and beverages and other food items and ancillary related products, which may include specialty foods, packaged foods, books, hats, t-shirts and novelty items, as specified by Franchisor from time to time in the Manuals, or as otherwise directed by Franchisor in writing, for sale at an Eatery, prepared, sold and/or manufactured in strict accordance with Franchisor’s recipes, standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

“**CoreLife Eatery Brand Product**” means any product now existing or developed in the future that bears any of the Marks.

“**Catering**” means (i) the preparation, provision and service and management of service of food and beverages (including sales, marketing and promotional practices related thereto) to guests, invitees and other third parties on behalf of a client of the provider, whether on premises owned, leased, managed, licensed, hired or operated by such client, or for a venue-based catering facility not constituting an Eatery by the provider including, without limitation, a private, cultural, entertainment, healthcare, sports, convention or educational facility, or as part of a special event such as a sporting, cultural, charitable or political event; and (ii) contract catering services which means the preparation, provision and service or management of service of food and beverages (including sales, marketing and promotional practices related thereto) to employees, customers, vendors, guests and invitees (but not the general public) on behalf of a client or to a client directly on an ongoing basis over a period of time pursuant to a contract with such client.

“**Competitive Activities**” means to, own, operate, lend to, advise, be employed by, or have any financial interest in: (i) any restaurant 20% or more of whose Net Sales is derived from the sale of build-your-own bowls in a single serve line, other than an Eatery operated pursuant to a validly subsisting Franchise Agreement with Franchisor, or (ii) any business that specializes in developing, operating or franchising restaurants 20% or more of whose Net Sales is derived from the sale of build-your-own bowls in a single serve line, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any build-your-own bowl food product. Notwithstanding the foregoing, “**Competitive Activities**” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

“**Continuing Royalty**” shall have the meaning set forth in Section 4.2 of this Agreement.

“**Brand Fund Contribution**” shall have the meaning set forth in Section 4.23 of this Agreement.

“**Brand Fund**” shall have the meaning set forth in Section 4.23 of this Agreement.

“**Crisis Management Event**” means any event that occurs at or about the Franchised Eatery that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of Eateries or Franchisor or its Affiliates.

“**Default**” or “**default**” means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

“**Designated Manager**” means the individual designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Eatery. If Franchisee is a legal business entity, (such as a corporation, limited liability company or other legal business entity), Franchisor may, in its sole discretion, require that the Designated Manager hold a legal and equitable interest of, or a beneficial interest of 10% in Franchisee, and if Franchisee is an individual and not a business entity, Franchisor may, in its sole discretion, require that the Designated Manager is Franchisee.

“**Eatery**” means a restaurant being developed or operated, as the case may be, under the Marks and in accordance with the System and specializing in the sale of Authorized “CoreLife Eatery” Products including but not limited to assembly line style build-your-own green, grain and bone broth bowls that are made to order and related food and drink items.

“**EFT**” shall have the meaning set forth in Section 4.7 of this Agreement.

“**Entity**” means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual.

“**Equity**” means capital stock, membership interests, Partnership Rights, or other equity ownership interests of an Entity.

“**Expiration Date**” means ten years from the date the Franchised Eatery first opens to the public; provided however, that if the Lease is terminated or expires through no act or fault of Franchisee before the end of such period (and no substitute location has been accepted by Franchisor in writing and occupied by Franchisee before the termination or expiration of such Lease), the “Expiration Date” will be coterminous with the expiration or termination of the Lease. If this Agreement is being executed as a Successor Franchise Agreement, or as the result of a transfer of the Franchised Eatery, Expiration Date means ten years from the Effective Date listed in Attachment A.

“**First Successor Franchise Agreement**” shall have the meaning set forth in Section 3.1 of this Agreement.

“**First Successor Term**” shall have the meaning set forth in Section 3.1 of this Agreement.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of

reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

“**Franchised Eatery**” means, as context requires, the Eatery to be developed, or already developed, at the Location by Franchisee pursuant to this Agreement.

“**GC Turnover Date**” shall have the meaning set forth in Section 5.4.7.

“**Goods and Services**” shall have the meaning set forth in Section 9.4 of this Agreement.

“**Governmental Authority**” means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“**Heirs**” shall have the meaning set forth in Section 14.3.12 of this Agreement.

“**Information**” shall have the meaning set forth in Section 10.1 of this Agreement.

“**Information Systems**” means all electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, ordering systems, mobile “app” programs, point of sale and cash collection systems, data systems, network systems, printer systems, internet systems, telecommunication systems, menu systems, security systems, digital media systems, video and still digital cameras, power systems, music systems, and required service and support systems and programs.

“**Initial Franchise Fee**” shall have the meaning given in Section 1.1.

“**Internet**” means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the IP Internet Protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission.

“**Lease**” shall mean any agreement, however denominated, that allows Franchisee to occupy a Location owned by a third party, including any lease, sublease, concession agreement, license, and similar arrangement between Franchisee and a third party.

“**Manuals**” means Franchisor's library of operations and training manuals, including start-up manual and franchise unit operation manual, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

“**Marks**” shall have the meaning set forth in Recital A above.

“**Net Sales**” means the total of all revenues received or receivable by Franchisee as payment, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all food, beverages, goods, merchandise, services or products sold in or from the Franchised Eatery, including from Catering, or which are promoted or sold

under any of the Marks whether or not Franchisor offers such services or products in its other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Entity (including Franchisee's Affiliate(s)) from the Franchised Eatery; (b) sales of Authorized "CoreLife Eatery" Products; (c) the proceeds of any business interruption insurance; and (d) sales from vending devices including pay telephones. Notwithstanding the foregoing, Net Sales shall exclude the following: (i) sums representing sales taxes, value added or other tax, excise or duty charged to customers, based on sales at or from the Franchised Eatery, provided that such taxes are actually transmitted to the appropriate Governmental Authority; (ii) sums representing tips, gratuities or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; (iii) the value of any Franchisor-approved discounts, coupons and employee meals for which Franchisee did not receive revenue; (iv) customer refunds; (v) proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Franchised Eatery nor having any material effect upon the ongoing operation of the Franchised Eatery required under this Agreement; and (iv) revenues received on account of sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of such pre-paid gift cards and certificates shall be included as part of "Net Sales."

**"Non-Proprietary Products"** shall have the meaning set forth in Section 9.23 of this Agreement.

**"Non-Traditional Venue"** is a facility operated under the Marks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks and all properties controlled by the amusement park, travel stations, hotels and motels, ships, ports, piers, casinos, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

**"Notice of Election"** shall have the meaning set forth in Section 3.3 of this Agreement.

**"Operating Principal"** shall be the person and have the meaning set forth in Attachment B of this Agreement.

**"Owner"** means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Franchisee, the term "Owner" shall not include or refer to the Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Franchisor, or said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**"Partnership Rights"** means voting power, property, profits or losses, or partnership interests of a Partnership.

**"Partnership"** means any general partnership, limited partnership, or limited liability partnership.

**"Permits"** means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

“**Premises**” means the premises owned, leased or subleased by Franchisee at which the Franchised Eatery is located including any ancillary common area, parking lot, campus, buildings and other structures associated with the Premises.

“**Proprietary Products**” shall have the meaning set forth in Section 2 of this Agreement.

“**Punch List**” shall have the meaning set forth in Section 5.4.9.

“**Rescheduling Expenses**” shall have the meaning set forth in Section 5.4.7.

“**Restricted Persons**” means the Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, the Designated Manager(s), and the spouse and family members who live in the same household of each of the foregoing who are individuals.

“**ROFR**” shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

“**ROFR Period**” shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

“**Second Successor Franchise Agreement**” shall have the meaning set forth in Section 3.12 of this Agreement.

“**Second Successor Term**” shall have the meaning set forth in Section 3.12 of this Agreement.

“**Site Review Request**” shall have the meaning set forth in Section 5.1 of this Agreement.

“**ServSafe**” means the food safety training program administered by the National Eatery Association Educational Foundation under the “ServSafe” name, or such other or additional food safety program or certification program designated or accepted by Franchisor from time to time for the jurisdiction in which the Franchised Eatery is located.

“**Successor Franchise Agreement**” means the First Successor Franchise Agreement or the Second Successor Franchise Agreement, as the context requires, and includes any ancillary documents, including an Owners Agreement and guaranty.

“**Successor Franchise Right**” shall have the meaning set forth in Section 3.1 of this Agreement.

“**Successor Term**” means the First Successor Term or Second Successor Term, as the context requires.

“**Supplier**” shall have the meaning set forth in Section 9.23 of this Agreement.

“**System**” means the Franchisor’s operating methods and business practices related to its Eateries, and the relationship between Franchisor and its franchisees, including defined product offerings, recipes, and preparation methods; distinctive interior and exterior Eatery designs, including architectural designs, layout plans; other items of trade dress; specifications for equipment, fixtures, and uniforms; signs; Trade Secrets and other confidential information; restrictions on ownership; inventory techniques, standard operating and administrative procedures; management and technical training programs; and marketing and public relations programs; all as Franchisor may modify the same from time to time.

“**Term**” shall have the meaning set forth in Section 3.1 of this Agreement including any extensions thereof.

“**Territory**” shall have the meaning set forth in Section 2.3 of this Agreement.

“**Terrorist Lists**” means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department’s Office of Foreign Asset Control (“**OFAC**”), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

“**Trademark Claim**” shall have the meaning set forth in Section 11.45.

“**Trade Secrets**” means proprietary and confidential information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Franchised Eatery and producing and preparing Authorized “CoreLife Eatery” Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee’s possession before receipt from Franchisor.

“**Traditional Eatery**” is a business premises that exists primarily as an Eatery, excluding any Eatery at a Non-Traditional Venue, however, which Traditional Eatery may also have other types of Franchisor-approved co-branded businesses located in it, but in such case the Eatery is the primary business.

“**Travel Expenses**” means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Franchisor employees’, agents’ and/or representatives’ expenses, a per diem charge determined by Franchisor in advance, with respect to other incidental expenses incurred, including, without limitation, laundry and/or telephone expenses.

“**Wages**” means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment-related taxes, overtime compensation, vacation benefits, pension and profit sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

“**Week**” each seven day period commencing on Monday and ending on Sunday.

**ATTACHMENT A**

**TO CORELIFE EATERY FRANCHISOR, LLC TO THE FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. **Effective Date.** The “Effective Date” set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_, 20\_\_
  
2. **Franchisee.** The Franchisee set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_, a \_\_\_\_\_
  
3. **Area Development Agreement.** Check one:
  - a. \_\_\_ This Franchise Agreement is not entered into pursuant to an Area Development Agreement.
  - b. \_\_\_ This Franchise Agreement constitutes the \_\_\_ Eatery under the Area Development Agreement between Franchisor and Franchisee dated \_\_\_\_\_.
  
4. **Territory.** The Territory referred to in Section 2.3 of this Franchise Agreement is defined as:  
\_\_\_\_\_  
\_\_\_\_\_

Or, if no Territory is defined or this “No Territorial Rights” [ ] is marked, Franchisee shall not have any Territory protection or rights.

  
5. **Franchise Fee Paid.** The Franchise Fee paid by Franchisee pursuant to Section 4.1 of this Franchise Agreement and received by Franchisor, under this Franchise Agreement on or before the Effective Date is \_\_\_\_\_ (\$\_\_\_\_\_).
  
6. **Approved Location.** The Location referred to in Section 5.1 of this Franchise Agreement is:  
\_\_\_\_\_  
\_\_\_\_\_
  
7. **Notice Address.** The address for notices and payments by Franchisee to Franchisor under Section 19.1 of the Franchise Agreement is:  
\_\_\_\_\_  
\_\_\_\_\_

**FRANCHISOR:**  
**CORELIFE EATERY FRANCHISOR, LLC**

**FRANCHISEE:**  
\_\_\_\_\_  
Entity name (if any)

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

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

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

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



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

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

**ATTACHMENT B**

**TO CORELIFE EATERY FRANCHISOR, LLC TO THE FRANCHISE AGREEMENT**

**ENTITY INFORMATION**

**FRANCHISEE:** \_\_\_\_\_

**Form of Ownership  
(Check One)**

Individual  Partnership  Corporation  Limited Liability Co.  Other

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager, list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**Franchisee's principal officers or partners who will be devoting their full time to the Business:**

Name, Title	Address

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

**“Operating Principal”** means \_\_\_\_\_, or such other individual hereafter designated by Franchisee, and accepted by Franchisor (and until subsequently disapproved by Franchisor),

to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

**Address where Franchisee's Financial Records, and Entity records are maintained is:** \_\_\_\_\_

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**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

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

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

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

**ATTACHMENT C**  
**TO THE FRANCHISE AGREEMENT**  
**OWNERS AGREEMENT**

As a condition to the execution by CoreLife Eatery Franchisor, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 20\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

**3. Covenant Not To Compete.**

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee’s restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and

primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### 4. Continuing Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for, whether now or in the future, by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to

the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owners Agreement.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a ~~material~~ breach of this Owners Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

CoreLife Eatery Franchisor, LLC  
33 ~~Lewis Road~~  
~~Binghamton~~ 3108 Vestal Parkway East, Suite #1  
Vestal, NY 1390513850

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either

party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Owners Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Owners Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Owners Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties' heirs, successors, assigns or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.9 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.10 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement. \_\_\_\_\_

\_\_\_\_\_

**OWNER(S):**

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address: [Insert Address of Owner]

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address:

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Owner]

Address:

Sign: \_\_\_\_\_

Printed Name: [Insert Name]Address of Owner]

Address:

**SPOUSE(S):**

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address:

Sign: \_\_\_\_\_

Printed Name: [Insert Name of Spouse]

Address:

Sign: \_\_\_\_\_

Printed Name: [Insert Name]Address of Spouse]

Address:

CoreLife Eatery Franchisor, LLC hereby accepts the agreements of the Owner(s) hereunder.

**CORELIFE EATERY FRANCHISOR, LLC**

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

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

Rev.030824

**EXHIBIT D**

**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT D**



**CORELIFE EATERY  
AREA DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**CORELIFE EATERY FRANCHISOR, LLC**

**AND**

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## TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
ARTICLE 1 GRANT OF DEVELOPMENT RIGHTS.....	1
ARTICLE 2 AREA DEVELOPER’S DEVELOPMENT OBLIGATION.....	3
ARTICLE 3 DEVELOPMENT AREA .....	4
ARTICLE 4 TERM OF AREA DEVELOPMENT AGREEMENT .....	4
ARTICLE 5 PAYMENTS BY AREA DEVELOPER .....	4
ARTICLE 6 EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS.....	5
ARTICLE 7 ASSIGNMENT AND SUBFRANCHISING .....	7
ARTICLE 8 NON-COMPETITION .....	9
ARTICLE 9 TERMINATION.....	10
ARTICLE 10 MEDIATION AND ARBITRATION .....	11
ARTICLE 11 GENERAL CONDITIONS AND PROVISIONS .....	12
ARTICLE 12 SUBMISSION OF AD AGREEMENT .....	15
ARTICLE 13 ADDITIONAL COVENANTS .....	15

### ATTACHMENTS:

Attachment A Data Sheet  
Attachment B Development Obligation  
Attachment C Entity Information

Appendix 1 - Definitions

## CORELIFE EATERY AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “AD Agreement”) is made and entered into effective as of the date listed on Attachment A to this AD Agreement (the “Effective Date”) by and between CoreLife Eatery Franchisor, LLC a New York limited liability company (the “Franchisor”) and the area developer listed on Attachment A to this AD Agreement (“Area Developer”) with reference to the following facts:

A. Franchisor has the right to sublicense the “CoreLife Eatery” name and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs used in connection with the development, operation and maintenance of “CoreLife Eatery” restaurants operated in accordance with Franchisor’s prescribed methods and business practices (the “Eateries”).

B. Franchisor desires to expand and develop Eateries in the Development Area (defined below), and Area Developer wishes to develop Eateries in the Development Area, upon the terms and conditions as set forth in this AD Agreement.

NOW, THEREFORE, the parties agree as follows:

### ARTICLE 1 GRANT OF DEVELOPMENT RIGHTS

1.1 Certain Fundamental Definitions and Applicable Information. In this AD Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this AD Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires: The “Expiration Date” of this AD Agreement is set forth in Attachment A.

#### 1.2 Grant of Development Rights

1.2.1 Upon the terms and subject to the conditions of this AD Agreement, Franchisor hereby grants to Area Developer, and Area Developer hereby accepts, the right and obligation, during the Term (defined below), to develop Traditional Eateries (defined below) in the geographic area defined in Attachment A, which is attached hereto and by this reference made a part hereof (the “Development Area”).

1.2.2 No right or license is granted to Area Developer hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Franchisor, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this AD Agreement shall permit Area Developer to own or operate an Eatery, except pursuant to duly executed and subsisting Franchise Agreement. Area Developer shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Franchisor.

### 1.3 Exclusivity

1.3.1 Subject to Section 3.1 below, during the Term of this AD Agreement, Franchisor and its Affiliates shall not operate or grant a license or franchise to any other person to operate a Traditional Eatery within the Development Area.

1.3.2 Except to the limited extent expressly provided in Section 1.3.1, the rights granted under this AD Agreement are non-exclusive and Franchisor expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others, without any compensation from Franchisor to Area Developer:

(a) to own or operate and to franchise or license others (which may include its Affiliates) to own or operate Eateries at any location outside the Development Area and regardless of their proximity to any Eatery developed or under development or consideration by Area Developer,

(b) to own or operate and to franchise or license others (which may include its Affiliates) to own or operate restaurants under names other than “CoreLife Eatery ” at any location, and of any type whatsoever, within or outside the Development Area and regardless of their proximity to any Eatery developed or under development or consideration by Area Developer in the Development Area,

(c) to own or operate and to franchise or license others (which may include its Affiliates) to own or operate Non-Traditional Venues at any location and regardless of their proximity to any Eatery developed or under development or consideration by Area Developer, and of any type whatsoever, within or outside the Development Area, and regardless of their proximity to any Eatery developed or under development or consideration by Area Developer. Area Developer may submit any Non-Traditional Venue in the Development Area for approval to Franchisor and Franchisor reserves the right to approve such Non-Traditional Venue for development of an Eatery in Franchisor’s sole discretion, which approval may be conditioned on modifications to the Franchise Agreement consistent with the development of an Eatery at a Non-Traditional Venue;

(d) to produce, license, distribute and market “CoreLife Eatery” brand named products, and products bearing other marks, including pre-packaged food items, dressings, and other food and beverage products; books; clothing; souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, delivery, catering and other distribution methods, including the Internet; and

(e) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Development Area, provided that in such situations the newly acquired businesses may not operate under the Marks in the Development Area.

**ARTICLE 2**  
**AREA DEVELOPER'S DEVELOPMENT OBLIGATION**

2.1 Development Obligation

2.1.1 Within each Development Period specified in Attachment B, Area Developer shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Traditional Eateries required by the Development Obligation for that Development Period, unless, subject to Franchisor's approval, Area Developer obtains an extension at least 30 days prior to the end of a particular Development Period from Franchisor to sign a particular Franchise Agreement. Each extension shall be for an additional 30-day period commencing upon the expiration of the applicable Development Period, including any prior extensions thereof ("**Extension Date**"). No more than two extensions of any Development Period will be permitted. No extension of any Development Period shall affect the duration of any other Development Period or any of Area Developer's other development obligations. If an extension is requested in the final Development Period, the term of this AD Agreement shall be extended to the Extension Date, and thereafter Area Developer shall have no further rights under this AD Agreement. Each extension may be conditioned upon payment of an extension fee of \$5,000 per extension.

2.1.2 Eateries developed hereunder which are open and operating and which have been assigned to Affiliates of Area Developer in accordance with Section 7.2.2 with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.2 Timing of Execution of Leases and Franchise Agreements. Notwithstanding anything to the contrary contained herein, on or before the date which is 180 days before the end of each Development Period, Area Developer shall have executed (in accordance with this AD Agreement) a lease (or purchase agreement) and Franchise Agreement and paid the required Initial Franchise Fee, for each Eatery that is required to be constructed, equipped, opened and thereafter operated by the end of such Development Period.

2.3 Force Majeure

2.3.1 Subject to Area Developer's continuing compliance with Section 2.3.2, should Area Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this AD Agreement, which results in the inability of Area Developer to construct or operate the Eateries in all or substantially all of the Development Area pursuant to the terms of this AD Agreement, the particular Development Period during which the event of Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Franchisor's issuance of acceptance of any site under Article 6, including, as a result of Area Developer's failure to satisfy the conditions set forth in Section 6.3 of this AD Agreement, shall not extend any Development Period.

2.3.2 In the event of the occurrence of an event constituting Force Majeure, Area Developer shall notify Franchisor in writing within 5 days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Area Developer's

performance hereunder. Area Developer shall continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Area Developer's progress and diligence in responding to and overcoming the Force Majeure.

2.4 Area Developer May Not Exceed the Development Obligation. Unless Franchisor shall otherwise consent in writing, Area Developer may not construct, equip, open and operate more than the total number of Eateries comprising the Development Obligation.

### ARTICLE 3 DEVELOPMENT AREA

3.1 Franchisor's Right to Develop. Notwithstanding Section 1.3.1 above, if during the Term of this AD Agreement, Area Developer is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.2), to satisfy the Development Obligation, then Franchisor shall have the right, in its full and absolute discretion, to either: (i) terminate all rights of Area Developer hereunder upon notice by Franchisor to Area Developer; or (ii) reduce or otherwise modify the Development Area as Franchisor deems appropriate.

### ARTICLE 4 TERM OF AREA DEVELOPMENT AGREEMENT

4.1 Term. The term of this AD Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the Expiration Date, or (ii) the date of execution of the Franchise Agreement granting Area Developer the right to open the last Eatery necessary for Area Developer to fully satisfy the Development Obligation (the "**Term**").

4.2 Effect of Expiration. Following the expiration of the Term, or the sooner termination of this AD Agreement, (a) Area Developer shall have no further right to construct, equip, own, open or operate additional Eateries which are not, at the time of such termination or expiration, the subject of a then-existing Franchise Agreement between Area Developer (or an Affiliate of Area Developer) and Franchisor which is then in full force and effect, and (b) Franchisor or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Eateries at any location(s) (within or outside of the Development Area), without any restriction, subject only to the territorial rights granted, if any, for any then-existing Eatery pursuant to a validly subsisting Franchise Agreement executed for such Eatery.

### ARTICLE 5 PAYMENTS BY AREA DEVELOPER

5.1 Initial Development Fee. Concurrently with the execution of this AD Agreement, Area Developer shall pay to Franchisor, in cash or by certified check, the Initial Development Fee. The "**Initial Development Fee**" means the amount set forth in Attachment A representing the \$35,000 Initial Franchise Fee for Area Developer's first franchise agreement plus \$17,500 for each additional Eatery required to be opened during the Term pursuant to the Development Obligation.

5.2 Initial Franchise Fee. For each Franchise Agreement Area Developer or its Affiliate approved by Franchisor shall pay to Franchisor, in cash or by certified check, an initial franchise fee (the "**Initial Franchise Fee**") as required by each Franchise Agreement. The Initial Franchise Fee for each Franchise Agreement will be \$35,000 provided that if Area Developer or its approved Affiliate conducts its own training for the 6<sup>th</sup> or subsequent Eatery developed pursuant hereto, the Initial Franchise Fee for that

Eatery shall equal \$30,000. Franchisor shall credit the Initial Development Fee against the Initial Franchise Fees payable under the second and each subsequent Franchise Agreement executed pursuant hereto at the rate of \$17,500 per Franchise Agreement until the Initial Development Fee is exhausted.

5.3 Royalty Fee. The Franchise Agreement executed for each Eatery developed pursuant hereto, shall provide that the Continuing Royalty (as defined therein) shall be equal to 5% of Net Sales (as defined therein) during the preceding week.

## ARTICLE 6 EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

### 6.1 Site Review

6.1.1 When Area Developer has located a proposed site for construction of an Eatery, Area Developer shall submit to Franchisor such demographic and other information regarding the proposed site and neighboring areas as Franchisor shall require, in the form prescribed by Franchisor (“**Site Review Request**”). Franchisor may seek such additional information as it deems necessary within 14 days of submission of Area Developer’s Site Review Request, and Area Developer shall respond promptly to such request for additional information. If Franchisor shall not deliver written notice to Area Developer that Franchisor accepts the proposed site, within 14 days of receipt of Area Developer’s fully and accurately completed Site Review Request, or within 14 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Franchisor accepts the proposed site it shall notify Area Developer of its acceptance of the site.

6.1.2 Although Franchisor may voluntarily (without obligation) assist Area Developer in locating an acceptable site for an Eatery, neither Franchisor’s said assistance, if any, nor its acceptance of any proposed site, whether initially proposed Area Developer or by Franchisor, shall be construed to insure or guarantee the profitable or successful operation of the Eatery at that site by Area Developer, and Franchisor hereby expressly disclaims any responsibility therefor. Area Developer acknowledges its sole responsibility for finding each site for the Eateries it develops pursuant to this AD Agreement.

6.1.3 Unless waived by Franchisor in whole or in part, upon submitting a fourth or subsequent Site Review Request for the same site to Franchisor for review, Area Developer shall reimburse Franchisor for all costs and expenses of Franchisor incurred in reviewing the Site Review Requests, including payment to consultants and agents retained by Franchisor to assist in conducting such review and including a reasonable allocation of overhead and administrative expenses.

### 6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement

6.2.1 Promptly following Area Developer’s receipt of acceptance, Area Developer shall proceed to negotiate a lease or purchase agreement for the site and shall submit to Franchisor a copy of the proposed lease or purchase agreement, as applicable. Following Franchisor’s receipt of the proposed lease or purchase agreement, as applicable, which meets Franchisor’s requirements, Franchisor shall notify Area Developer of its acceptance of the proposed lease or purchase agreement, as applicable.

6.2.2 Franchisor’s review and acceptance of the lease is solely for Franchisor’s benefit and is solely an indication that the lease meets Franchisor’s minimum Standards and specification at the time of acceptance of the lease (which may be different than the requirements of this AD Agreement). Franchisor’s review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation

that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Area Developer, and Franchisor hereby expressly disclaims any responsibility therefore.

6.2.3 Subject to Section 6.3, after Franchisor's acceptance of each proposed site, Franchisor shall deliver to Area Developer a copy of Franchisor's Then-current Franchise Disclosure Document as may be required by Applicable Law (the "**Franchise Disclosure Document**") and two copies of the then-current Franchise Agreement. Immediately upon receipt of the Franchise Disclosure Document, Area Developer shall return to Franchisor a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document. Area Developer acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If Franchisor is not legally able to deliver a Franchise Disclosure Document to Area Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any reason beyond Franchisor's reasonable control, Franchisor may delay acceptance of the site for Area Developer's proposed Eatery, or delivery of a Franchise Agreement, until such time as Franchisor is legally able to deliver a Franchise Disclosure Document.

6.2.4 Within 30 days after Area Developer's receipt of the Franchise Disclosure Document and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Area Developer shall execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Franchisor together with the applicable Initial Franchise Fee. If Area Developer has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6.3, Franchisor shall execute the copies and return one fully executed copy of such Franchise Agreement to Area Developer.

6.2.5 Area Developer shall not execute any lease or purchase agreement for any Eatery, unless and until Franchisor has accepted the proposed site and Franchisor has delivered to Area Developer a fully executed Franchise Agreement counter-signed by Franchisor pursuant to Section 6.2.4. After Franchisor's acceptance of the site and (sub)lease, if leased or subleased, and its delivery to Area Developer of the fully executed Franchise Agreement, Area Developer shall then procure the site, pursuant to the (sub)lease which has been reviewed and accepted by Franchisor, if (sub)leased, and shall forward to Franchisor, within ten days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Area Developer's right to occupy the site. Area Developer shall then commence construction and operation of the Eatery pursuant to the terms of the applicable Franchise Agreement.

6.3 Condition Precedent to Franchisor's Obligations. It shall be a condition precedent to Franchisor's obligations pursuant to Sections 6.1 and 6.2, and to Area Developer's right to develop each and every Eatery, that Area Developer shall have satisfied all of the following conditions precedent prior to Franchisor's acceptance of the proposed Eatery and the site and lease or purchase agreement therefor, and the Franchisor's execution of the Franchise Agreement therefor:

6.3.1 Area Developer (and each of its Affiliates which have developed or operate Eateries in the Development Area) shall have fully performed all of its obligations under this AD Agreement and all Franchise Agreements and other written agreements between Franchisor and Area Developer (or any such Affiliate of Area Developer), and must not at any time following Area Developer's submission of its Site Review Request, and until Franchisor grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Franchisor or any of its Affiliates, including those in other franchise agreements with Franchisor, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.3.2 Area Developer shall have demonstrated to Franchisor, in Franchisor's discretion, Area Developer's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, including Area Developer's submission of a comprehensive management plan acceptable to, and accepted by Franchisor, which shall include among other reasonable requirements as may be established by Franchisor, an organization chart and supervisory requirements for the proposed Eatery. In determining if Area Developer is financially or otherwise capable, Franchisor shall apply the same criteria to Area Developer as it applies to prospective area developer franchisees at that time.

6.3.3 Area Developer shall continue to operate, in the Development Area, not less than the cumulative number of Traditional Eateries required by the Development Obligation set forth in Attachment B to be in operation as of the end of the immediately preceding Development Period.

6.3.4 Area Developer, and each of its Affiliates who then has a currently effective Franchise Agreement or area development agreement with Franchisor, must sign a general release of any claims they may have against Franchisor and its Affiliates, on a form prescribed by Franchisor.

## **ARTICLE 7 ASSIGNMENT AND SUBFRANCHISING**

7.1 Assignment by Franchisor. This AD Agreement is fully transferable by Franchisor, in whole or in part, without the consent of Area Developer and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Franchisor's obligations under this AD Agreement. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this AD Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Area Developer who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). In connection with any of the foregoing, at Franchisor's request, Area Developer shall deliver to Franchisor a statement in writing certifying (a) that this AD Agreement is unmodified and in full force and effect (or if there have been modifications that the AD Agreement as modified is in full force and effect and identifying the modifications); (b) that Area Developer is not in default under any provision of this AD Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Area Developer agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

### 7.2 No Subfranchising by Area Developer

7.2.1 Area Developer shall not offer, sell, or negotiate the sale of "CoreLife Eatery" franchises to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this AD Agreement, and nothing in this AD Agreement will be construed as granting Area Developer the right to do so. Area Developer shall not execute any Franchise Agreement with Franchisor, or construct or equip any Eatery with a view to offering or assigning such Franchise Agreement or Eatery to any third party.

7.2.2 Notwithstanding Section 7.2.1, Area Developer may, with Franchisor's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Area Developer (each a "**Subsidiary**"); provided and on condition that:

(a) Upon Franchisor's request, Area Developer has delivered to Franchisor a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents which shall provide that the Subsidiary's activities are confined exclusively to operating Eateries;

(b) Area Developer, directly owns and controls not less than 100% of the Equity and voting rights of the Subsidiary;

(c) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(d) the person designated by Area Developer as the Operating Principal has exclusive day-to-day operational control over the Subsidiary;

(e) the Subsidiary assumes all of the obligations under the Franchise Agreement;

(f) at Franchisor's request, Area Developer shall, and shall cause each of its Affiliates to execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees; and

(g) Area Developer shall reimburse Franchisor for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.2.3 In the event that Area Developer exercises its rights under Section 7.2.2 then, Area Developer and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

### 7.3 Assignment by Area Developer

7.3.1 This AD Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Area Developer. Neither Area Developer nor any Owner shall cause or permit any Assignment unless Area Developer shall have obtained Franchisor's prior written consent, which consent may be withheld for any reason whatsoever in Franchisor's judgment, and shall comply with Franchisor's right of first refusal pursuant to Section 7.3.3. Except as provided in Section 7.2.2, Area Developer acknowledges and agrees that it will not be permitted to make an Assignment of this AD Agreement or sell, gift, convey, assign or transfer the assets used in any of the Eateries developed hereunder or any Franchise Agreement executed pursuant to this AD Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Eateries, and all of the Franchise Agreements executed pursuant to this AD Agreement or at Franchisor's election the execution by the assignee of new Franchise Agreements on Franchisor's Then-current form for each of the Eateries then developed or under development by Area Developer, and otherwise in accordance with the terms and conditions of Area Developer's Franchise Agreement(s). If Area Developer is an Entity, Area Developer shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "Assignment" as defined by this AD

Agreement. Area Developer shall reimburse Franchisor for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.3.2 Securities, partnership or other ownership interests in Area Developer may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent may be withheld for any reason whatsoever in Franchisor's judgment, and shall comply with Franchisor's right of first refusal pursuant to Section 7.3.3.

7.3.3 Area Developer's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Area Developer shall make representations and warranties to Franchisor customary for transactions of the type proposed (the "**ROFR**"). If Franchisor elects to exercise the ROFR, Franchisor or its nominee, as applicable, shall send written notice of such election to Area Developer within 60 days of receipt of Area Developer's request. If Franchisor accepts such offer, the closing of the transaction shall occur within 60 days following the date of Franchisor's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within 30 days following the written notice provided by Area Developer (the "**ROFR Period**") shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third-party designee, as in the case of the initial offer. Franchisor's failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this AD Agreement, including any of the requirements of this Article with respect to the proposed transfer.

## ARTICLE 8 NON-COMPETITION

8.1 In Term. During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Franchisor shall consent thereto in writing.

8.2 Post-Term. To the extent permitted by Applicable Law, upon (i) the expiration or termination of this AD Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Area Developer, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities within the Development Area, without the Franchisor's prior written consent. In applying for such consent, Area Developer will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this AD Agreement or constitute unfair competition with Franchisor or other area developers of the Franchisor.

### 8.3 Modification

8.3.1 The parties have attempted in Sections 8.1 and 8.2 above to limit the Area Developer's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Area Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law.

In addition, Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Area Developer's consent, at any time or times, effective immediately upon notice to Area Developer.

8.3.2 In view of the importance of the Franchisor's trademarks and the incalculable and irreparable harm that would result to the parties in the event of a Default under this Article 8, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this AD Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of New York and the U.S. federal courts sitting in New York for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in ~~Binghamton~~Vestal, New York.

## ARTICLE 9 TERMINATION

### 9.1 Termination Pursuant to a Default of this AD Agreement

9.1.1 Subject to Applicable Law to the contrary, this AD Agreement may be terminated by Franchisor in the event of any Default by Area Developer of this AD Agreement, unless such Default is cured by Area Developer within ten days following written notice of the Default (in the case of a failure to pay money), or 30 days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Area Developer (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (e) below shall be deemed incurable.

9.1.2 The term "default," as used herein, includes the following:

(a) Any Assignment or attempted Assignment in violation of the terms of Section 7.1 or 7.3 of this AD Agreement, or without the written consents required pursuant to this AD Agreement; provided, however, (i) upon prompt written request to Franchisor following the death or legal incapacity of an Area Developer who is an individual, Franchisor shall allow a period of up to 150 days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain Franchisor's consent to the Assignment his or her rights and interests in this AD Agreement to the Heirs or to another person acceptable to Franchisor; or (ii) upon prompt written request to Franchisor following the death or legal incapacity of an Owner of an Area Developer which is an Entity, directly or indirectly, owning more than 20% or more of the Equity or voting power of Area Developer, Franchisor shall allow a period of up to 150 days after such death or legal incapacity for his or her Heir(s) to seek and obtain Franchisor's consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Franchisor. If, within said 150 day period, said Heir(s) fail to receive Franchisor's consent as aforesaid or to effect such consented to Assignment, then this AD Agreement shall immediately terminate at Franchisor's election.

(b) Subject to Section 2.2 of this AD Agreement, failure of Area Developer to satisfy the Development Obligation within the Development Periods set forth herein.

(c) Failure of Area Developer (or any Affiliate of Area Developer) to pay any Initial Franchise Fee or Royalty Fee in a timely manner as required by this AD Agreement or any Franchise Agreement signed by Area Developer.

(d) Area Developer's opening of any Eatery in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3 of this AD Agreement.

(e) Failure of Area Developer to fully comply with the requirements of Section 8.1 of this AD Agreement.

(f) Any Default of any other agreement between Area Developer (or any Affiliate of Area Developer) and Franchisor (or any Affiliate of Franchisor), including any Franchise Agreement executed pursuant hereto.

## **ARTICLE 10 MEDIATION AND ARBITRATION**

10.1 Mediation. Except to the extent precluded by Applicable Law, the parties hereby pledge and agree that prior to filing any lawsuit, they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the Rules of Practice and Procedure of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. Such mediation shall be conducted in ~~Binghamton~~ Vestal, New York and shall be conducted and completed within 45 days following the date either party first gives notice of mediation. If the parties fail to complete the mediation within such 45-day period, either party may initiate litigation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under New York and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

10.2 Arbitration. Subject to Section 10.1 of this AD Agreement, and except as precluded by Applicable Law, any controversy or claim between Franchisor and Area Developer arising out of or relating to this AD Agreement or any alleged breach hereof, and any issues pertaining to the arbitrability of such controversy or claim and any claim that this AD Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted before and will be heard by three arbitrators in accordance with the then-current Rules of Practice and Procedure of JAMS. Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. Except to the extent prohibited by Applicable Law, the proceedings shall be held in the ~~City~~ Town of ~~Binghamton~~ Vestal, State of New York. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this AD Agreement including, the Development Schedule and fees due hereunder be modified or changed by the arbitrator at any arbitration hearing. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this AD Agreement specifying the state law under which this AD Agreement shall be governed and construed.

10.3 Awards. The arbitrators will have the right to award or include in his award any relief which they deem proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs provided that the arbitrators

will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrators will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

10.4 Permissible Parties. Area Developer and Franchisor agree that arbitration will be conducted on an individual, not a class wide, basis and that any arbitration proceeding between Area Developer and Franchisor will not be consolidated with any other arbitration proceeding involving company and any other person or entity.

10.5 Survival. The provisions of this Article 10 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this AD Agreement. The terms of this article shall survive termination, expiration or cancellation of this AD Agreement. If neither JAMS nor its successor are in existence at the time a mediation or arbitration under this Article 10 is commenced, Franchisor and Area Developer will agree on another arbitration organization to conduct the proceedings

## **ARTICLE 11 GENERAL CONDITIONS AND PROVISIONS**

11.1 Relationship of Area Developer to Franchisor. It is expressly agreed that the parties intend by this AD Agreement to establish between Franchisor and Area Developer the relationship of franchisor and area developer. It is further agreed that Area Developer has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Area Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Area Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Area Developer shall be the employees of Area Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Area Developer further agrees that fulfilment of any and all of our obligations written in this AD Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Area Developer for any reason.

11.2 Indemnity by Area Developer. Area Developer hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Area Developer's construction, development or operation of Eateries pursuant hereto, except to the extent caused by intentional acts of the Franchisor in breach of this AD Agreement. The terms of this Section 11.12 shall survive the termination, expiration or cancellation of this AD Agreement.

11.3 No Consequential Damages for Legal Incapacity. Franchisor shall not be liable to Area Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Area Developer by reason of any delay in the delivery of Franchisor's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Franchisor.

11.4 Waiver and Delay. No waiver by Franchisor of any Default or Defaults, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Eateries), or to insist upon strict compliance with or performance of Area Developer's (or its Affiliates) obligations under this AD Agreement or any Franchise Agreement or other agreement between Franchisor and Area Developer (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Eateries), shall constitute a waiver of the provisions of this AD Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

11.5 Survival of Covenants. The covenants contained in this AD Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this AD Agreement shall be enforceable notwithstanding said expiration or other termination of this AD Agreement for any reason whatsoever.

11.6 Successors and Assigns. This AD Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

11.7 Joint and Several Liability. If Area Developer consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Franchisor are joint and several, and such person(s) or Entities shall be deemed to be general partnership.

11.8 Governing Law. This AD Agreement shall (without giving effect to any conflict of laws) be governed in accordance with the laws of the State where the Development Area is located, and any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently with reference to this paragraph.

11.9 Entire Agreement. This AD Agreement and the Manuals contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this AD Agreement. No other agreements concerning the subject matter of this AD Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties. All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this AD Agreement, are merged and are expressly and superseded by this AD Agreement, except such representations as are made in the franchise disclosure document delivered to Area Developer and any representations made by Area Developer in acquiring this AD Agreement. Nothing in this AD Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document delivered to Area Developer. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this AD Agreement or in the franchise disclosure document delivered to Area Developer, and Area Developer agrees that it has executed

this AD Agreement without reliance upon any such representation or promise. This AD Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties.

11.10 Titles for Convenience. Article and paragraph titles used this AD Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this AD Agreement.

11.11 Gender and Construction. The terms of all Attachments hereto are hereby incorporated into and made a part of this AD Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this AD Agreement or any article or Section hereof may require. As used in this AD Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Franchisor which Area Developer may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor’s Standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this AD Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this AD Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this AD Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Area Developer intend that if any provision of this AD Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

11.12 Severability, Modification. Nothing contained in this AD Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this AD Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this AD Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this AD Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this AD Agreement shall continue in full force and effect.

11.13 Counterparts. This AD Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.14 Fees and Expenses. If any party to this AD Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this AD Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceedings is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions, including

motions for fees and costs; (2) contempt proceedings; (3) garnishment, levy, debtor and third-party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this AD Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

11.15 Waiver of Jury Trial; Venue

11.15.1 TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AD AGREEMENT; AND (2) THEY AGREE THAT NEW YORK SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AD AGREEMENT.

\_\_\_\_\_  
FRANCHISOR  
INITIALS

\_\_\_\_\_  
AREA DEVELOPER  
INITIALS

11.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one business day after electronically confirmed transmission by ~~facsimile~~email or other electronic system; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or three business days after placement in the United States Mail by ~~Registered or Certified Mail, Return Receipt Requested, postage prepaid~~Priority Mail, delivery confirmation, and addressed as follows:

If to Franchisor: CORELIFE EATERY FRANCHISOR, LLC  
~~33 Lewis Road~~  
~~Binghamton~~3108 Vestal Parkway East, Suite #1  
Vestal, New York ~~13905~~13850

If to Area Developer: Address set forth in Attachment A or to such other address as such party may designate by ten days' advance written notice to the other party.

**ARTICLE 12**  
**SUBMISSION OF AD AGREEMENT**

12.1 General. The submission of this AD Agreement does not constitute an offer and this AD Agreement shall become effective only upon the execution thereof by Franchisor and Area Developer.

**ARTICLE 13**  
**ADDITIONAL COVENANTS**

13.1 Entity Area Developer Information. If Area Developer is an Entity, Area Developer represents and warrants that the information set forth in Attachment C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Area Developer shall notify Franchisor in writing within ten days of any change in the information set forth in Attachment C, and shall submit to Franchisor a revised Attachment C, which shall be certified by Area Developer as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this AD Agreement as Attachment C. Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer, including providing copies of all amendments to Area Developer's "**Entity Documents**" as defined in Attachment C. Area Developer shall conduct no business other than the business contemplated hereunder and

under any currently effective Franchise Agreement between Franchisor and Area Developer. The Entity Documents of Area Developer shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the AD Agreement and any Franchise Agreement executed pursuant thereto.

### 13.2 Operating Principal; Director of Operations; Multi-Unit Supervisor

13.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Franchisor regarding business, operational and other ongoing matters concerning this AD Agreement and the Eateries developed pursuant hereto. The Operating Principal shall have the full authority to act on behalf of Area Developer in regard to performing, administering or amending this AD Agreement and all Franchise Agreements executed pursuant hereto. Franchisor may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Franchisor's actual receipt of written notice from Area Developer of the appointment of a successor Operating Principal, who shall have been accepted by Franchisor.

13.2.2 Commencing on the date which Area Developer, directly or indirectly through one or more Affiliate(s), opens its second Eatery within the Development Area, and at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date, Area Developer shall employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Article 7 hereof to employ and retain, an individual (the "**Director of Operations**") who shall be vested with the authority and responsibility for the day-to-day operations of all Eateries owned or operated, directly or indirectly, by Area Developer within the Development Area. The Director of Operations shall, during the entire period he/she serves as such, unless otherwise agreed in writing by Franchisor devote 100% of his/her time and best efforts solely to operation of the Eateries owned or operated, directly or indirectly, by Area Developer in the Development Area and to no other business activities. The Director of Operations may, with the prior written consent of Franchisor, may be the same individual as the Operating Principal. The Director of Operations shall be responsible for all actions necessary to ensure that all Eateries owned or operated, directly or indirectly, by Area Developer in the Development Area are operated in compliance with this AD Agreement, all Franchise Agreements therefor and the Manuals. If, during the Term hereof or any Franchise Agreement executed pursuant hereto, the Director of Operations is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, Area Developer shall promptly notify Franchisor and designate a replacement within 30 days after the Director of Operations ceases to serve.

13.2.3 Area Developer has the option, commencing on the date which Area Developer, directly or indirectly through one or more Affiliate(s), opens its second Eatery within the Development Area, to employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Article 7 hereof to employ and retain, one or more individuals (each a "**Multi-Unit Supervisor**") vested with the authority and responsibility for the day-to-day supervision of two or more of the Eateries owned or operated, directly or indirectly, by Area Developer within the Development Area. The Multi-Unit Supervisor shall, during the entire period he/she serves as such, unless otherwise agreed in writing by Franchisor devote 100% of his/her time and best efforts solely to operation of two or more of the Eateries owned or operated, directly or indirectly, by Area Developer in the Development Area and to no other business activities. Multi-Unit Supervisors, if any, shall report to the Director of Operations.

13.2.4 Area Developer shall notify Franchisor in writing at least ten days prior to employing the Director of Operations and Multi-Unit Supervisor, if any, setting forth in reasonable detail all information reasonably requested by Franchisor. Franchisor's acceptance of the Operating Principal shall not constitute Franchisor's endorsement of such individual or a guarantee by Franchisor that such individual will perform adequately for Area Developer or its Affiliates, nor shall Franchisor be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

13.2.5 Before Area Developer, directly or indirectly through one or more Affiliate(s), opens its first Eatery within the Development Area, Area Developer, the Operating Principal and the Director of Operations must attend Franchisor's system orientation program at a time and place designated by Franchisor. Attendees may be able to attend this program telephonically, however, if Franchisor requires Area Developer to travel to Franchisor's office or other designated location, Area Developer will be responsible for all of travel costs, meals and lodging that Area Developer or its employees, agents and representatives incur.

13.3 Business Practices. Area Developer represents, warrants and covenants to Franchisor that:

13.3.1 As of the date of this AD Agreement, Area Developer and each of its Owners (if Area Developer is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Area Developer or any of its Owners (if Area Developer is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this AD Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Area Developer;

(b) None of the property or interests of Area Developer or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws. Neither Area Developer, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Area Developer) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Area Developer and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Area Developer nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto;

(d) Area Developer is neither directly nor indirectly owned nor controlled by the government of any country that is subject to a United States embargo. Nor does Area Developer or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

13.3.2 Area Developer has taken all necessary and proper action required by Applicable Law and has the right to execute this AD Agreement and perform under all of its terms. Area Developer shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by applicable law.

13.3.3 Area Developer shall implement procedures to confirm, and shall confirm, that (a) none of Area Developer, any person or entity that is at any time a legal or beneficial owner of any interest in Area Developer or that provides funding to Area Developer is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Area Developer is subject to being "blocked" under any Anti-Terrorism Laws.

13.3.4 Area Developer shall promptly notify Franchisor upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 13.3.1(c) above is identified on any Terrorist List, any list maintained by

OFAC or to being “blocked” under any Anti-Terrorism Laws, in which event Area Developer shall cooperate with Franchisor in an appropriate resolution of such matter.

13.3.5 In accordance with Applicable Law, none of Area Developer nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

13.3.6 The provisions of this Section shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this AD Agreement, or Franchisor’s marks, System, trade secrets, or any other proprietary aspects of Franchisor’s business.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the parties hereto have caused this AD Agreement to be executed as of the first date set forth above.

**CORELIFE EATERY FRANCHISOR, LLC**

BySign: \_\_\_\_\_

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

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

**“AREA DEVELOPER”**

\_\_\_\_\_ a \_\_\_\_\_

BySign: \_\_\_\_\_

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

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

**ATTACHMENT A**

**DATA SHEET**

1. **Effective Date.** The “Effective Date” set forth in the introductory Paragraph of the AD Agreement is: \_\_\_\_\_, 20\_\_
  
2. **Area Developer.** The Area Developer set forth in the introductory paragraph of the AD Agreement is: \_\_\_\_\_, a \_\_\_\_\_.
  
3. **Expiration Date.** The Expiration Date set forth in Section 1.1 of the AD Agreement is the earlier of the date that the Development Obligation is fulfilled or \_\_\_\_\_, 20\_\_.
  
4. **Notice Address.** The address for notices to Area Developer under Section 11.16 of the AD Agreement is: \_\_\_\_\_  
\_\_\_\_\_
  
5. **Initial Development Fee.** The Initial Development Fee amount paid by Area Developer to Franchisor set forth in Section 5.1 of the AD Agreement is: \$ \_\_\_\_\_.
  
6. The Development Area\* is defined as the territory within the boundaries described below:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**FRANCHISOR:**  
**CORELIFE EATERY FRANCHISOR, LLC**

**AREA DEVELOPER:**  
\_\_\_\_\_  
Entity name (if any)

BySign: \_\_\_\_\_  
\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

**ATTACHMENT B**  
**DEVELOPMENT OBLIGATION**

DEVELOPMENT PERIOD ENDING	CUMULATIVE NO. OF EATERIES TO BE IN OPERATION
1 _____	_____
2 _____	_____
3 _____	_____
4 _____	_____
5 _____	_____

**FRANCHISOR:**  
**CORELIFE EATERY FRANCHISOR, LLC**

**AREA DEVELOPER:**

\_\_\_\_\_  
Entity name (if any)

BySign: \_\_\_\_\_  
\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

**ATTACHMENT C**

**ENTITY INFORMATION**

**AREA DEVELOPER:** \_\_\_\_\_

**Form of Ownership  
(Check One)**

Individual  Partnership  Corporation  Limited Liability Co.  Other

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager, list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**Area Developer's principal officers or partners who will be devoting their full time to the Business:**

Name, Title	Address

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

**“Operating Principal”** means \_\_\_\_\_, or such other individual hereafter designated by Area Developer, and accepted by Franchisor (and until subsequently disapproved by Franchisor), to serve as the authorized representative of Area Developer, who Area Developer acknowledges and agrees shall act as Area Developer’s representative, who shall hold 10% or more of the Equity of Area Developer, and who shall have the authority to act on behalf of Area Developer during the Term.

**Address where Area Developer’s Financial Records, and Entity records are maintained is:** \_\_\_\_\_

---

**AREA DEVELOPER:**

\_\_\_\_\_  
Entity name (if any)

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

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

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

## APPENDIX 1

“**Affiliate**” when used herein in connection with Franchisor or Area Developer, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Area Developer, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Area Developer includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Area Developer. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Area Developer, the term “Affiliate” shall not include or refer to the Franchisor or that Affiliate (the “**Franchisor Affiliate**”), and no obligation or restriction upon an “Affiliate” of Area Developer, shall bind Franchisor, or said Franchisor Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

“**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“**Applicable Law**” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of an Eatery, including all labor, immigration, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“**Assignment**” shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this AD Agreement or any of Area Developer’s rights or privileges hereunder or all of any substantial portion of the assets of the Licensed Eatery, including the lease. If Area Developer is an Entity, each of the following shall be deemed to be an Assignment of this AD Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Area Developer; (ii) the issuance of any securities by Area Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Area Developer; (iii) if Area Developer is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Area Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Area Developer, however effected.

“**Authorized Franchisor Products**” means the specific foods products, sauces, marinades and beverages and other food items and ancillary related products, which may include books, cups, coolers, hats, t-shirts and novelty items, as specified by Franchisor from time to time in the Manuals, or as otherwise directed by Franchisor in writing, for sale at the Eateries, prepared, served, sold and/or manufactured in strict

accordance with Franchisor’s recipes, Standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

“**Competitive Activities**” means to, own, operate, lend to, advise, be employed by, or have any financial interest in: (i) any restaurant 20% or more of whose Net Sales is derived from the sale of build your own bowls in a single serve line, other than an Eatery operated pursuant to a validly subsisting Franchise Agreement with Franchisor, or (ii) any business that specializes in developing, operating or franchising restaurants 20% or more of whose Net Sales is derived from the sale of build your own bowls in a single serve line, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any build your own bowl food product. Notwithstanding the foregoing, “**Competitive Activities**” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

“**Default**” or “**default**” means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

“**Development Area**” shall have the meaning set forth in Section 1.1 of this AD Agreement.

“**Development Period**” means each of the time periods indicated on Attachment B during which Area Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Eateries in accordance with the Development Obligation.

“**Development Obligation**” shall mean the Area Developer’s right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Eateries set forth in Attachment B hereto within each Development Period and, if applicable, within the geographic areas specified therein.

“**Director of Operations**” shall have the meaning set forth in Section 13.2.2 of this AD Agreement.

“**Eatery**” shall have the meaning set forth in Recital A of this AD Agreement.

“**Entity**” means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

“**Equity**” means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity.

“**Franchise Agreement**” means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to own and operate a single Eatery in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“**Franchise Disclosure Document**” shall have the meaning set forth in Section 6.2.3.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Area Developer could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any

lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Area Developer's financial inability to perform or Area Developer's insolvency shall not be an event of Force Majeure hereunder.

**“Governmental Authority”** means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

**“Initial Franchise Fee”** is the fee paid to open each individual Eatery as such term is defined in the Franchise Agreement.

**“Manuals”** means Franchisor's library of operations and training manuals, including start-up manual and franchise unit operation manual, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

**“Multi-Unit Supervisor”** shall have the meaning set forth in Section 13.2.3 of this AD Agreement.

**“Non-Traditional Venues”** means a facility operated under the Franchisor's marks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks, travel stations, hotels and motels, ships, ports, piers, casinos, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

**“Operating Principal”** shall have the meaning set forth in Attachment C of this AD Agreement.

**“Owner”** means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Area Developer, the term “Owner” shall not include or refer to the Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Area Developer”, or its Owners shall bind Franchisor, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**“Partnership”** means any general partnership, limited partnership or limited liability partnership.

**“Partnership Rights”** means voting power, property, profits or losses, or partnership interests of a Partnership.

**“Restricted Persons”** means the Area Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

**“ROFR”** shall have the meaning set forth in Section 7.3.3 of this AD Agreement.

**“ROFR Period”** shall have the meaning set forth in Section 7.3.3 of this AD Agreement.

**“Site Review Request”** shall have the meaning set forth in Section 6.1 of this AD Agreement.

“**Standards**” mean Franchisor’s then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of Eateries.

“**System**” means the Franchisor’s operating methods and business practices related to its Eateries, and the relationship between Franchisor and its area developers, including interior and exterior Eatery designs; other items of trade dress; specifications of equipment, fixtures, and uniforms; defined product offerings and preparation methods; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Franchisor may modify the same from time to time.

“**Term**” shall have the meaning set forth in Section 4.1 of this AD Agreement.

“**Terrorist Lists**” means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department’s Office of Foreign Asset Control (“**OFAC**”), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

“**Then-current**” as used in this AD Agreement and applied to the Franchise Disclosure Document, an area development agreement and a Franchise Agreement shall mean the form then currently provided by Franchisor to similarly situated prospective franchisees, or if not then being so provided, then such form selected by the Franchisor in its discretion which previously has been delivered to and executed by a licensee or franchisee of Franchisor.

“**Traditional Eatery**” means a business premises that exists primarily as an Eatery, excluding any Eatery at a Non-Traditional Venue. A Traditional Eatery may also have other types of Franchisor-approved co-branded business located in it, but in such case the Eatery is the primary business.

**EXHIBIT E**

**LIST OF CURRENT AND FORMER FRANCHISEES**

**Current Franchisees as of December 25, 2022, 2023:**

Last Name	First Name	Address	City	State	Zip Code	Phone
Forsythe <sup>(1)</sup>	Warren	20 E Thomas Rd Ste 2200	Phoenix	AZ	85012	480-386-0164
Rohwer <sup>2(1)</sup>	Melissa	3838 W. Hamilton Rd S	Fort Wayne	IN	46814	317-537-9815
Flynn <sup>(32)</sup>	William	11829 Lakestone Way	Prospect	KY	40059	502-767-1942
Cox <sup>(4)</sup>	Bryan	570 South Glenhurst Dr	Birmingham	MI	48009	419-540-0416
Lunsford <sup>*(53)</sup>	Joyce	4015 Lemon Creek Rd	Bridgman	MI	49106	269-556-5000
Bullard <sup>*(64)</sup>	Clifford	9131 Anson Way #305	Raleigh	NC	27615	919-847-5574
Grammenopoulos <sup>*(75)</sup>	Daniel	2005 Princessa Dr	Wesley Chapel	NC	28104	336-355-3460
Morash <sup>*(86)</sup>	Michael	39 Dorchester Dr	Manhasset	NY	10030	516-662-4029
Rahnamay-Azar <sup>(97)</sup>	Amir	640 Skytop Office Building Syracuse University	Syracuse	NY	13244	315-443-3037
Souch <sup>(408)</sup>	Peter	21301 County Route 202	Watertown	NY	13601	315-788-2913
Jamison <sup>*(119)</sup>	William	6120 Brownstone Court	Mentor	OH	44060	216-389-2409
Lewis <sup>*(1210)</sup>	William	19 W Main St	North East	PA	16428	814-347-9078
Wood <sup>*(13)</sup>	Jon	746 Abelia Road	Columbia	SC	29205	336-312-5588
Searles <sup>*(1411)</sup>	Scott	121 Spring Cabin Lane	Franklin	TN	37064	615-956-0150

\*Denotes Area Developer

<sup>1</sup>Franchisee operates one ~~Arizona~~Indiana outlet

<sup>2</sup>Franchisee operates ~~three~~ Indiana outlets

<sup>3</sup>Franchisee operates one Indiana outlet and one Kentucky outlet

<sup>4</sup>Franchisee resides in <sup>3</sup>Franchisee operates five Michigan outlets, three Indiana outlets and operates one Ohio outlet

<sup>4</sup>Franchisee's heirs operate one North Carolina outlet

<sup>5</sup>Franchisee operates ~~four~~ Michigan outlets and one Indiana outlet  
one North Carolina outlet, one Virginia outlet and one South Carolina outlet

<sup>6</sup>Franchisee operates one North Carolina outlet ~~two~~ New York outlets

<sup>7</sup>Franchisee operates one North Carolina outlet and one Virginia ~~New York~~ New York outlet

<sup>8</sup>Franchisee operates ~~two~~ one New York outlets ~~outlet~~

<sup>9</sup>Franchisee operates one New York ~~Ohio~~ outlet

<sup>10</sup>Franchisee operates one New York outlet

<sup>11</sup>Franchisee operates one Ohio outlet

<sup>12</sup>Franchisee resides in Pennsylvania and operates ~~three~~ one Ohio outlets ~~outlet~~

<sup>13</sup>Franchisee operates one South Carolina outlet

<sup>14</sup>Franchisee <sup>11</sup>Franchisee operates two Tennessee outlets

**Franchisees with Unopened Outlets as December 25, 2022, 2023:**

Last Name	First Name	Address	City	State	Zip Code	Phone
Sebald	Brandon	3931 N Dogwood Canyon Loop	Fayetteville	AR	72704	914-384-1998

Last Name	First Name	Address	City	State	Zip Code	Phone
Grammenopoulos	Daniel	2005 Princessa Dr	Wesley Chapel	NC	28104	336-355-3460

### **Former Franchisees**

The name and last known address of every franchisee who had a CoreLife Eatery Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period December 27, 2022 to December 25, 2024, 2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Address	City	State	Zip Code	Phone
Forsythe <sup>(1)</sup>	Warren	20 E Thomas Rd Ste 2200	Phoenix	AZ	85012	480-386-0164
<del>Cole</del> Rohwer <sup>(2)</sup>	<del>Ralph</del> Melissa	<del>7124 Independence Way</del> 3838 W. Hamilton Rd S	<del>Charlestown</del> Fort Wayne	IN	<del>47111</del> 46814	<del>502-541-9250</del> 317-537-9815
Cox <sup>(3)</sup>	Bryan	570 South Glenhurst Dr	Birmingham	MI	48009	419-540-0416
<del>Knapiek</del> Lewis <sup>(4)</sup>	<del>Michael</del> William	<del>6085 Rothbury</del> 19 W Main St	<del>Portage</del> North East	<del>MIP</del> A	<del>49024</del> 16428	<del>269-779-7790</del> 814-347-9078
<del>DeGrazia</del> Wood <sup>(5)</sup>	<del>Bradley</del> Jon	<del>186 Sylvania Rd</del> 746 Abelia Road	<del>Rochester</del> Columbia	<del>NY</del> SC	<del>14618</del> 29205	<del>585-329-2927</del> 336-312-5588
Timmons <sup>(6)</sup>	Richard	11218 S Pervenche Lane	South Jordan	UT	84095	801-556-1501

<sup>1</sup>Franchisee ~~currently operates one Arizona outlet and closed one Arizona outlet~~

<sup>2</sup>Franchisee sold ~~one~~two Indiana outlet and one Kentucky outlet~~outlets~~

<sup>3</sup>Franchisee resides in Michigan and ~~currently operates~~sold one Ohio outlet

<sup>4</sup>Franchisee resides in Pennsylvania and closed one Ohio outlet

<sup>4</sup>Franchisee resides in Michigan and closed and had one Ohio outlet reacquired by corporate

<sup>5</sup>Franchisee resides in New York and closed two Florida outlets

<sup>6</sup>Franchisee closed~~sold~~ one Utah~~South Carolina~~ outlet

**EXHIBIT F**

**STATE ADDENDA  
AND AGREEMENT RIDERS**



## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR CORELIFE EATERY FRANCHISOR, LLC

The following modifications are made to the CoreLife Eatery Franchisor, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means the state where the Franchisee’s CoreLife Eatery restaurant is located. When the term “**Supplemental Agreements**” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

#### **CALIFORNIA**

**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.**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD: 14 days prior to execution of agreement.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement ~~contains, and if applicable, the Supplemental Agreements may~~ Area Development Agreement contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in New York. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or ~~Supplemental Agreements~~ Area Development Agreement restricting venue to a forum outside the State of California. The Franchise Agreement ~~may contain~~ contains a mediation provision. ~~If so, the~~ The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and ~~Supplemental Agreements~~ Area Development Agreement require the application of the law of the state where the Franchisee's CoreLife Eatery restaurant is located. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or ~~Supplemental~~ Area Development Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and ~~Supplemental Agreements~~ may provide provides for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement ~~contains, and if applicable, the Supplemental Agreements may~~ Area Development Agreement contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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).

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](http://www.dfpi.ca.gov).

Item 6 is amended to state the highest interest rate allowed by law in California is 10% annually.

~~Item 19, "Financial Performance Representations," of the FDD is amended by the addition of the following paragraph: The Financial Performance Representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.~~

No statement, questionnaire, or acknowledgment 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



The Franchise Disclosure Document, the Franchise Agreements and the Area Development Agreements are amended to include the following statement in regard to all references to non-refundable fees:

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 forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

No statement, questionnaire, or acknowledgment 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.



The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit J of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
None
4. States in which the proposed registration of these Franchises has been withdrawn are:  
None

## **ILLINOIS**

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a Franchise Agreement that designates jurisdiction and venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois. The FDD, Franchise Agreement and Area Development Agreement are amended accordingly.

Illinois law governs the agreements between the parties to this franchise. The FDD, Franchise Agreement and Area Development are amended accordingly.

Section 41 of the Illinois Franchise Disclosure Act provides that "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." The FDD, Franchise Agreement and Area Development Agreement are amended accordingly.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

Your rights upon termination and non-renewal of a franchise are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act. The FDD, Franchise Agreement and Area Development are amended accordingly.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement and/or



Area Development Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

No statement, questionnaire, or acknowledgment 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.

#### Franchise Fee Deferral

The Illinois Attorney General's Office has imposed the franchise fee deferral requirement because of our financial condition. Item 5 and Item 7 of the FDD, Article 4.1 of the Franchise Agreement and Articles 5.1 and 5.2 of the Area Development Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee and Development Fee, shall be deferred until after all of Franchisor's initial obligations are complete and the Franchise is open for business. The Development Fee will be deferred until the first franchise is open and operational.

See the last page of this Exhibit F for your required signature.

#### INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.



The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in New York. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment 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.



**IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CoreLife Eatery Franchisor, LLC, ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York 13905-13850, or send a fax to CoreLife Eatery Franchisor, LLC at (607) 217-4394 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

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

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

## MARYLAND

### AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS

Item 17 of the FDD, the Franchise Agreement and the Area Development Agreement are amended to state: “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.”

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire are amended to state that 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.

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.).

No statement, questionnaire, or acknowledgment 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.

#### Fee Deferral:

Items 5 and 7 of the FDD, the Franchise Agreement and the Area Development Agreement are amended to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

## MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.



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

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) 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 (6) months' advance notice of our intent not to renew the Franchise.

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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



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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment 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.

**MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD 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 Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.



4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Article of 4.8 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. No statement, questionnaire, or acknowledgment 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**

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 SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.**

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS ~~WHICH~~THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

~~Except as provided~~ With the exception of what is stated above, with regard the following applies to Franchisorthe 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~~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 ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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 the “Summary” sections of Item 17(c), titled “**Requirements for a 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.



4. 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.

5. 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.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment 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.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Area Development Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable under Section 51-19-09 as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Area Development Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Area Development Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Area Development Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Area Development Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Area Development Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under



Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD, Article 12.1.2 of the Franchise Agreement, and Article 8.2 of the Area Development Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that 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, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD, the Franchise Agreement and the Area Development Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment 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.

#### Franchise Fee Escrow

Items 5 and 7 of the Franchise Disclosure Document and Article 4 of the Franchise Agreement are hereby amended to state the Initial Franchise Fee and the Development Fee equal to the Initial Franchise Fee for your first franchise will be escrowed until the Franchisor completes all of its training and other initial obligations to the franchisee and the franchise is open for business.

#### OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

#### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CoreLife Eatery Franchisor, LLC, 33 Lewis



1  
Road, Binghamton 3108 Vestal Parkway East, Suite #1, Vestal, New York 13905-13850, or send a fax to CoreLife Eatery Franchisor, LLC at (607) 217-4394 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

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

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

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

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

## **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgment 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.

## **SOUTH DAKOTA**

No statement, questionnaire, or acknowledgment 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.

### **Franchise Fee Impound**

Items 5 and 7 of the Franchise Disclosure Document and Article 4 of the Franchise Agreement are hereby amended to state that the Initial Franchise Fee and the Development Fee equal to the Initial Franchise Fee for your first franchise will be placed into an impound account until the Franchisor completes all of its training and other initial obligations to the franchisee and the franchise is open for business.



## VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for CoreLife Eatery Franchisor, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment 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

### **ADDENDUM TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, ~~FRANCHISE DISCLOSURE QUESTIONNAIRE~~, AND 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 acknowledgment 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.

#### Franchise Fee and Development Fee Escrow

Item 5 and Item 7 of the Franchise Disclosure Document, Article 4 of the Franchise Agreement, and Article 5 of the Area Development Agreement are hereby amended to state that the Initial Franchise Fee will be placed in an escrow account until the Franchisor completes all of its training and other initial obligations to Franchisee and the Franchisee is open for business (listed in Item 11 of this Disclosure Document). The Development Fee will be placed in an escrow account and paid on a pro rata basis for each franchise opened under the Area Development Agreement.

#### WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

No statement, questionnaire, or acknowledgment 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.

*(Signatures on following page)*



**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Dated: \_\_\_\_\_, 20\_\_

**FRANCHISOR:**

CORELIFE EATERY FRANCHISOR, LLC

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

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

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

Rev.  
030423071823



**EXHIBIT G**  
**MANAGER TOOLS BINDER**  
**TABLE OF CONTENTS**

Systems Manual
Section 1: Introduction
Section 2: Product
Section 3: Operational Standards
Section 4: Catering and Mobile Ordering
Section 5: Sanitation and Quality Assurance
Section 6: Brand Marketing
Section 7: Personnel and Employment Practices
Section 8: Safety and Security
Section 9: Crisis Management
Section 10: Furniture, Fixtures and Equipment
Section 11: Forms and Quick Reference Guides
Section 12: Media and Corporate Contact Information



## **EXHIBIT H**

### **CONTRACTS FOR USE WITH THE CORELIFE EATERY FRANCHISE**

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the CoreLife Eatery Business. The following are the forms of contracts that CoreLife Eatery Franchisor, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



**EXHIBIT H-1**

**CORELIFE EATERY FRANCHISE**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of CoreLife Eatery Franchisor, LLC a New York limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a CoreLife Eatery business;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages,



expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim. Releasor represents and warrants to the Released Parties, and agrees, that it may later learn of new or different facts, but that still, it is Releasor's intention to fully, finally, and forever release all of the claims that are released above. This includes the Releasor's waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor").

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchisee's CoreLife Eatery is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.



h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

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

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

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

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 092122



**EXHIBIT H-2**

**CORELIFE EATERY FRANCHISE**

**SAMPLE SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of CoreLife Eatery Franchisor, LLC, a New York limited liability company, and its successors and assigns (“us”, “we” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means to, own, operate, lend to, advise, be employed by, or have any financial interest in: (i) any restaurant 20% or more of whose Net Sales is derived from the sale of build-your-own bowls in a single serve line, other than a CoreLife Eatery operated pursuant to a validly subsisting Franchise Agreement with us, or (ii) any business that specializes in developing, operating or franchising restaurants 20% or more of whose Net Sales is derived from the sale of build-your-own bowls in a single serve line, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any build-your-own bowl food product. Notwithstanding the foregoing, Competitive Business shall not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such entity.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a CoreLife Eatery business or the solicitation or offer of a CoreLife Eatery franchise, whether now in existence or created in the future.

“*Franchisee*” means the CoreLife Eatery franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a CoreLife Eatery business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a CoreLife Eatery business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a CoreLife Eatery business, including “CORELIFE EATERY,” and any other trademarks, service marks, or trade names that we designate for use by a CoreLife Eatery business. The term “Marks” also includes any distinctive trade dress used to identify a CoreLife Eatery business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder,

creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of 5% or less in a publicly-traded company that is a Competitive Business); and/or (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s CoreLife Eatery business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the nine month period after you cease to be a manager or officer of Franchisee’s CoreLife Eatery business.

“*Restricted Territory*” means the geographic area within: (i) a five-mile radius from Franchisee’s CoreLife Eatery business (and including the premises of the approved location of Franchisee); and (ii) a five-mile radius from all other CoreLife Eatery businesses that are operating or under construction/development as of the beginning of the Restricted Period; provided, however, that 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 within a three-mile radius from Franchisee’s CoreLife Eatery business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a CoreLife Eatery business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the CoreLife Eatery business operated by Franchisee; (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 a manager or officer of Franchisee’s CoreLife Eatery business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s CoreLife Eatery business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging 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 who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. 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 furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) 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.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other CoreLife Eatery franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement 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 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 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, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us 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. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the Franchisee's CoreLife Eatery restaurant is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If 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.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you 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 Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 120619



**EXHIBIT H-3**

**CORELIFE EATERY FRANCHISE**

**SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of CoreLife Eatery Franchisor, LLC, a New York limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow CoreLife Eatery franchisees to use, sell, or display in connection with the marketing and/or operation of a CoreLife Eatery Business, whether now in existence or created in the future.

“*CoreLife Eatery Business*” means a business that operates restaurants featuring build-your-own or curated green, grain, and bone broth bowls and other related products and services using our Intellectual Property.

“*Franchisee*” means the CoreLife Eatery franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a CoreLife Eatery Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a CoreLife Eatery Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a CoreLife Eatery Business, including “CORELIFE EATERY” and any other trademarks, service marks, or trade names that we designate for use by a CoreLife Eatery Business. The term “Marks” also includes any distinctive trade dress used to identify a CoreLife Eatery Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a CoreLife Eatery Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.



**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the CoreLife Eatery Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (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 Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of CoreLife Eatery Franchisor, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) 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 this Agreement will cause substantial and irreparable damage to us and/or other CoreLife Eatery franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement 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 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 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, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us 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. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of CoreLife Eatery Franchisor, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.



b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of New York, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If 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 enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 032916



**EXHIBIT H-4**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

**Authorization:**

Franchisee hereby authorizes CoreLife Eatery Franchisor, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Federal Tax ID Number: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

Rev. 032916



**EXHIBIT H-5**

**CORELIFE EATERY FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between CoreLife Eatery Franchisor, LLC (“**Franchisor**”), a New York limited liability company, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [corporation/limited liability company] (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a CoreLife Eatery franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of

this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a CoreLife Eatery franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. ~~certified~~ priority mail, ~~return receipt requested, postage prepaid~~ delivery confirmation, or via ~~telegram or telefax~~ electronic mail, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or ~~telefax number~~ email address appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the New Franchisee's CoreLife Eatery is located.



**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

CORELIFE EATERY FRANCHISOR, LLC

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

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

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

**FORMER FRANCHISEE:**

\_\_\_\_\_

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

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

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

**NEW FRANCHISEE:**

\_\_\_\_\_

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

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

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

Rev. 031821



**EXHIBIT H-6**

**CORELIFE EATERY FRANCHISE**

**LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and CoreLife Eatery Franchisor, LLC (“**Franchisor**”), collectively referred to herein as the “**Parties**”.

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. **Use of the Premises.** During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. **Franchise System.** Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. **Assignment.** Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant’s cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant’s rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the



renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten-day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by ~~registered or certified mail, postage prepaid,~~ a reputable overnight delivery service to the following address:

CoreLife Eatery Franchisor, LLC  
33 Lewis Road  
Binghamton 3108 Vestal Parkway East, Suite #1  
Vestal, New York 1390513850

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.



6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this ~~Agreement~~Addendum as though copies herein in full.

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

BySign: \_\_\_\_\_

BySign: \_\_\_\_\_

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

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

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

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

**FRANCHISOR:**

\_\_\_\_\_

BySign: \_\_\_\_\_

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

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

Rev. 412619022324



**EXHIBIT H-6 Attachment 1**

**ATTACHMENT 1 TO LEASE ADDENDUM**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto \_\_\_\_\_ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_ . This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignor’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of 2% per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*



**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

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

.

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

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

**ASSIGNEE:**

\_\_\_\_\_

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

.

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

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

Rev. 412649022324



**EXHIBIT H-7**

**CORELIFE EATERY FRANCHISE**

**SBA ADDENDUM RELATING TO CORELIFE EATERY FRANCHISOR, LLC**  
**FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on \_\_\_\_\_, 20\_\_, by CoreLife Eatery Franchisor, LLC, located at ~~33 Lewis Road, Binghamton~~ 3108 Vestal Parkway East, Suite #1, Vestal, New York 1390513850 (Franchisor), and, located at (Franchisee).

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

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

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- The following is added to the end of Article 13.2.3(c) of the Franchise Agreement:

However, the Franchisor may not exercise a right of first refusal:

(i) If a proposed Assignment is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Assignment, have an ownership interest in the Franchisee or the Franchise Agreement, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

(ii) If a proposed Assignment involves a Person other than an Owner/Guarantor and the proposed Assignment involves a non-controlling ownership interest in the Franchisee or the Franchise Agreement, unless such non-controlling interest:

(1) represents less than a 20% ownership interest in the Franchisee or in the Franchise Agreement, or (2) the Franchisor (in combination with the Franchisee) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

- The Franchisor's right to approve or to disapprove a proposed Assignment or transferee, or to exercise its right of first refusal with respect to an Assignment of a controlling

interest in Franchisee or the Franchise Agreement, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor’s exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

- Article 13.2.3(g) of the Franchise Agreement shall be deleted in its entirety and the following Article 13.2.3(g) shall be substituted therefor:

“(g) The transferee/assignee shall have either (a) assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor; or (b) at Franchisor’s option, shall have executed a replacement franchise agreement on the then-current standard form of franchise agreement used by Franchisor in the State in which the Franchised CoreLife Eatery is being operated, provided, however, that the term of replacement franchise agreement shall be the remaining term of this Agreement;”

- This Addendum automatically terminates on the earliest to occur of the following:
  - (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or
  - (iii) SBA no longer has any interest in the Loan.

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

**FRANCHISOR:**

**FRANCHISEE:**

**CORELIFE EATERY FRANCHISOR, LLC**

\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

BySign: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

**EXHIBIT I**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**



## FRANCHISE DISCLOSURE QUESTIONNAIRE

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, CoreLife Eatery Franchisor, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement and an Area Development Agreement, if applicable, for the operation of a CoreLife Eatery franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and Area Development Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

**Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.**

1.        Yes\_\_ No\_\_    Have you received and personally reviewed the Franchise Agreement and Area Development Agreement, if applicable, and each attachment or exhibit attached to it that we provided?
  
2.        Yes\_\_ No\_\_    Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
  
3.        Yes\_\_ No\_\_    Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
4.        Yes\_\_ No\_\_    Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable?
  
5.        Yes\_\_ No\_\_    Have you reviewed the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
  
6.        Yes\_\_ No\_\_    Have you had the opportunity to discuss the benefits and risks of developing and operating a CoreLife Eatery Franchise with an existing CoreLife Eatery franchisee?
  
7.        Yes\_\_ No\_\_    Do you understand the risks of developing and operating a CoreLife Eatery Franchise?
  
8.        Yes\_\_ No\_\_    Do you understand the success or failure of your CoreLife Eatery Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
  
9.        Yes\_\_ No\_\_    Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and Area Development Agreement, if



applicable, must be arbitrated in New York, if not resolved informally or by mediation (subject to state law)?

10. Yes\_\_ No\_\_ Do you understand that you must satisfactorily complete the initial training program before we will allow your CoreLife Eatery Franchise to open or consent to a transfer of the CoreLife Eatery Franchise to you?
11. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a CoreLife Eatery Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and Area Development Agreement, if applicable, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a CoreLife Eatery Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes\_\_ No\_\_ Do you understand that the Franchise Agreement and Area Development Agreement, if applicable, including each attachment or exhibit to the Franchise Agreement and Area Development Agreement, if applicable, contains the entire agreement between us and you concerning the CoreLife Eatery Franchise?
15. Yes\_\_ No\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?



YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Date \_\_\_\_\_

Date \_\_\_\_\_

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 030123071823



**EXHIBIT J**

**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 state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Michigan	<del>May 14, 2022,</del> Renews <del>May 14, 2023</del> Pending
Minnesota	Pending
New York	Pending
Wisconsin	<del>April 18, 2023</del> Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



**EXHIBIT K**

**RECEIPT**



**RECEIPT**  
**(Retain This Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If CoreLife Eatery Franchisor, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, CoreLife Eatery Franchisor, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires CoreLife Eatery Franchisor, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If CoreLife Eatery Franchisor, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Lawrence R. Wilson, <del>33 Lewis Road, Binghamton</del> 3108 Vestal Parkway East, Suite #1, Vestal, New York 4390513850, 855.267.3543
John T. Mansfield, <del>33 Lewis Road, Binghamton</del> 3108 Vestal Parkway East, Suite #1, Vestal, New York 4390513850, 855.267.3543

Issuance Date: ~~March 31, 2023~~ April 19, 2024

I received a disclosure document issued ~~March 31, 2023~~ April 19, 2024 which included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Area Development Agreement
- Exhibit E List of Current and Former Franchisees/Area Developers
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Manager Tools Binder Table of Contents
- Exhibit H Contracts for use with the CoreLife Eatery Franchise
- Exhibit I Franchise Disclosure Questionnaire
- Exhibit J State Effective Dates
- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

Rev. 012417



**RECEIPT  
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Under Iowa law, if applicable, CoreLife Eatery Franchisor, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires CoreLife Eatery Franchisor, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name

**Please sign this copy of the receipt, date your signature, and return it to CoreLife Eatery**



Franchisor, LLC, ~~33 Lewis Road, Binghamton~~3108 Vestal Parkway East, Suite #1, Vestal, New York 1390513850.

Rev. 012417

