

FRANCHISE DISCLOSURE DOCUMENT

FAMILY FARE, LLC
4220 Neal Road
Durham, NC 27705
(919) 309-2925
info@familyfarecstores.com
www.familyfareconveniencestores.com



Franchisee will operate an extended-hour retail convenience store under the tradename and service mark "CAROCO" which sells energy (including fuel), groceries, take-out foods and beverages, dairy products, non-food merchandise, specialty items and selected services. FAMILY FARE, LLC provides services to franchisees including assistance with training, operations, advertising, merchandising, and promotional techniques.

The total investment necessary to begin operation of a Caroco franchise is between \$30,300 and \$1,174,000. This includes between \$13,000 and \$1,024,000 that must be paid to us or an affiliate.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact the Franchise Department of FAMILY FARE, LLC, 4220 Neal Road, Durham, NC 27705, (919) 309-2925.

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

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

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

Issuance date: April 27, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Caroco business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Caroco franchisee?	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina.

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.

TABLE OF CONTENTS

ITEM		PAGE
ITEM 1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
ITEM 2.	BUSINESS EXPERIENCE.....	4
ITEM 3.	LITIGATION.....	5
ITEM 4.	BANKRUPTCY	6
ITEM 5.	INITIAL FEES	6
ITEM 6.	OTHER FEES.....	7
ITEM 7.	ESTIMATED INITIAL INVESTMENT	23
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	26
ITEM 9.	FRANCHISEE'S OBLIGATIONS.....	33
ITEM 10.	FINANCING.....	35
ITEM 11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	38
ITEM 12.	TERRITORY.....	46
ITEM 13.	TRADEMARKS.....	47
ITEM 14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	49
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	51
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	52
ITEM 17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	54
ITEM 18.	PUBLIC FIGURES.....	61
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS.....	61
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION	62
ITEM 21.	FINANCIAL STATEMENTS	64
ITEM 22.	CONTRACTS	64
ITEM 23.	RECEIPT	64

Exhibit A	CAROCO FRANCHISE AGREEMENT WITH EXHIBITS
Exhibit B-1	STORE DIRECTORY/LISTING OF CURRENT FRANCHISEES
Exhibit B-2	LISTING OF CERTAIN PAST FRANCHISEES
Exhibit C	FINANCIAL STATEMENTS
Exhibit D	FEDERAL AND STATE REGULATORS AND AGENTS FOR SERVICE OF PROCESS
Exhibit E	REQUIRED COMPUTER AND POS SOFTWARE AND HARDWARE
Exhibit F	STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
Exhibit G	LEASE
Exhibit H	CONSIGNMENT AND COMMISSION AGREEMENT
Exhibit I	CAR WASH ADDENDUM
Exhibit J	GAMES OF SKILL ADDENDUM
Exhibit K	INITIAL FRANCHISE FEE PROMISSORY NOTE AND SECURITY AGREEMENT
Exhibit L	SAMPLE GENERAL RELEASE AGREEMENT
Exhibit M	ACH/EFT TRANSFER AGREEMENT
Exhibit N	REFERRAL PROGRAM PARTICIPATION AGREEMENT
Exhibit O	SAMPLE AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER
Exhibit P	SAMPLE DISCLOSURE LETTER TO PROSPECTIVE TRANSFEREE
Exhibit Q	ADDENDUM TO TRANSFEREE FRANCHISE AGREEMENT
Exhibit R	FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT EXECUTED WITH NEW FRANCHISE AGREEMENT
Exhibit S	RENEWAL OF CAROCO FRANCHISE AND LEASE AMENDMENT (TO BE SIGNED BY A RENEWING FRANCHISEE IN LIEU OF SIGNING NEW FRANCHISE AGREEMENT IN FRANCHISOR'S DISCRETION)
Exhibit T	LIMITED POWER OF ATTORNEY
Exhibit U	RECEIPT

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

THE FRANCHISOR

To simplify the language in this disclosure document, “we,” “Caroco,” or “us” means FAMILY FARE, LLC. “You” means the business entity that buys the franchise, including, if any, such company’s Operating Principal, shareholders or members, and guarantors. “Affiliate” means an entity’s subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity. We are a North Carolina limited liability company, originally organized on October 3, 2003 as a corporation and converted from a corporation to a limited liability company on June 14, 2013 under the name FAMILY FARE, LLC. FAMILY FARE, LLC is 30.3% owned by our affiliate, BFP LIMITED LIABILITY COMPANY (“BFP”) and 69.7% by Dr. M. Lee Barnes, Jr. Our principal business address and North Carolina registered agent address is 4220 Neal Road, Durham, North Carolina 27705. Our registered agent is Dr. M. Lee Barnes, Jr. Exhibit D identifies the names and addresses of our agents for service of process in certain states that require we appoint them upon our registration there.

Since 2013, our primary business has been to franchise Family Fare convenience stores and provide services to the franchisees of Family Fare convenience stores. Since October 2014, our business also includes franchising Family Fare convenience stores and providing services to the franchisees of Caroco convenience stores. We offer and sell the Caroco franchise opportunity under a separate franchise disclosure document. As of the date of this disclosure document there is one Caroco franchise. We sell and support Family Fare and Caroco franchises from our current principal place of business 4220 Neal Road, Durham, North Carolina 27705. Besides the Family Fare and Caroco brands, we have never sold franchises of any other kind. We do not engage in other types of business activities. We do business and intend to do business under the names FAMILY FARE, LLC, FAMILY FARE® and CAROCO®. We operate no business of the type being franchised.

PARENTS, PREDECESSORS, AND AFFILIATES

Our predecessor and affiliate is M. M. FOWLER, INC. (“M. M. Fowler”) which was formed on November 10, 1952. Until December 2015, M. M. Fowler was controlled by M. L. BARNES and M. L. BARNES, JR. On December 30, 2015, M. L. BARNES, JR. became the sole owner of M. M. Fowler. M. M. Fowler’s principal business address is 4220 Neal Road, Durham, North Carolina 27705. M. M. Fowler has been in the business of fuel sales and leasing of commercial properties business, including convenience stores, since its formation. In 1986, M. M. Fowler switched its business model to an independent operator model. Family Fare and Caroco convenience stores and gas stations were operated under that business model until 2013, when M. M. Fowler switched to the current franchise model from an independent operator model for Family Fare, and until 2014, when M. M. Fowler did the same for the Caroco brand. M. M. Fowler has never operated a business of the type being franchised. M. M. Fowler, through a shared services agreement, provides certain management services to us. M. M. Fowler has never offered franchises in any kind of business. In 2013, M. M. Fowler licensed us the trademarks for Family Fare franchises, and in 2014, licensed us the trademarks for Caroco franchises. M. M. Fowler will lease the store premises and certain equipment to you, consign inventory to you (including energy), sell certain computer systems to you, and, as applicable, own other equipment that you will operate as part of the store.

Our affiliate and shareholder BFP was formed on December 15, 1989 as a limited partnership and converted into a limited liability company in 2012. BFP is a North Carolina limited

liability company owned by DR. M. LEE BARNES, JR. BFP's principal business address is 4220 Neal Road, Durham, North Carolina 27705. BFP owns several real estate parcels leased to M. M. Fowler, which in turn are leased to franchisees. BFP has never operated a business of the type being franchised, offered franchises of the type being offered, except as our shareholder, or offered franchises in any other kind of business.

THE FRANCHISE OFFERED

CAROCO® stores are extended-hour retail convenience stores that emphasize convenience to the customer and provide energy (including fuel), fresh take-out foods, groceries, beverages, candy, dairy products, non-food merchandise, specialty items, certain financial services, lottery tickets and incidental services. Caroco convenience stores are generally open every day of the year, with the vast majority open extended hours. These stores are located in neighborhood areas, on main thoroughfares, in shopping centers, or on other sites where they are easily accessible and have parking facilities for quick in-and-out shopping.

Our franchise system is a business system that includes: a license to use the service mark "Caroco," training, continuing advice on operating a store, distinctive design, décor, color scheme, furnishings, hardware and software programs, standards, specifications, and procedures for operations, store inventory auditing, financing, merchandising assistance, advertising, and other services we describe in this disclosure document, all of which we may improve, amend, and further develop from time to time ("System").

You will sign the franchise agreement attached to this disclosure document as Exhibit A. In our franchise program for Caroco stores, we offer franchises for a single site that our affiliate owns or leases. Our affiliate owns or leases the land, building and equipment for the store, and will lease or sub-lease to you a fully equipped and stocked Caroco store that is ready to operate. In circumstances where the store is sub-leased to you, the length of our affiliate's lease may affect the term length of your franchise agreement. The granting of a franchise does not give you the right to operate any additional stores, although we may grant you the right to operate stores at additional sites through additional franchise agreements. We require that you organize a corporation or limited liability company in the state in which you operate a Caroco store and elect to be taxed as a Small Business Corporation under Section 1362 of the Internal Revenue Code ("S-Corporation"). Your owners will be required to guarantee your performance and bind themselves individually to certain provisions of the franchise agreement, including the covenants against competition, solicitation, and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. Unless local law requires otherwise, only individuals who sign the personal guaranty may be owners of the entity you organize.

MARKET AND COMPETITION

Retail convenience stores are located in cities and towns of all sizes, from rural areas to mature, urban areas. Your sales may be affected by minor seasonal factors, regardless of the location of the store. Sales may be more seasonal in certain areas or regions of the country than others.

Your market and competition will depend in part on the location of the store. Factors that may affect your location include the number and type of competitors in that area, population density, demographics of the neighborhood, vandalism and crime in the neighborhood, accessibility to the store, and local laws. Additionally, the convenience store and fuel and energy businesses are highly competitive with respect to products, price, service, location, food service,

and quality of service, and are often affected by changes in consumer tastes, economic conditions, population, and traffic patterns. We suggest that you consider these factors and conduct your own analysis before you make your decision to franchise a store. We suggest consulting other business owners in the area of the prospective store, local police officers, local chambers of commerce, or others with knowledge of the particular neighborhood where the prospective store is or will be located.

Caroco stores represent only a small percentage of the highly competitive food retailing industry. Caroco stores compete with many national, regional, local, and independent retailers, including grocery and supermarket chains, grocery wholesalers and buying clubs, mass merchandisers, other convenience store chains, super-regional chains, independent food stores, fast food chains, variety stores, dollar stores, and drug stores. In sales of fuel or other energy, Caroco stores compete with other food stores and service stations and generate only a very small percentage of the fuel and energy sales in the United States. Each store's ability to compete is dependent on its location, accessibility, and individual service. The stores face growing competitive pressures from new participants in the convenience retailing industry and the rapid increase in hypermarkets and super regional chains.

LAWS AND REGULATIONS

The sale of fuel and energy is subject to extensive federal and state legislation and regulations relating to environmental matters. Underground and above-ground storage tanks may be used at the store. Laws and regulations for underground storage tank systems include requirements for tank construction, inventory control, integrity testing, leak detection and monitoring, spill control, and corrective action in case of a release from an underground storage tank into the environment. Convenience stores selling fuel and energy are also subject to regulations in certain locations relating to vapor recovery and discharges into the water. Some existing laws and regulations regarding underground storage tanks require future compliance and are not immediately applicable. As you operate the store, you may incur expenses because of your obligation to comply with these laws and regulations and any additional requirements that may be imposed in the future.

Additionally, you may be subject to federal, state, and local environmental laws, including laws related to handling, clean up and/or removal of hazardous substances. Under the current laws relating to hazardous substances, a current or prior owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances like petroleum or petroleum products on, under, or in the property.

Federal, state, or local laws may limit the hours of operation or the sale of certain products in some stores. The most significant of these laws limit the sale of alcoholic beverages, but laws also limit the sale of tobacco products, possible inhalants, CBD and related products, games of skill, and lottery tickets. We or our affiliate will obtain all necessary licenses on your behalf except your business license. You may sell alcoholic beverages and tobacco products only in accordance with local licensing and other legal requirements. If your actions adversely impact the licenses obtained for you, we have the right to terminate your franchise agreement.

There are other laws affecting businesses generally that will affect your operation of the store, including federal, state and local laws, rules, regulations and ordinances that may apply to the operation of the store, including but not limited to those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the store; (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, cooking, and preparation of food; restrictions on smoking; 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) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (f) govern labor practices for your employees; (g) regulate the application of the Affordable Care Act and the Americans with Disabilities Act (“ADA”); (h) regulate USDA food stamps; and (i) regulate the federal Fair Credit Reporting Act.

We do not control your employment relationships. You are exclusively responsible for complying with laws governing the relationship with your employees. You will retain the services of employees and will be required to observe general employment laws and regulations, including payment of all withholding taxes, social security taxes (FICA), federal and state unemployment taxes, wage and hour laws including the Fair Labor Standards Act (child labor, minimum wage, overtime, and record keeping requirements) and equivalent state laws, immigration, laws prohibiting discrimination on the basis of race, color, national origin, sex (including pregnancy), religion, age, disability, genetic information, veteran status, and any other protected class characteristic, and you will be responsible for the prompt filing of all required returns, notices and reports of every kind and nature.

The store must be and remain at all times an authorized Supplemental Nutrition Assistance Program (“SNAP”) retailer and must participate in the program using Electronic Benefits Transfer (“EBT”) system equipment and transaction services. You must comply with all federal, state, and local laws and regulations regulating the implementation of SNAP and EBT.

You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance. You should consult your attorney or business advisor to discuss the impact of these and other laws on the franchise.

ITEM 2. BUSINESS EXPERIENCE

Name	Position	Principal Occupation During the Past 5 Years
Marvin Barnes	Chief Executive Officer	MR. BARNES has been our Chief Executive Officer and Vice President since we were formed in 2003. MR. BARNES has been the Chief Executive Officer of our affiliate M. M. Fowler since 2007. Both positions are located in Durham, NC.
M. Lee Barnes, Jr., PhD, MA, MBA, SHRM-SCP	President and Sole Manager	DR. BARNES has been our President and Sole Manager since 2007. DR. BARNES has been the President of our affiliate M. M. Fowler since 2007. Both positions are located in Durham, NC.
Jesse B. A. Daughtridge	Vice President and Chief Financial Officer	Since January 2019, MR. DAUGHTRIDGE has been our Vice President and Chief Financial Officer. MR. DAUGHTRIDGE has been the Vice President of Administration of our affiliate M. M. Fowler since 2005. Both positions are located in Durham, NC.

Name	Position	Principal Occupation During the Past 5 Years
Rob Carney	Regional Vice President of Operations, West	Mr. CARNEY has been our Regional Vice President of Operations since December 2019. This position is located in Durham, NC.
Ron Gibson	Regional Vice President of Operations, East	Mr. GIBSON has been our Regional Vice President of Operations since April 2025. From May 2019 to April 2025, he served as a Caroco business consultant. These positions are located in in Durham, NC.

ITEM 3. LITIGATION

Concluded Actions.

Amro Elsayed & Lola Salamah v. FAMILY FARE, LLC, M. M. Fowler, Inc., Lee Barnes, Jr. individually and as President of FAMILY FARE, LLC, M. M. Fowler Inc., and Donald Pilcher, individually, 18 CV 1045 (United States District Court Middle District North Carolina). On December 26, 2018, Lola Salamah, owner of former franchisee Almy, LLC, and her husband, Amro Elsayed (“Plaintiffs”), commenced a lawsuit against the Company alleging violations of (i) the Fair Labor Standards Act, the North Carolina Wage and Hour Act, (ii) National Origin/Race Based Discrimination and Wrongful Termination under 42 U.S.C. Section 1981, (iii) contract in violation of public policy, (iv) breach of implied covenant of good faith and fair dealing, unfair and deceptive trade practices, rescission, fraud, (v) violations of the North Carolina Business Opportunity Act, (vi) termination in bad faith and breach of contract, (viii) wrongful eviction, repossession, and breach of the peace. All of these allegations related to Almy’s tenure as a franchisee and its termination for conduct that breached multiple provisions of the Franchise Agreement. On February 25, 2019, we filed our Answer denying all material allegations in the Complaint. On February 18, 2020, the court granted in part our Motion for Partial Judgment on the Pleadings dismissing numerous claims filed by Plaintiffs. The court decided that the Plaintiffs’ claims relating to the North Carolina Wage and Hour Act, wrongful discharge, breach of the covenant of good faith and fair dealing, fraud, and the North Carolina Business Opportunity Sales Act failed as a matter of law. Plaintiffs were permitted at that time to amend their complaint to also assert a Title VII claim. On August 10, 2020, the court granted our Motion for Summary Judgment in part, dismissing as a matter of law all but two of the plaintiffs’ claims (both predicated on an alleged wrongful eviction), and found that (i) we were not joint employers of the Plaintiffs under either the Fair Labor Standards Act or Title VII, (ii) Lola Salamah was not our employee, and (iii) Plaintiffs’ discrimination and breach of contract claims failed as a matter of law. On February 2, 2021, after a two-day bench trial, the court granted our Motion for Judgment on Partial Findings dismissing all of plaintiffs’ remaining claims based on alleged wrongful eviction. Thereafter, on February 9, 2021, the court entered a final judgment that affirmed the dismissal of all of Plaintiffs’ claims in the lawsuit and found that the Company did not owe the Plaintiffs any monetary amount or other relief. Following entry of judgment, Plaintiffs filed a Motion for New Trial on March 2, 2021, which was summarily denied by the District Court on June 4, 2021. Plaintiffs filed a notice of appeal on July 1, 2021, appealing certain of the District Court’s orders to the United States Court of Appeals for the Fourth Circuit. The Court of Appeals affirmed the District Court orders in their entirety in a per curiam opinion. Thereafter, the District Court taxed costs to plaintiffs in the amount of \$6,250.98 to be paid to Defendants. Plaintiffs paid the full amount of taxed costs.

Purnima Sanghraika and Cary Foods, Inc. v. FAMILY FARE, LLC and M. M. Fowler, Inc., Durham County File No.17-CVS-3137 (Superior Court). On May 4, 2017, a former franchisee filed a complaint against us alleging claims for violation of the North Carolina Unfair and Deceptive Trade Practices Act; rescission; fraud and intentional misrepresentation/concealment; negligent misrepresentation; and breach of the duty of good faith and fair dealing. On July 17, 2017, we filed a motion to dismiss all claims. On September 29, 2017, the court granted our motion to dismiss and ordered that all of the plaintiffs' claims and causes of actions be dismissed with prejudice. Plaintiffs subsequently filed a notice of appeal with the North Carolina Court of Appeals on October 13, 2017. On February 5, 2019, the Court of Appeals unanimously affirmed the trial court decision in our favor. We motioned for the court to award us attorneys' fees, and in response, the plaintiffs agreed to pay us \$61,718.50 for our fees.

Except for the two actions noted above, no litigation is required to be disclosed in this item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this item.

ITEM 5. INITIAL FEES

Unless you are purchasing a Caroco store from another franchisee pursuant to our transfer process, your initial franchise fee ("Initial Franchise Fee") will be the greater of \$10,000 or the amount you bid through a sealed bid and auction process we establish. We do not impose a cap on the maximum bid you can make for a location. By allowing a candidate to bid on a store, we do not guarantee that such candidate is qualified to become a Caroco franchisee or that such candidate will be awarded the store. We will select the approved candidate based on numerous factors that we generally take into account when considering a franchise applicant to become a franchisee in our system, including without limitation, the franchise fee bid amount, the applicants' qualifications to become a franchisee, the applicants' compliance with the bidding requirements, and any other factors we determine are relevant to the qualification process all of which we will determine in our sole discretion. We are not obligated to select the candidate who submits the highest bid amount.

In our last fiscal year, the Initial Franchise Fee was applied uniformly.

For purposes of Item 7, we have estimated the Initial Franchise Fee to be between \$10,000 and \$1,000,000. You must pay the Initial Franchise Fee to us when you sign your franchise agreement. The Initial Franchise Fee you pay includes the cost of training for up to three representatives of the franchisee, including the Operating Principal and your employees with management responsibility, although you must pay either us, various service providers, and/or the trainee for the cost of attending training, including transportation, lodging, food, wages and other expenses associated with attending. At our option, we can waive the training requirement to the extent we believe you already possess sufficient industry experience.

In addition to the Initial Franchise Fee, you must pay us, when you sign the franchise agreement, a cash and safe fund for making change to customers ranging from \$1,000 to \$10,000. In addition, you must purchase from our affiliate a payroll record keeping device selected by us costing up to \$1,000. You must purchase from our affiliate certain computer systems and a time clock, which costs we estimate to be between \$1,500 to \$13,000. Other required equipment will be leased from our affiliate. These fees are non-refundable in any circumstances.

The Initial Franchise Fee and all other initial fees due us or our affiliate(s) are collectively referred to in this disclosure document as the “Initial Fees.”

If you refer a new, prospective franchisee to us who ultimately purchases a franchise from us, sign a Franchisee Referral Program Participation Agreement (attached hereto as Exhibit N), and comply with other obligations pursuant to the then-current franchisee referral program, you will receive from us \$5,000 paid at \$500 per month over a 10-month period. We may change the amount and type of award and/or end or change this practice or impose rules or conditions at any time. Your obligations currently include identifying the prospective franchisee to us in writing no less than one month prior to the prospective franchisee being identified by us as a participant in the referral program, employing the prospective franchisee for a minimum of one month prior to the prospective franchisee being granted a franchise, providing training during the prospective franchisee’s employment, and certain other obligations. Your participation in the program does not guarantee the prospective franchisee will be granted a franchise. We have full discretion to accept or reject a franchise applicant, and it is solely our decision whether the prospective franchisee you have identified to us is qualified and eligible to receive a Caroco franchise. Our obligation to pay the referral fee may be terminated if the referred franchisee’s franchise agreement is terminated during the 10-month payment period.

Unless otherwise described, all of the Initial Fees are fully earned upon receipt and non-refundable. If you do not complete any portion of our initial training program to our satisfaction, any financial, personal, or other information you provided to us is materially false, misleading, incomplete, or inaccurate, we determine you lack the necessary business experience, or we determine you are incapable of properly operating a Caroco business, your Franchise Agreement may be terminated and your Initial Franchise Fee will not be refunded. If you have completed to our satisfaction all of the steps necessary to open the store, but due to no fault of your own, (1) the store is not available within 90 days after you satisfactorily completed training or (2) the store does not open for business within 120 days after you sign the Franchise Agreement (or, if the store is under construction, within thirty (30) days after construction is completed, if later), then we can terminate the Franchise Agreement. If we do so and if you sign a release of claims against us and related parties, we will refund to you the Initial Franchise Fee, without interest, less any amount you owe to us.

We offer financing for all or a portion of the Initial Fees if a qualified applicant meets all of our loan qualifications and displays a financial need that, in our sole opinion, makes it difficult for the qualified applicant to pay all of the Initial Fees up front. We may not offer this financing to all applicants. See Item 10 for details.

ITEM 6. OTHER FEES

OTHER FEES

Name of Fee¹	Amount	Due Date	Remarks
Caroco Charge	Variable percentage of Gross Profit. ² Standard Continuing Royalty: Under the standard	Accrues daily, but we charge you once a month when we settle your account. At our option (i) you will either remit payment	The Caroco Charge is the continuing royalty payment we charge you for your license to use the Caroco service mark, the

Name of Fee ¹	Amount	Due Date	Remarks
	<p>program we receive 56% of Gross Profit and you receive 44% of Gross Profit.</p> <p>Caroco Option A: If you elect to participate in either the Price Book³ option or Promotions Program⁴, but not both, we receive 53% of Gross Profit and you receive 47% of Gross Profit.</p> <p>Caroco Option B: If you participate 100% in both the Promotions Program and the Price Book option, we receive 50% of Gross Profit and you receive 50% of Gross Profit.</p>	<p>to us, (ii) we will have our affiliate remit payment directly into our account from the revenue deposited with our affiliate and remit the remainder to you after paying all amounts due to us or our affiliates, or (iii) you will authorize us to withdraw payment directly from your account.</p>	<p>Caroco System and trade secrets, and the continuing services we provide.⁵ Up to three times during a 12 month period, you may change between the Standard Continuing Royalty, Caroco Option A, and Caroco Option B with 30 days prior written notice. The change will be implemented at the beginning of the calendar month following the notice period.</p>
<p>Cost of Goods Sold</p>	<p>Wholesale value designated by our affiliate.</p> <p>Applicable to inventory and supplies consigned to you by our affiliate.</p> <p>In the case of shrinkage, the retail value of the inventory⁶.</p>	<p>As product is sold or used.</p>	<p>Our affiliate is the designated vendor of inventory you sell at the store and of supplies you will use at the store.</p>

Name of Fee ¹	Amount	Due Date	Remarks
Traditional Fuels Commission	You receive a commission paid by our affiliate for each gallon of Traditional Fuels sold at the store. The commission will range between \$0.00 and \$0.03 per gallon as determined by our affiliate. Our affiliate will receive the remainder.	Accrues daily, but our affiliate pays you once a month for gasoline, diesel, kerosene, and liquid propane sales.	“Traditional Fuels” means gasoline, diesel, kerosene, and liquid propane. Traditional Fuels for sale at the store will be consigned to you by our affiliate. You do not pay a royalty on the Traditional Fuels sold at the store. Our affiliate will collect all funds and will remit to you a commission for your sale of Traditional Fuels at the store. Our affiliate has no obligation to pay a commission for any other types of fuels or energy sold at the store.
Rent	\$100 to \$15,000/month. ⁷	Monthly.	Our affiliate leases you the store and certain equipment for which our affiliate charges you rent. Rent may be calculated on a fixed rent basis, percentage of Gross Sales basis, or a combination of both. Our affiliate has the right to charge additional percentage rent once a monthly Gross Sales target is achieved on the amount in excess of the target. To determine whether the percentage rent threshold has been met, inventory shortage is added back. Each year our affiliate has the right to increase the rent by

Name of Fee ¹	Amount	Due Date	Remarks
			<p>the amount of the increase in the Consumer Price Index from the effective date of the lease. Any unused increase is available for rent increases in future years. If capital improvements are made to the premises during the lease term, our affiliate has the right to adjust the rent to cover these items over their useful life. Our affiliate reserves the right to deviate from the rent it charges in special circumstances.</p>
Early Termination Additional Rent	Greater of \$3,000 or two times the standard monthly rent.	Upon demand.	<p>Under certain conditions you can terminate your lease. You must first give our affiliate prior written notice of your intention. The effective date of the termination is the date our affiliate establishes, which can be from 15 days to 120 days after our affiliate receives your notice. If you abandon the store before the effective termination date, you will pay the additional rent for the time between the abandonment and the date of termination our affiliate established.</p>

Name of Fee ¹	Amount	Due Date	Remarks
Early Termination Liquidated Damages	Variable; amount equal to six months' worth of the average monthly Caroco Charge you paid for the prior 12 months.	Upon demand.	You can terminate your Franchise Agreement by giving us prior written notice of your intention. The effective date of the termination is the date we establish, which can be from 15 days to 120 days after we receive your notice. If you do not follow the termination procedures, you must pay us these liquidated damages.
Car Wash Commission	You receive 12% of sales received from operation of a car wash on the store premises less the customer refunds. Our affiliate receives the remainder.	Monthly.	Some Caroco stores have adjacent car washes. If the store has an adjacent car wash, you will be required to sign the car wash addendum to the franchise agreement and provide certain services related to the car wash in exchange for a commission based on our affiliate's proceeds from the car wash.
Games Commission	You receive 50% of the net proceeds that our affiliate receives after all payouts to game winners and all additional expenses for the games have been paid. Our affiliate receives the remainder.	Monthly.	If the store is eligible to install games of skill, you may choose to sign the games addendum to the franchise agreement and provide supervision and operation of the games in exchange for a commission based on our affiliate's proceeds from the games.

Name of Fee ¹	Amount	Due Date	Remarks
Lottery Revenue	50% of the gross profit our affiliate receives for the lottery tickets sold. Our affiliate receives the remainder.	Monthly.	The gross profit is established by the Lottery Commission. Neither we nor our affiliate is obligated to pay you a share of any award received from a winning ticket being sold at the store.
Lottery Equipment Rental	50% of the current weekly rental fee charged by the Lottery Commission. ⁸	Accrues weekly, but collected from you monthly.	Our affiliate pays the other 50% of the weekly rental fee.
Unauthorized Lottery Payment Fee	\$100 and loss of commission on transaction	Upon demand.	Accepting a customer payment type other than cash for the purchase of lottery tickets will result in this fee and deduction.
Electronic Benefits Transfer Transaction Fees	Up to 100% of the fees; currently 50%.	Monthly	You are required to accept Electronic Benefits Transfer payments at the store. Currently we require you to pay 50% of the transaction fees and our affiliate will pay the other 50%. Our affiliate collects this fee and remits it to the vendor on your behalf.
Interest Expense	Varies depending on amount we finance and the outstanding balance. The annual percentage rate is currently Wall Street Journal Prime Rate + 3 to 7%.	Monthly	We may provide financing for all or part of your Initial Fees and ongoing necessities at our sole discretion.

Name of Fee¹	Amount	Due Date	Remarks
Interest on Late Payments	18% or the highest rate of interest permitted by law, whichever is less.	Due with the late payment.	All amounts which you owe to us or our affiliates will bear interest automatically and without notice from us, after their due date.
Opening Trainer	\$500 to \$5,000 based on \$100 per day per trainer, plus travel/transportation expense.	Upon invoicing.	We may make available a trainer to provide additional training on-site at the store on or around the time you commence operations of the store.
Insurance	Varies, depending on premium incurred.	As due.	If you fail to procure or maintain the required insurance coverage, we may do so on your behalf and charge the amount of the cost to you, along with a reasonable fee for our time and expenses.
Premises Cleaning Fee	Actual cost.	Upon invoice. Will be collected by EFT.	Premises Cleaning Fee will be charged at any time including at the end of the lease if the condition of your premises does not meet our standards.
Renewal Fee	None.	Not applicable.	Not applicable.

Name of Fee¹	Amount	Due Date	Remarks
Franchisor Payments Reimbursement	Our costs and expenses.	Upon invoice.	If you fail to maintain your trade accounts in a current status, timely pay taxes or other amounts owing to any third parties, or perform any non-monetary obligations to third parties, we may, but are not required to pay any and all such amounts. If we do, you must reimburse us all amounts.
Default Damages	Our damages, costs, losses, and expenses.	Upon invoice.	You must promptly reimburse us upon request for damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by us as a result of any default.

<p>Transfer Fee</p>	<p>If your franchise was newly granted to you:</p> <p>(a) If we receive notice of the transfer within the first 12 months of executing the current franchise agreement (whether through a new purchase or renewal, or transfer), 25% of the purchase price paid by the transferee; or</p> <p>(b) If we receive notice of the transfer after the first 12 months of ownership, a fee consisting of the sum of (i) 15% of the first \$125,000 of the purchase price; and (ii) 25% of the purchase price amount that is greater than \$125,000.</p> <p>If your franchise was transferred to you:</p> <p>The amount of the transfer fee that was in the franchise agreement of the franchisee that transferred the store to you. This can range from 10% of the purchase price paid to 50% of the purchase price.</p> <p>All transfers: In all instances, you will also pay the costs (including attorneys</p>	<p>Closing of the transfer.</p>	<p>Fee is earned when the transfer is approved and paid by the transferor at closing.</p>
---------------------	---	---------------------------------	---

Name of Fee ¹	Amount	Due Date	Remarks
	fees) we incur reviewing the proposed transfer.		
Transfer Cleaning Fee	<p>The then-current cleaning fee multiplied by 4.</p> <p>Currently \$3,000.</p>	When we approve the transfer.	<p>The transferor will pay a fee equal to 4x the then-current cleaning fee. This amount will be held in escrow by us. We will return the transfer cleaning fee to the transferor, less the amounts used for store cleaning (even if the store is under the control of the transferee), at a time in our discretion, but no later than one (1) year after the date of the transfer. If we are not required to clean the store after the date of the transfer, the full amount will be returned. The maximum fee that can be charged is \$10,000.</p>
Service Fees	Varies, depending on the service performed.	Upon invoice.	<p>We may charge you a fee that we establish in our sole discretion if you request any changes or services related to the franchise agreement that we are not required to perform, including, but not limited to, name changes, incorporations, adding or removing an individual or entity from the franchise agreement, transfers or assignments of the franchise agreement. We may also charge</p>

Name of Fee ¹	Amount	Due Date	Remarks
			you for our attorneys' fees incurred as a result of our voluntary action on these matters.
Additional Training	Currently a rate of \$25 per hour per person plus out of pocket expenses and travel, with a minimum of 8 hours. Travel costs will include reimbursement for mileage at the then-current IRS published rate.	30-day notice of additional training with payment due before training.	If you request additional training, we reserve the right to require you to pay our then-current training fee, which may increase from time to time. In addition, you remain responsible for paying for you and your employees' lodging, transportation, wages, and food expenses incurred for additional training. The maximum hourly fee that can be charged is \$250 per hour per person.
Third Party Vendor Charges	Your share of any charges billed to us on behalf of your business.	After 30 days' notice, collected from your account by EFT.	Sometimes it may be in the best interest of the Caroco brand for vendors to bill us a system-wide charge for a product or service. We will then divide the invoice among our franchisees and charge you for your share.
Business Directory Listings	Actual out-of-pocket costs.	On demand.	You will place and pay the cost of business listings in the directories and categories we specify. Alternatively, we can do so on your behalf and at your expense.

Name of Fee¹	Amount	Due Date	Remarks
Audit Inventory	There is no charge for the first four audits per year. Thereafter, we have the right to charge you our then-current rates. However, if you request an audit that is the sixth or subsequent audit in a calendar year and we agree to the audit, we may, at our sole option and not obligation, pay 50% of the then-current charge.	Upon invoicing.	We will audit your inventory up to four times per calendar year for no charge. We may charge you for additional audits. We have the right to do more or less than four audits per calendar year.
New Good, Service, or Vendor Evaluation	Currently no fee, but one may be implemented	Upon invoicing.	If you ask us to review a good, service, or vendor that we have not previously approved, we reserve the right to charge you a fee for our review.
Temporary Management Assistance Fee	Costs and overhead, personnel fees, and expenses, plus a fee up to \$500 per day.	As incurred.	If we exercise our step-in right to temporarily manage the store because of death, incapacitation, or default, you must reimburse us for certain costs we incur in the operation of the store and pay a fee of up to \$500 per day. In connection with the step-in right, you will sign a Limited Power of Attorney attached to this disclosure document as Exhibit T.

Name of Fee¹	Amount	Due Date	Remarks
Hold Harmless and Indemnification	Varies; will depend on unknown factors.	Defense cost when suit occurs. Indemnification when payment required.	You agree to defend, indemnify, and hold us and related parties harmless should we be sued as a result of something you do or fail to do.
Attorneys' Fees and Costs	Depends on what we spend.	Upon invoicing.	You will have to reimburse us for our attorneys' fees and costs in certain actions where we prevail. Additionally, you have to pay our attorney fees and costs if our attorney responds to document production request or subpoena in a matter related to you or your business where we are not a party.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the franchise agreement.
Fines	Up to \$2,000 per infraction.	Upon notice of infraction. Will be collected from your account by EFT.	Incurred by your failure to operate in accordance with operating standards, use of unauthorized advertising, or breach of your obligations under the franchise agreement. We have the right to increase based upon changes in CPI.
Insufficient Funds	\$50 plus any fee charged to us for uncollected funds.	Upon notice.	Incurred by your failure to have sufficient funds available for payments to us.

Name of Fee¹	Amount	Due Date	Remarks
Failure to attend required training/convention	A fine of up to \$4,000 or an increase in Caroco Charge up to 1% in favor of us for balance of calendar year.	Upon notice of infraction. Will be collected by EFT.	We have the right to increase based upon changes in CPI. Missing a required training or convention is a default of the Franchise Agreement.
Notice of Noncompliance	The costs we incur plus the greater of \$250 or 10% of the costs incurred.	Upon invoice. Will be collected by EFT.	In lieu of termination, we can provide you written notice of noncompliance and provide a remediation plan you must follow. You must incur all expenses related to the compliance plan plus a fee.
Optional Substance Abuse Testing	50% of the cost we incur.	Upon invoice.	We offer an optional substance abuse testing for franchisees who elect to participate in the program. We pay 50% of the cost and you pay 50% of the cost we incur operating the program.
Hold Over Rent	Greater of \$3,000 per month or 200% of the amount of rent you pay under your lease.	Upon notice.	If you remain in possession of the store after the lease expires or terminates without coming to agreement with our affiliate, you will pay the greater of \$3,000 or 200% of the rental rate that was in effect at the expiration or termination of the lease.

Name of Fee¹	Amount	Due Date	Remarks
Data Inspections and Reimbursement	Varies.	Upon demand.	If you repeatedly violate the required data privacy and security obligations under the franchise agreement, we reserve the right to charge you our costs and expenses to inspect the store. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Transfer Damages	The greater of (a) 15% of the price paid by the transferee to franchisee or the owners, as applicable, or (b) \$25,000	Within 15 days of demand by us	If you engage in a transfer without first complying with the applicable transfer provisions of the franchise agreement, you will pay these liquidated damages.
Liquidated Damages	\$25,000	Within 15 days after termination of the franchise agreement	Payable if we terminate for cause.

Note 1: All fees and expenses described in this Item 6 are non-refundable and, unless otherwise indicated, are imposed by, collected by, and payable to us or our affiliates. All flat fees described in this Item 6 are subject to adjustment due to inflation. Unless we have noted differently, we may increase these amounts based upon changes in market conditions, and/or our cost of providing services and future policy changes, but we have no present plans to increase any fees. Unless we have noted differently, during our last fiscal year all fees are uniformly applied. There are no advertising cooperatives.

You will deposit the revenue from business operations into an account we establish at an approved financial institution, from which account our affiliate will transfer to your bank account on a monthly basis your net revenue less the Costs of Goods Sold, the Caroco Charge, any inventory overages or shortages due, and other amounts due to us or our affiliates. Rent and other expenses incurred by your business will be paid by you to our affiliate by bank draft or other methods directed by our affiliate. You must deposit all receipts from the store daily.

Note 2: "Gross Profit" means Gross Sales less the Cost of Goods Sold (defined above). "Gross Sales" means the total sales that you derive from the sale of Core Products at the Caroco store,

whether from sales for cash or credit and regardless of the collection thereof. "Gross Sales" does not include sales taxes or sales to other franchisees. Additionally, "Gross Sales" does not include the revenue generated from the sale of Other Products and Services.

"Core Products" means the food, beverage, and non-food merchandise and inventory, other than Other Products and Services, that is consigned to you through the approved commissary in accordance with the terms of the franchise agreement and merchandising program and are identified by us from time to time as Core Products. We can add, delete, and/or otherwise modify the list of Core Products at any time in our discretion. The sale of Core Products is subject to the Caroco Charge.

"Other Products and Services" are products and services, other than the Core Products, that we permit to be offered and sold at the Caroco store. Unless otherwise designated by us, "Other Products and Services" includes but is not limited to (i) products and services for which we or our affiliate receive a commission from a third party, (ii) products and services that are both provided by and transacted by machines or equipment, (iii) any kind of Energy (defined below), (iv) goods and services sold by other tenants of the leased premises, and (v) other goods and services that we may designate from time to time. Currently, Other Products and Services include financial services offered by ATM machines, air dispensing services, items sold from vending machines, lottery tickets, car wash services, games, and any fuels or energy. The sale of Other Products and Services are not subject to the Caroco Charge as all of the income from Other Products and Services belongs to us or our affiliate.

"Energy" shall mean gasoline, kerosene, diesel, liquid propane, electricity, or any other chemical, material, energy, or substance that is now or in the future used to provide the heat or power for transporting people and objects along a roadway.

Details regarding the sale of Core Products and Other Products and Services are set forth in the franchise agreement, Consignment and Commission Agreement, Car Wash Addendum, and Games of Skill Addendum.

Note 3: Price Book Program is an optional program offered by us whereby we provide suggested retail prices for inventory and merchandise items. Participation in such program requires you to sell such items at the suggested retail prices. The decision to participate in the Price Book Program is made in your sole discretion. To be eligible for the more favorable Caroco Charge you must participate in the then-current Price Book Program. We may discontinue the Price Book Program at any time, in our sole discretion.

Note 4: Promotions Program is a promotional program designed to promote sales at Caroco stores. While you may always participate in the promotional programs we offer, to be eligible for the more favorable Caroco Charge you must participate in all promotions we offer under the program. Your choice to participate in the Caroco Promotions Program is at your sole discretion. We may discontinue the Promotions Program at any time, in our sole discretion. We reserve the right to mandate some promotions in which you must participate, regardless of whether you have elected to participate in the Caroco Promotions Program ("Mandatory Promotions"). Participation in the Mandatory Promotions will not be considered an election to participate in the Promotion Program.

Note 5: If any franchise agreement requirements for merchandising, promotions and pricing, or food service standards are declared invalid by any court or administrative authority, we may terminate the franchise agreement, or we may unilaterally amend the franchise agreement to

increase the Caroco Charge by 3% for the remainder of the term. If we terminate the franchise agreement, we will endeavor to offer you a different Caroco franchise agreement with a term equal to the balance of the term then-remaining on the terminated franchise agreement. The terms of the new franchise agreement that we offer you will depend on the current economic situation, the effect of the court's final decision, and other factors.

Note 6: Inventory shortages or overages for an audit period that are 2% or less of the retail sales of Core Products will be calculated in the Cost of Goods Sold. For any inventory shortages for an audit period exceeding 2% of the retail sales of the Core Products, you will be required to pay the amount that exceeds 2% to our affiliate. For any inventory overages for an audit period exceeding 2% of the retail sales of Core Products, our affiliate will pay you this overage up to the inventory shortage you paid over the 2% the prior audit period or this payment can be used to offset a shortage greater than 2% the following audit period. In the event of any shortages in cash, or Other Products and Services, you will be required to pay the shortage amount to our affiliate. Our affiliate has the right to offset against any amounts owed to you for amounts owed to us or our affiliates.

Note 7: Rent may be calculated on a fixed rent basis, percentage of Gross Sales basis, or a combination of both. Our affiliate has the right to charge additional percentage rent once a monthly Gross Sales target is achieved on the amount in excess of the target. To determine whether the percentage rent threshold has been met, inventory shortage is added back. Each year our affiliate has the right to increase the rent by the amount of the increase in the Consumer Price Index from the effective date of the lease. Any unused increase is available for rent increases in future years. If capital improvements are made to the premises during the lease term, our affiliate has the right to adjust the rent to cover these items over their useful life. Our affiliate reserves the right to deviate from the rent it charges in special circumstances. If the store is temporarily closed due to our affiliate's improvement or remodeling of the store, you will not pay rent for the period of closure. Neither Caroco nor our affiliate will be responsible for any damages or lost profits you incur as a result of such a closure.

Note 8: If the store is temporarily closed due to our affiliate's improvement or remodeling of the store, you will not pay lottery equipment fees for the period of closure. Neither Caroco nor our affiliate will be responsible for any damages or lost profits you incur as a result of such a closure.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT ¹

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
PRE-OPENING COSTS					
Initial Franchise Fee ²	\$10,000	\$1,000,000	One lump sum, unless financed by us.	Due upon signing franchise agreement.	Us.
Store Inventory ³	\$0	\$0	As incurred.	Upon invoice.	Our affiliate

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Franchisee-Purchased Computer Systems ⁴	\$1,000	\$8,000	As incurred.	Upon invoice.	Vendors and our affiliate.
Time Clock	\$500	\$5,000	As incurred.	Upon invoice.	Our affiliate.
Professional Fees ⁵	\$0	\$25,000	Varies.	Varies.	Vendors.
Permits and Licenses	\$1,000	\$10,000	Generally, one lump sum.	Due upon submitting application or at time of obtaining license.	Licensing Authorities.
Caroco Charge ⁶	Percentage of Gross Profit	Percentage of Gross Profit	Lump sum when due.	Accrues daily, but we charge you once a month.	Us.
Interest Expense ⁷	Varies depending on amount we finance. The annual percentage rate is currently Wall Street Journal Prime Rate + 3 to 7%	Varies depending on amount we finance. The annual percentage rate is currently Wall Street Journal Prime Rate + 3 to 7%	Lump sum when due.	Accrues daily, but we charge you once a month.	Us. We may provide financing for all or part of your Initial Fees and ongoing additional necessities but are under no obligation to do so. Financing is at our sole discretion.
Payroll Service Deposit	\$500	\$1,000	Lump sum when due.	Accrues as payroll is paid and you pay as incurred.	Vendors.
Cash & Safe Fund	\$1,000	\$10,000	Lump sum.	At opening.	Us.

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Rent —3 Months	\$300	\$50,000	Monthly	Upon invoicing.	Our affiliate.
Training living expenses ⁸	\$1,000	\$5,000	As incurred.	Before opening.	Transportation companies, hotels, food establishments, etc.
Additional Funds—3 Months ⁹	\$15,000	\$60,000	As incurred.	(Money to work with through first 90 days – as incurred.)	Vendors, employees, payroll vendors, insurers, tradesmen, city, county.
TOTAL	\$30,300	\$1,174,000			

Note 1: In limited circumstances described in Note 2 we will refund the Initial Franchise Fee, but otherwise all other amounts paid to us or our affiliates are non-refundable. Other third-party vendors may have their own refund policies, but in general these costs are not likely to be refundable.

Note 2: The Initial Franchise Fee is equal to the greater of \$10,000 or the amount you bid for the store in a sealed bidding process. The \$1,000,000 included in this disclosure is illustrative of a hypothetical bid in the sealed bid process, but the actual amount you bid will determine the Initial Franchise Fee and could be higher or lower than this amount. The Initial Franchise Fee paid to us when you sign your franchise agreement is nonrefundable and deemed earned upon receipt. If you have completed to our satisfaction all of the steps necessary to open the store, but due to no fault of your own, (1) the store is not available within 90 days after you satisfactorily completed training or (2) the store does not open for business within 120 days after you sign the Franchise Agreement (or, if the store is under construction, within thirty (30) days after construction is completed, if later), then we can terminate the franchise agreement. If we do so and if you sign a release of claims against us and related parties, we will refund to you the Initial Franchise Fee, without interest, less any amount you owe to us.

Note 3: You are not required to purchase any store inventory. Our affiliate will deliver to the store on a consignment basis an initial inventory that is consistent with the Caroco merchandising program and thereafter replenish it in its discretion.

Note 4: You are solely responsible for acquiring a tablet computer and cell phone that meet our standards and specifications. These estimates do not include the cost of the cell phone service, which will likely be a monthly recurring fee. Other required equipment and Computer Systems (defined in Item 11) will be provided by our affiliate and will be included in the cost of your rent.

Note 5: You will need to retain an attorney, an accountant, and other consultants to help you to establish your franchise. Your cost will depend on the location of the franchise, the prevailing rates of local attorneys, accountants, and consultants. Your costs for these services are typically nonrefundable. You should inquire about the refund policy of the attorney, accountant, or consultant at or before the time of hiring.

Note 6: The Caroco Charge covers your continuing royalty to us for licensing our Marks, and Caroco System (which at this time includes training software). The Caroco Charge does not cover your premises rent payments.

Note 7: We offer financing for all or a portion of the Initial Fees if a qualified applicant meets all of our loan qualifications and displays a financial need that, in our sole opinion, makes it difficult for the qualified applicant to pay all of the Initial Fees up front. We may not offer this financing to all applicants. If we finance any part of your Initial Fees due us or our affiliate, you must repay the fee in 24 months beginning in the full month after you take possession of the store and continuing for up to 24 months. We will charge interest on the Initial Fees financed at an annual interest rate stated in the Promissory Note, which interest will equal the Wall Street Journal Prime Rate plus 3% to 7% depending on your creditworthiness. The current interest rate is between 10.5% and 14.5%. Total monthly loan payments under the financing terms could range from \$0.00 per month to \$48,250 per month. See Item 10 for more information.

Note 8: You are responsible for the cost of your transportation to our Service Collaboration and Support Center in Durham, NC for some of your training and for your food and lodging while attending training. Costs of training travel may include, without limitation, travel, lodging and meals.

Note 9: You will need additional funds during the start-up phase of your business to pay employees, pay for insurance, and pay other expenses (including the ongoing fees due under the franchise agreement). We estimate the start-up phase to be three months from the date you open your business. These amounts do not include any estimates for third-party debt service. These figures are estimates based on Caroco and Family Fare stores in development in 2024 and are based on the many years of experience that our management has in the gas station and convenience store field. We require that you meet certain net worth and liquidity requirements. Your actual investment may vary depending on location, the size of your premises, wage rates, transportation costs and other economic factors and we cannot assure you that you will not have additional expenses. Variances may result from local economic conditions, availability of materials and labor, and other conditions beyond our control. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. You should review these figures carefully with your business advisor.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

A. Authorized and Required Vendors, Goods, and Services. You must comply with our standards and specifications for all products and services carried, used, or offered for sale at the store. You must consign, purchase, or lease all products and services you use in the franchised business from us or a source we approve. You will be in default of your franchise agreement and we may fine you up to \$2,000 plus attorneys' fees per occurrence if you fail to use our designated vendors or to purchase designated approved products only from the designated vendors. Use of the term "vendor" means any suppliers, vendors, manufacturers, distributors, and

related businesses. We do not issue specifications to vendors at this time, but may do so in the future.

- Store Premises. Currently our affiliate is the only approved vendor of the store's premises and equipment rented with the building. Our affiliate will acquire the store's premises through purchase or lease. You will lease or sublease the store's premises from our affiliate through your rent payments to our affiliate. You will sign a lease with our affiliate at the time you sign the franchise agreement. The form of the lease is attached to the franchise agreement. You may not enter into a lease, sublease, franchise, or management agreement with any third party in connection with any portion of the store, store premises, or equipment, without providing us copies of the relevant agreements and related documents and without obtaining our prior written approval, which may be withheld or conditioned in our sole discretion. We have the right, in our sole discretion, to require you to delete, modify, or insert provisions into such agreements as we deem necessary to protect our rights under the franchise agreement.

- Financial Services Equipment. If the store has, or will have, an Automated Teller Machine ("ATM"), you must use only the machine and related services from the vendor we designate. We may change the vendor or type of financial services offered at any time. We or our affiliate expect to make a profit on the commissions or rentals paid on the ATMs or replacement financial services. You will not receive any revenues or profits from commissions or rentals paid on the ATMs or replacement financial services, and such revenues will not constitute Gross Sales.

- Vending Machine Equipment. If the store has, or will have, vending machine equipment, you must use only the equipment and related services from the vendor we designate. We may change the vendor at any time. We or our affiliate expect to make a profit on the commissions or bonuses paid on the vending machine equipment. You will not receive any revenues or profits from commissions or rentals paid on the vending machine equipment, and such revenues will not constitute Gross Sales.

- Air Dispensing Equipment. The store may have coin operated air dispensing equipment located on the premises surrounding the store building, which premises is not leased to you. We or our affiliate may place or replace air dispensing equipment on such premises at any time from the vendors we choose. We or our affiliate expect to make a profit on the commissions or bonuses paid on the air dispensing equipment. You will not receive any revenues or profits from commissions or rentals paid on the air dispensing equipment, and such revenues will not constitute Gross Sales.

- Car Wash. The store may have a car wash adjacent to it. If the store has an adjacent car wash, neither we nor our affiliate will lease you the car wash premises, but our affiliate will provide you with access to the car wash and reward you for selling car wash services and providing minimal maintenance services for the car wash. You are not responsible for the costs of maintenance and repair of the car wash facility or for the cost of detergent, wax, and other products necessary for the operation of the car wash, but you are required to maintain appropriate levels of chemicals necessary for the car wash facility, update the posted prices of the car wash, as required, sell and promote car washes to customers, and provide other services related to the sales and maintenance of the car wash. Our affiliate expects to make a profit from the revenue derived from the car wash. You will receive 12% of any revenues or profits from commissions or rentals paid on the car wash equipment and such revenues or profits will not constitute Gross Sales. We or our affiliate may build or remodel such car wash equipment on

such premises at any time, without any liability or obligation to you. If the store has a car wash, you must sign the Car Wash Addendum attached as Exhibit I.

- Games. The store may be eligible to install games of skill. Our affiliate will contract with one or more approved vendors to provide the games at the store. The vendor is responsible for the costs of maintenance and repair of the games. You have the responsibility to supervise the operation of the games to ensure that they are played in accordance with law and the procedures of the vendor or our affiliate. You will be responsible for paying out all winnings of the games in cash. For supervising the games, you will receive a commission equal to 50% of the net proceeds that our affiliate receives after all payouts to game winners and all additional expenses for the games have been paid, including taxes. Such proceeds or commissions shall not constitute Gross Sales.

- Lottery. You may be required to offer for sale at the store such products available from any relevant state lottery. You are required to pay 50% of the rental fee charged by the state or servicing entity for the lottery equipment, and our affiliate will pay the remaining 50%. You must accept only cash in the sale of lottery tickets. Our affiliate will pay you 50% of the gross profit earned from the sale of lottery tickets at the store, except that neither we nor our affiliate are obligated to share with you any award received from selling a winning ticket at the store. Revenues, profits, or commissions from the sale of lottery tickets will not constitute Gross Sales.

- Sanitation System. We may require you to use a designated sanitation system for performing certain types of store and equipment cleaning, and you must use only chemicals that are compatible with the designated system. You may have to sign an agreement with the vendor agreeing to use the designated chemicals.

- Restroom Cleaning. You are primarily responsible for the cleaning of the store restrooms. We may require you to use our designated vendor for supplemental restroom cleaning services and products. We have the right to establish the frequency with which you must have the restroom cleaned by your personnel and third parties and the services and products to be used.

- Substance Abuse Testing. If you elect to adopt the Caroco Substance Abuse Policy, you must use our Recommended Vendor for drug testing your employees.

- Bookkeeping and Financial Services. You will be required to use the bookkeeping and financial services vendors we designate. Currently we require that you use PrimePay for your payroll services and an approved vendor for your bookkeeping services. You are required to pay all fees charged by our designated bookkeeping and payroll services. At any time in our sole discretion we may designate additional or alternative approved providers for these services and revoke any provider's approved status. If you receive our permission to use an alternative provider of financial services, including bookkeeping services, we can revoke this permission on 30 days' notice in our sole discretion.

- Certain Computer Systems: You are required to lease some of your Computer Systems (defined in Item 11) directly from our affiliate or our approved vendor. You are not permitted to substitute sourcing from other third parties selling new or used equipment. You will be required to purchase a cell phone and tablet computer that meet our standards and specifications. Additionally, you will be required to purchase a time clock that meets our standards and specifications. Our affiliate will be the designated vendor of the time clock and may be the

vendor of the tablet computer. You are required to use the credit card processing service we approve.

You will be required to give us continuous access via the internet to your security cameras and recorded data to allow us to assist you in training and compliance with system standards. We will have the right to retain copies of the recorded data for any purpose. We have no liability to you for our use (or lack of use) of such data.

Since you will accept credit cards as a method of payment at your store, you must comply with payment card infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers, that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards. You are required to use the credit card processing service we approve. Your credit card processing provider should assist you with this compliance.

- Required Inventory. You are not required to purchase inventory from us or our affiliate. Rather, an inventory of Core Products for the store will be consigned to you by our affiliate. As described in Item 6, the Core Products include certain food, beverage, and non-food merchandise. Our affiliate will deliver the initial inventory to the store prior to opening. You will be responsible for obtaining additional inventory on consignment from our affiliate.

Some of the inventory we require you to obtain will be supplied by third-party vendors that are Recommended Vendors. “Recommended Vendors” are Bona Fide Suppliers (as defined below) that demonstrate the ability to meet our then-current standards and specifications, including credit terms and conditions and delivery standards, and who possess adequate quality controls as well as the capacity to supply your needs promptly and reliably. We also do not guarantee the performance of vendors to Caroco stores, and are not responsible or liable if the products or services provided by a vendor fail to conform to or perform in compliance with our contractual terms with the vendor. We can but are not required to share with you our standards and specifications for being a Recommended Vendor or Bona Fide Supplier.

In addition to the Core Products, you must have the following items consigned to you from our affiliate:

- Consigned Proprietary Products. You must have consigned to you products we have developed that are identified with our stores because of their formulas, manufacturing or distribution processes, or presentation to customers (the “proprietary products”) solely from or through a vendor we designate or from us or our affiliate.
- Trademarked Containers. You must have consigned to you and use specified trademarked containers for certain products, including proprietary products, offered in the store. These products include all of our fountain beverages, hot chocolate, fresh prepared coffee, frozen carbonated beverages and certain deli items. You must have these containers consigned to you only from vendors we approve or from us or our affiliate.

- Energy. If the store sells Energy, you must sell the Energy on our behalf or on behalf of our affiliate or an unaffiliated third party that we designate. “Energy” shall mean gasoline, kerosene, diesel, liquid propane, electricity, or any other chemical, material, energy, or substance that is now or in the future used to provide the heat or power for transporting people and objects along a roadway. You do not buy the Energy, but you must sell it at the retail prices our affiliate designates and perform certain duties relating to its sale. Our affiliate expects to make a profit on your sales of Energy. If we ever determine in our sole discretion that Energy sales are not satisfactory, or that we should discontinue Energy sales at the store for any reason, then we may remove all Energy equipment from the store without paying you any compensation. You will be required to perform numerous recordkeeping and safety tasks related to the sale of the Energy sold at the store (see Exhibit H Consignment and Commission Agreement). You must perform certain day-to-day maintenance on the Energy equipment.

Our affiliate will pay you a commission on the Traditional Fuels (gasoline, and if applicable, diesel, liquid propane, and/or kerosene) you sell (see the Consignment and Commission Agreement). Our affiliate has no obligation to pay you a commission on the sale of electricity, or any other chemical, material, energy, or substance that is used to provide the heat or power for transporting people and objects along a roadway, other than Traditional Fuels (collectively, the “Alternate Energy”). Any revenue sharing related to the sale of Alternate Energy shall be done at our affiliate’s sole option and discretion and will be subject to its then-current policies. We and our affiliate reserve the right to end all revenue sharing related to Alternate Energy at any time for any reason.

- Optional Inventory to be Consigned

- Fresh Foods and Certain Merchandise. Under some circumstances, and all in compliance with the franchise agreement and our policies, you may select the vendors of certain fresh food and merchandise. If the products are approved by us and the vendor is a Recommended Vendor or Bona Fide Supplier (defined below), the commissary will purchase the fresh food or merchandise from the vendor and consign it to you. You will not directly purchase the fresh food or merchandise from your selected vendor. We allocate shelving space in the store for the sale of this merchandise and fresh food you select. In both the case of the perishable food products and the merchandise, you must only select and sell products and merchandise that do not reflect poorly on the Caroco Brand.

- Additional Goods and Services. To the extent you are permitted to source, purchase, or consign goods or services from vendors other than those designated by us, all products and services you sell from the store or use in the operations of the store must be sourced from “Bona Fide Suppliers.” Bona Fide Suppliers are vendors that comply with our then-current standards and specifications and regularly supply merchandise, supplies or services to retail businesses such as convenience stores and perform all of the functions normally associated with those activities. Bona Fide Suppliers of inventory must meet our credit terms and conditions and delivery requirements. You cannot have any ownership or voting interest in any vendor from which the store purchases inventory, unless the vendor is a publicly traded company or unless we give you our written consent. In addition,

all products, whether required purchases or optional inventory purchases, must meet our approval and not reflect poorly on the Caroco brand and System.

- **Insurance.** You are obligated to obtain and maintain at your own expense such insurance that we require from time to time from approved insurance providers or through approved insurance brokers and at all times during the term of the franchise agreement maintain in force and pay the premiums for all types of public liability insurance with complete operations coverage with limits of liability for bodily injury, personal injury and advertising injury of not less than \$1,000,000, limits of liability for property damage of not less than \$1,000,000 in each occurrence, \$1,000,000 of public and product liability coverage, workers' compensation insurance of the greater of \$500,000 for each accident or the statutory requirement, and employment practices liability insurance coverage in the amount of \$100,000. Your insurance will be primary coverage.

The franchise agreement also outlines the types, amounts, terms and conditions of insurance coverage required for the store, including, but not limited to, standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend a claim; and similar matters relating to insured and uninsured claims. In our discretion, we may charge you the amount of your insurance premiums, and we will pay such premiums on your behalf. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments, and your history. All insurance policies must name both us, our affiliate, and other parties specified in the franchise agreement as additional insured parties and provide for a waiver of subrogation in our favor.

B. Method of Approving Goods, Services, and Vendors. If you want to use a good, service, or vendor that we have not approved, you must first submit to us key information and possibly samples. If available through our Brand Standards Manual, or otherwise, we will provide you, at your request, our criteria and specifications. We may consider factors like specifications, components, performance history, delivery requirements, technical and performance properties, design, appearance, reliability, delivery capability and reliability, durability, the manufacturer's warranties, quality control methods, taste, ingredients, and financial ability of the vendor, impact on the franchise system at large, and public perception and brand image. Even if a good, service, or vendor meets our criteria, we still have the discretion not to approve its use. Our review is generally completed in 90 days. We will advise you in writing of our decision. We can revoke our approval of any alternative vendor in writing at any time. We impose these restrictions to safeguard the integrity of both the Caroco System and our trademarks. We do not currently, but reserve the right in the future, to charge you a fee for review of goods, services, or vendors you wish to have approved.

C. General Requirement to Use Approved Vendors. Where we have designated an approved vendor, you must use that vendor. You will be in violation of the franchise agreement if you do not purchase or consign your business's goods and services from the designated vendor, if one is designated. If you violate the franchise agreement we may, at our option, take legal action against you to compel compliance, terminate your franchise agreement, and/or fine you. Because of the volume of business that franchisees and/or our System brings to our suggested, authorized, or designated vendors, distributors, brokers, manufacturers, and others, you may enjoy lower costs of goods sold than you could receive from other vendors. On the other hand, you may encounter higher costs of goods sold than you would otherwise encounter if you were not required

to obtain such items from our authorized or designated vendors. We have the right to change our business relationship with our approved vendors as well as the right to add and/or remove approved vendors from the approved vendor list, at any time. We have the right to alter our relationship with the above-mentioned vendors or to create relationships in which we receive revenue, rebates, and/or other consideration or compensation of any kind or nature at any time in the future. These modifications and new vendor relationships could result in increased costs of goods sold for you.

Except for us, M. M. Fowler, and BFP, no other affiliate is currently an approved vendor or owns an interest in any approved vendor or receives any benefit from required purchases or leases. Our officer, Dr. M. Lee Barnes, Jr., owns interests in us and our affiliates and no other approved vendor. Nevertheless, we, our officers, and our affiliates (including future affiliates) reserve all rights to do so in the future. We do not provide material benefits to you based solely on your use of approved vendors.

Where we have designated an approved regional vendor, you must use that vendor and, if applicable, any trademarks or trade names we designate you to use of such regional vendor.

D. Revenue Derived. For the year ending December 31, 2024, we received 0% of our revenue of \$22,891,488 from franchisee purchases. Our affiliate, M. M. Fowler, will derive revenue from your required purchases and leases. For the year ending December 31, 2024, the total revenue for M. M. Fowler from required purchases or leases to franchisees was \$12,893,456 or 1.702% of M. M. Fowler's total revenue of \$757,602,520 which total revenue includes all sales taxes, excise taxes and revenue collected on behalf of franchisees from both the Family Fare and Caroco franchise systems. These amounts include revenues from franchisees' required purchases and/or leases and revenue covering, among other things, our franchisees' required leases of store buildings and equipment, and also may include amounts that are not related to required purchases and/or leases. Neither we nor M. M. Fowler will have an obligation to share such revenue received with you except as specifically set forth in the franchise agreement and in this disclosure document.

We often negotiate purchase agreements and cooperative marketing agreements with vendors and others. We make no guaranty, warranty, or promise that we will do so for your benefit or obtain the best pricing, costs of goods sold or most advantageous terms on behalf of the franchise system. We and our affiliates may profit from the agreements with these approved vendors, including agreements that relate to the inventory that is consigned to you for sale at the store. We may receive other payments, fees, rebates, commissions, and reimbursements from approved vendors and others as a result of your orders of consigned inventory, supplies, and merchandise that they supply, and this may result in higher costs of goods sold.

We have negotiated certain purchase arrangements (including price terms) for the required purchase of certain products from designated vendors. During 2024, we received approximately \$10,250,720 in advertising, rebates and other payments from vendors based on the amount of inventory, supplies, and merchandise consigned to you for sale at the store. We have the right to receive such rebates, now and in the future, and all money or property received as rebates is exclusively our property for use as we deem appropriate. Rebates paid to us or our affiliates may result in a higher cost of goods sold for the store and/or you. In the future, we may have other approved vendors where we receive compensation from your relationship with them.

E. Required Purchase Percent of Revenue. The required purchase of products from the Recommended Vendors or other authorized vendors, including us and our affiliates, will

represent between 97% and 100% of your or the store's overall purchases in establishing and operating a Caroco store. The cost as a percentage of revenue will vary depending on the product mix sold to customers and the revenue achieved by the business.

F. Warranty and Customer Service Requirements. Our franchisees guarantee the satisfaction of our customers. Therefore, if a customer complains about our products or services, we have established certain procedures you are required to follow to resolve the concern, which could result in not charging the customer for such products or services provided or providing discounts for future purchases or services.

G. Purchasing or Distribution Cooperatives. Currently you are not required to participate in a purchasing or distribution cooperative. However, we have the right to require you to participate in a local advertising purchasing cooperative in the future.

ITEM 9. FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Franchise Agreement Paragraph E, Sections 1(a), 2(c)(vi), 3, 34(i) and Exhibit 3	Items 7, 8, and 11
b. Pre-opening purchases/leases	Franchise Agreement Sections 3, 4 and 5(a)	Item 8
c. Site development and other pre-opening requirements	Franchise Agreement Sections 6, 7 and 8; Consignment and Commission Agreement Section 1	Items 7, 11
d. Initial and ongoing training	Franchise Agreement Section 4	Item 11
e. Opening	Franchise Agreement Section 6, 7, 8, 9, 10, 12, 13, 14 and 19; Consignment and Commission Agreement	Items 5, 7, 11
f. Fees	Franchise Agreement Section 5	Items 5, 6, 7, and 17
g. Compliance with standards and policies/Brand Standards Manual	Franchise Agreement Paragraphs C and F and Sections 6, 9, 10(f), 11(b), 12(i), 14(b) and 22(b); Consignment and Commission Agreement	Items 13 and 15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
h. Trademarks and proprietary information	Franchise Agreement Paragraph B, Sections 10(g) and 12	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement Section 7; Consignment and Commission Agreement	Item 16
j. Warranty and customer service requirements	Franchise Agreement Sections 14, 15(h), 20(b)(vii)	Item 15
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Franchise Agreement Section 7; Consignment and Commission Agreement	Not Applicable
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections 3, 6 12(h) and 17	Item 9
n. Insurance	Franchise Agreement Section 19	Items 6 and 9
o. Advertising	Franchise Agreement Section 10	Items 6 and 9
p. Indemnification	Franchise Agreement Section 18	Item 6
q. Owner's participation/management/staffing	Franchise Agreement Sections 13, 34(j)	Item 15
r. Records and reports	Franchise Agreement Sections 13 and 25	Items 6, 16 and 17
s. Inspections and audits	Franchise Agreement Sections 13, 22 and 25(c) & (d)	Item 6
t. Transfer	Franchise Agreement Section 26	Item 17
u. Renewal	Franchise Agreement Section 2(c)	Item 17
v. Post-termination obligations	Franchise Agreement Sections 2, 21, 24(d) & (e)	Item 17
w. Non-competition covenants	Franchise Agreement Sections 21(c), 24	Item 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
x. Dispute resolution	Franchise Agreement Section 33	Items 6 and 17
y. Guaranty	Franchise Agreement Section 27	Item 10

ITEM 10. FINANCING

We offer financing for all or a portion of the Initial Fees and possibly additional amounts for operating expenses if a qualified applicant meets all of our loan qualifications and displays a financial need that, in our sole opinion, makes it difficult for the qualified applicant to pay all of the Initial Fees up front. We may not offer this financing to all applicants. The Initial Franchise Fee Promissory Note and Security Agreement in Exhibit K to this disclosure document contain all of the terms of the financing we offer and you must sign it if we finance any part of your Initial Fees. If we finance any part of your Initial Fees due us or our affiliate, you must repay the fee in 24 months beginning in the full month after you take possession of the store and continuing for up to 24 months. The Promissory Note will be secured by qualified collateral determined by us, which may include real and personal property owned by you and the store. We will charge interest on the Initial Fees financing at an annual interest rate stated in the Promissory Note, which interest will equal the Wall Street Journal Prime Rate plus 3% to 7% depending on your creditworthiness. The current interest rate is between 11.5% and 15.5%. You can prepay the Initial Fees financing at any time without a prepayment penalty.

Our affiliate will consign to you all inventory for the store. You must sign the Consignment and Commission Agreement in Exhibit H. Under the terms of the Consignment and Commission Agreement, you will not pay our affiliate any interest on the inventory and will only pay our affiliate for the products you sell. You will deposit the revenue from business operations into an account we establish at an approved financial institution, from which account our affiliate will transfer to your bank account on a monthly basis your net revenue less the Costs of Goods Sold, the Caroco Charge, any inventory overages or shortages due, and other amounts due to us or our affiliates. Rent and other expenses incurred by your business will be paid by you to our affiliate by bank draft or other methods directed by our affiliate. You must deposit all receipts from the store daily.

This financing is offered if you comply with the franchise agreement. We secure the financing of the Initial Fees described in Item 5 with a security interest in the store's goods, wares, equipment, inventory, fixtures, and other personal property used in the business. You must sign a security agreement, a deed of trust, a financing statement (and continuations) and any other documents we require to maintain our security interest. The agreements provide that we may exercise one or more of the following remedies upon your default: (a) foreclose or otherwise enforce our security interests in any or all collateral; (b) sell or otherwise dispose of any or all collateral at one or more public or private sales on the terms and in the manner we determine; and (c) enter onto any property where any collateral is located and take possession of such collateral with or without judicial process.

Additionally, under the Consignment and Commission Agreement, our affiliate may immediately terminate the agreement if there is a default or our affiliate determines that its rights in the consignment inventory are or may become impaired or in jeopardy.

Your owners must personally guarantee your performance under the franchise agreement, Consignment and Commission Agreement, Initial Franchise Fee Promissory Note and Security Agreement, and related agreements, including payment of all amounts due. Otherwise, there are no other personal guaranties required for this financing. Under the guaranties, your owners will waive rights of notice, protest, presentment, dishonor and all other rights or defenses.

Although we have no current practice or intent of doing so, we and our affiliates have the right to assign our rights under the franchise agreement, Consignment and Commission Agreement, and other agreements, including our financing obligations, to a third party, which may cause you to lose all defenses against us.

You may obtain financing from another source you choose, but we cannot guarantee that other financing is available or the terms of such other financing. We do not offer financing arrangements from any other sources, and we do not receive payments for the placement of any financing. We do not guarantee any note, lease, or obligation.

TERMS OF FINANCING

Item Financed	Source of Financing	Amount Financed	Down Payment	Term	APR %	Monthly Payment	Prepay Penalty	Security Required and Guaranties	Liability Upon Default	Loss of Legal Right Upon Default
Initial Fees and/or additional amounts for operating expenses	Us	Up to 100% of the Initial Fees and additional amounts for operating expenses	Initial Fee – amount financed	Up to 24 months	Prime + 3% to 7%	Amortized payments of interest and principal calculated based on the terms of your loan.	None	Goods, wares, equipment, inventory, fixtures and other personal property used by and belonging to you and used in store operations. Personal guaranties are required.	If default not cured, note becomes due in full and you must pay collection fees we incur, including attorneys' fees and court costs. Default interest of up to the maximum rate allowable at law or 18%, whichever is less.	Defaults under the promissory note are also defaults of the franchise agreement and other agreements. If default not cured, termination of franchise agreement.
Consignment	M. M. Fowler	100% of the inventory in the store and products used by the store	\$0.00	Equal to the term of the franchise agreement	0%	Value of inventory sold or products used during month	Not applicable	Consignor retains title to inventory until sold by you. Right to offset against money owed to you. Personal guaranties are required.	Indemnification of our affiliate, liability for all amounts owed to our affiliate. Consignor retains title to inventory and proceeds.	Defaults under the consignment agreement are also defaults of the franchise agreement and other agreements. If default not cured termination of franchise agreement.

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

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

Before you sign your franchise agreement and open your business, we will:

- Designate the Store's Location. We select the location for each of our franchisees' stores based on general location and neighborhood, traffic patterns, ample parking facilities, accessibility, population and demographic studies, size, layout and other physical characteristics, and purchase or lease terms including duration. The location of the store you franchise is designated in the franchise agreement before you sign the agreement. (Franchise Agreement Section 1(a)) Our affiliate will lease the location to you. You will not have responsibility for constructing, improving, or decorating the store or ensuring that such actions conform with local requirements. You will have maintenance obligations.

After you sign your franchise agreement, but before you open your business, we will:

- Equip the Store. Our affiliate or a third-party vendor we choose will install equipment in the store that we deem necessary in our sole opinion, along with any fixtures or other improvements we determine in our sole opinion are necessary. (Franchise Agreement Section 3(a)). Other than as contained in this disclosure document and the Brand Standards Manual, we do not provide you with any specifications for these items. You may not have on your premises any vending machines, newspaper or magazine racks, games, rides, amusement devices, juke boxes, whether or not coin operated, nor any unapproved music, music systems, or other entertainment systems or activities without our prior written consent.

The store must be equipped with the computer systems, hardware (including but not limited to cash registers, mobile devices, and tablets), software, electronics, communications equipment, point of sale systems, self-checkout systems, transaction systems, automated systems, robotics, applications, and technologies (collectively, the "Computer Systems") that we require. Our affiliate will equip the store with an electronic cash register that records data on all sales at the store, and such equipment will be part of the rent. Other Computer Systems our affiliate will provide are listed on Exhibit E. To improve the customer experience, reduce wait times, and reduce the burden on your employees, you must implement our approved self-checkout Computer System. Self-checkout stations must be open and available for customer use during all business hours. (Franchise Agreement Section 8(c)) We will install additional Computer Systems as we deem necessary to assist in automating certain functions in the store. The Computer Systems that our affiliate installs are part of the proprietary Caroco System.

Neither we nor our affiliate will lease the following items to you and you must acquire them: a time clock, tablet computer, and a functioning cell phone with the capability to receive text messages from us, all of which must meet our standards and specifications. Our affiliate may be the designated vendor of the time clock and tablet computer. You must provide us with the cell phone number. We estimate that the cost to purchase these items is between \$1,500 and \$13,000. These estimates do not include the cost of the cell phone service.

Our affiliate may provide ongoing upgrades and updates to the Computer Systems as we direct and which we have determined are necessary, and you have no contractual obligation to upgrade or update the Computer Systems; however, you will be responsible for maintenance for

your computer hardware to the extent necessary. We estimate the cost of this maintenance to be about \$1,000 annually. Our modifications and specifications for components of the Computer Systems may require you to incur costs to purchase, lease, or license new or modified Computer Systems and to obtain service and support for the Computer Systems during the term of your franchise agreement.

We may develop proprietary or non-proprietary Computer Systems. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with vendors. Additionally, if we enter into a license agreement with a vendor and sublicense the Computer Systems to you, we may charge you for all amounts we pay to the vendor based on your use.

The Computer Systems generate, store, and transmit transaction data and other business, human resources, and operational data. You must use the Computer Systems in the store. You must use the computer to prepare cash reports and other reports that you must submit as part of our administrative services. You and your staff must use the Computer Systems to access e-training provided on our approved e-training platform. You must disclose to us any passwords or codes associated with the Computer Systems.

We have the free and unfettered right to retrieve any data and information from your Computer Systems, including video cameras, as we, in our sole discretion, deem appropriate, including electronically polling the daily sales, video camera footage, and other data of the franchised business. Our access to such data is necessary for the successful operation of the franchise system and we will install any and all Computer Systems as may be necessary in order to facilitate our access to the data, and you must connect your Computer Systems, including POS System and video cameras, to the internet and pay all expenses including hardware and software licenses to facilitate our access to the data. We have the right to require you to provide us with 24/7 access to your Computer Systems. Also, you agree to hold us, our affiliates, our or their agents, and our or their assigns harmless with regards to any damages that may occur to the Computer Systems and/or data or information contained on it as a result of our accessing or having access to the data. Neither we nor our affiliate are responsible under any circumstances for any malfunction or "crash" of the Computer Systems we or our affiliate require, recommend, provide, or approve, including for any store data lost as a result of that malfunction or "crash." There is no contractual limit on our right to access data or the Computer Systems.

- Training. We will offer you a training program. (Franchise Agreement Section 4). Both your Operating Principal and any employee with a management role must attend training. All required trainees must successfully complete the training program unless we waive this requirement with respect to them. We plan to conduct the training program at least one time per year on demand, with prior notification to balance your convenience with the efficiencies achieved by training several students at one time. It is conducted at our Service Collaboration and Support Center or at an alternative location we designate. Your Operating Principal must complete the training program to our satisfaction before we will authorize you to open your Caroco store. All training will be conducted in English and those attending training must have sufficient competency in both written and spoken English. Training materials include presentations, manuals, and hands-on experience.

There is a charge for this training program. However, if you buy the franchise from us, your initial franchise fee includes the cost of initial training for up to three people pre-opening. You bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals, and other living expenses you and your trainees incur.

You agree to keep the store employees adequately trained in the operation of the store so they can provide superior customer service and properly carry out the operations of the store in accordance with the Caroco System and the franchise agreement. We may offer additional training that we deem necessary based on changes in the Caroco System. You may be required to participate in additional training if you renew the franchise agreement or if you transfer to another store because we lose the right to occupy the property where the store is located. You agree to participate, and to require your employees to participate, in any additional training programs we make available relating to the proper sale of age restricted products or the sale of other products that are regulated and which could lead to a violation of law if not properly sold, and any other training programs we designate as required. You must successfully complete all required additional training to our complete satisfaction as we may determine in our sole discretion. We may make additional training programs available through computers or other electronic devices. You will be required to use such equipment to complete additional training. If you request any additional training from us, we have the right to require you to pay our then-current additional training fee. You will be responsible for all expenses, including costs of the training program, travel, lodging, meals and wages incurred by your trainees and other personnel in connection with any additional training.

The initial training program covers such topics as the Caroco brand; customer guarantees; selling techniques; service guidelines; POS system and cashier procedures; merchandising and inventory; inside and outside cleaning and maintenance; opening and closing procedures; vendors; security; and alcohol, tobacco, energy and fuel, and lottery regulations. The e-training component of the initial training program addresses, among other topics, safety, cash control, crisis procedures, cleaning, equipment issues and maintenance, customer service, merchandising, counting inventory, reports, operation roles, and maintaining the Caroco brand.

The exact amount of time spent on each part of the training will depend on the time required for mastery by the students participating in the training. Participation in the referral program before becoming a franchisee may affect the amount of time spent on each part of the training. Whether or not this will accelerate a franchisee's training is at our sole discretion. While we use various trainers throughout the training program, all of the trainers will be certified by us as having mastered the subject matter they are teaching with a minimum of two years of industry experience.

TRAINING PROGRAM

Course	Hours Classroom Training	Hours/ On-the-Job Training	Location
Retail 1000	1	0	Service Collaboration and Support Center in Durham, NC or designated location
Retail 2000	4	0	Service Collaboration and Support Center in Durham, NC or designated location
Retail 3000	5	0	Service Collaboration and Support Center in Durham, NC or designated location
E-Training	0	4	The store
POS System	0	10	The store or another Caroco store

Course	Hours Classroom Training	Hours/ On-the-Job Training	Location
Customer Service	0	3	The store or another Caroco store
Merchandising	0	3	The store or another Caroco store
Cleaning	0	3	The store or another Caroco store
Operating Procedures	0	10	The store or another Caroco store
Vendor Relations	0	5	The store or another Caroco store
Lottery Operations	0	5	The store or another Caroco store
Administrative Operations	0	5	The store or another Caroco store
Other Administrative and Operations Procedures	0	3	The store or another Caroco store
Total	10	51	

We are not obligated to, but we may provide a trainer to be on-site at the store on or around the time that you commence operations. You will pay us a fee for this additional training.

- **Brand Standards Protocols Education Materials.** In addition to the initial training, we may give you access to online training materials you will use to educate your employees regarding their role in the operation of your business. This program is user-paced but consists of approximately 150 minutes of online video training. There is currently no charge to you for these materials other than the time you will expend administering them to your employees and the payroll expense you will incur while they are being trained. (Franchise Agreement Section 4)

- **Brand Standards Manual.** We lend you our Brand Standards Manual. (Franchise Agreement Section 14(b)) The Brand Standards Manual may be in written or electronic form. It contains mandatory and suggested specifications, standards, and policies and procedures. The Brand Standards Manual is confidential and remains our property. Your employees are to see it only on a need to know basis, subject to confidentiality agreements. We may modify this material from time to time and its modified terms are binding on you. In the event there is a difference in your version of the Brand Standards Manual and the version at our Service Collaboration and Support Center, our version governs. The Brand Standards Manual currently contains a total of 56 pages. The following is the Table of Contents of our Brand Standards Manual as of the date of this disclosure document:

NO. OF PAGES	TOPIC
1	Welcome letter
7	Brand Standards Requirements
1	Code of Values

NO. OF PAGES	TOPIC
6	Store and Premises Housekeeping Schedule
15	Additional Policies
6	Privacy Policy
20	Substance Abuse Policy (Franchisees May Elect to Adopt)

We may periodically amend, update, or replace the contents of the Brand Standards Manual. You must comply with each amended, updated or replaced provision. Revisions to the Brand Standards Manual will be made in our sole discretion.

- Inventory and Supplies. Our affiliate will consign inventory and supplies to you for you to sell and have them delivered to the store. (Franchise Agreement Section 7)
- Assist with Licenses and Permits. We help obtain all licenses and permits that we determine are necessary for your operation of your Caroco store other than your business license. These licenses include certificates of occupancy, all health permits, food stamp licenses, tobacco licenses, retailer licenses, alcoholic beverage licenses (these products cannot be sold at all locations), lottery licenses, and others. (Franchise Agreement Section 12(c))
- List of Approved Vendors. Before you open your location, we will provide you with a copy of our list of approved vendors for all required goods and services. (Franchise Agreement Section 15(o))
- Other. We are not required to provide you other supervision, assistance, or services prior to the opening of the franchised business. Other than as described in the training section above (which training is permitted by the Franchise Agreement and is lawful), we will not train your employees. We do not hire your employees.

During the operation of the franchised business under your franchise agreement, we will:

- Ongoing Support. Our affiliate will continue to consign inventory and supplies to you for you to sell and have them delivered to the store. To the extent we have them, we will continue to supply you with a list of approved vendors and the Brand Standards Manual. We may make additional training available to you, as discussed above. Other than as described in the training section above (which is training permitted by the Franchise Agreement and is lawful), we will not train your employees. We do not hire your employees. We have designated payroll services that you must use, which will assist you with payroll administration. (Franchise Agreement Sections 4, 7, 14(b), and 15(g))
- Provide advice and consultation services to you. If you request advice or consultation service that requires us to make our staff present at your franchised business, we may charge you the per diem compensation costs for the staff provided, plus expenses. Otherwise, our field consultants may visit the store periodically without cost to you to assist and provide consultation services to you. While we are not responsible for resolving your operating problems, we will strive to provide advice and recommendations through field consultants. (Franchise Agreement Section 4)

- Merchandising Assistance. As a franchisee, and subject to our reserved rights, you can establish the retail selling prices for your merchandise (except for consigned Energy). However, we also offer our Price Book Program whereby we will provide from time to time a list of Recommended Vendors, indicating the type of merchandise you should sell, and the suggested retail selling price. Your participation and compliance with our Price Book Program may lower the Caroco Charge we charge you. We also reserve the right, to the fullest extent permitted by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices of products, beverages, merchandise, or services sold at the store. If you sell any products, beverages, services or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that the recommended or required price will enhance your sales or profits. Your sale of the inventory consigned to you may be at prices below our affiliate's cost to purchase the consigned inventory. We reserve the right to mandate that you participate in some promotions, regardless of whether you have elected to participate in the Caroco Promotions Program. Such Mandatory Promotions may include promotional pricing that you must implement. Except for limited instances where you can select the merchandise for sale, you will be required to sell the products and services that we designate. We may, but are not required to, change the products and services you are required to offer, including developing or authorizing new products and services. (Franchise Agreement Section 9)

- Advertising. You are not required to pay us an advertising fee or participate in any advertising cooperative or fund. There is no advertising council. Although we are not required to, we may provide system-wide advertising in such media that we deem appropriate and use the advertising services of anyone we select (including both third parties or in-house personnel). We may conduct advertising for the system, for local, regional, and/or national promotions, or for specific Caroco store(s). We have the sole right to determine what expenditures to make on advertising, including the selection, direction, and geographic allocation of advertising materials and programs. We have no obligation to ensure that the store benefits directly from our advertising expenditures or that all of our franchisees benefit equally as a result of our advertising expenditures. We have no obligation to spend any amount on advertising in the area where the store is located. (Franchise Agreement Section 10(c))

We may make available to you from time to time advertising materials we prepare for use by Caroco franchisees generally. You may use such materials in any local advertising. You will pay for all associated costs. We make available to you a Promotions Program to assist you in advertising and moving your merchandise. Your participation and compliance with our Promotions Program may lower the Caroco Charge we charge you. Your participation in the Promotions Program is at your discretion. However, we reserve the right to mandate some promotions in which you must participate, regardless of whether you have elected to participate generally in the Caroco Promotions Program. Participation in the Mandatory Promotions will not be considered an election to participate in the Promotions Program. (Franchise Agreement Section 10)

You may develop advertising materials for your own use at your own cost. If your advertising complies with our current branding standards, then you do not have to submit your advertising to us for pre-approval. If we ask you to stop using a particular advertisement or tell you to make certain changes to an advertisement, you must do so. (Franchise Agreement Section 10)

We will obtain a phone number for the store. We may arrange for the store telephone number and address to be included in business directories. You cannot arrange for a directory

listing without our prior approval. You will be responsible for the cost of all listings and will reimburse us if we obtain them on your behalf.

- Audit Inventory. Our affiliate or its agent may conduct physical audits of the store's inventory up to four times in a calendar year at no cost to you. We reserve the right to charge you our or our affiliate's then-current rate for the fifth or subsequent audit in a calendar year. However, if you request a sixth or subsequent audit in a calendar year and we consent to the audit we may, at our sole option and not obligation, pay 50% of the then-current audit rate. We and our affiliate reserve the right to conduct more or less than four audits per calendar year. The purpose of the audit is to reconcile the inventory and supplies you have on hand against what should be on hand and charge you for the difference, which difference will be based on the retail price of the supplies. (Franchise Agreement Section 7(h))

- System Improvements. We will make available to you from time to time all improvements and additions to the Caroco System to the same extent and in the same manner as they are made available to franchisees generally. These System improvements may, but are not required, to include new products or services to be available at the store.

- Conferences and Conventions. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the operation of your Caroco store. (Franchise Agreement Section 4) Your Operating Principal and, if requested, your owners, are required to attend all conferences and other required training courses and cannot delegate this obligation to non-shareholder managers or other employees. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to you or us. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend or actually attends the conference, convention, or training courses. Additionally, you will be responsible for all transportation, lodging, food, and other costs incurred by the manager in attending such seminar. If you do not attend a scheduled required event, your Caroco Charge will be increased whereby you will receive 1% less of Gross Profit for the balance of the calendar year or we will assess a fine of up to \$4,000. Failure to attend a scheduled required event is a default of the Franchise Agreement.

- Online Presence. We may maintain a website in order to promote the trademarks, or any or all of the Caroco stores. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the brand website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; or (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, e-commerce site) or email address that in any way concerns, discusses, or alludes to us, the Caroco System, or the store without our written consent. The trademarks may not be used as part of, in conjunction with, to establish, or to operate any Online

Presence or email address, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post, any information on an Online Presence relating to us, Caroco System, the trademarks or the store that (a) does not comply with our brand, social media, or Online Presence guidelines; (b) is derogatory, disparaging, or critical of us, Caroco System, or the trademarks; (c) is offensive, inflammatory or indecent; or (d) harms the goodwill and/or public image of Caroco System and/or the trademarks. For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the franchise agreement. We have the right to require that any Online Presence or email address we permit you to create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence or email address to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence or email address upon expiration or termination of the franchise agreement and operate it as we see fit. (Franchise Agreement Section 10(f))

You must consent to our and our affiliate’s use of your likeness, voice, appearance, name, and image to be used in any Online Presence, or digital media for marketing or training purposes. We may require that you provide graphical, photographic, video, written, or other forms or artistic or literary content for us to use in connection with any Online Presence, and other brand development, public relations, advertising, and marketing activities.

Reduction in Services. At any time that you or any of your affiliates are in breach of the obligations under the franchise agreement (for example, your failure to pay for required equipment, inventory or services in a timely manner), or any other agreement with us or any of our affiliates, we or our affiliate may defer the performance of our obligations under the franchise agreement until your (or your affiliate’s) breach has been cured. Our (or our affiliate’s) exercise of that right will not constitute a waiver of our (or our affiliate’s) rights under the franchise agreement or such other agreement, including, without limitation, our (or our affiliate’s) right to terminate the franchise agreement or such other agreement.

Variation in Standards. We have the right to vary standards based upon the peculiarities of particular locations or circumstances such as differences in population or demographics, local business practices or customs, or any other condition where we determine a variance is appropriate. We have no obligation to vary our standards for you.

Development Schedule. The typical length of time we estimate between your signing of the franchise agreement (or first paying us money) and opening your franchised business is three months. The factors that can affect your timing for opening are the availability of the store and your delays in completing any of the tasks below. Prior to opening your business, you must perform the following tasks.

TASK	TIME FRAME
Sign Franchise Agreement	1-3 mos. before opening
Sign Lease or Sub-Lease	1-3 mos. before opening
Observe Caroco Operations in Existing Store	1-3 mos. before opening
Attend Training	1-3 mos. before opening
Establish Vendor Relationships	1 mo. before opening
Obtain Licenses and Permits	1 mo. before opening

TASK	TIME FRAME
Obtain Initial Inventory	On or prior to opening

ITEM 12. TERRITORY

Our franchise agreement covers a single Caroco store location designated by us in the franchise agreement. You may operate only the store specified in the franchise agreement, and may not offer or sell any products or services offered and sold by Caroco stores at or from any location other than on-site at the store specified in the franchise agreement, or through any other channel or method of distribution, including by or through the Internet or similar electronic media or delivery services, without our prior approval. There are no restrictions on where you can advertise your business and solicit customers but all such advertising and soliciting must be approved by us. You do not receive any territory protections.

We require your Operating Principal to live within a certain distance as driven on a roadway of the store location.

- If this is your first Caroco franchise agreement (or you are signing a renewal franchise agreement for a franchise agreement that was originally signed between March 29, 2018 and April 26, 2023), then at the time you apply to become a Caroco franchisee and throughout the time your company is a franchisee, your Operating Principal must live within 31 miles of your Caroco store location as driven on a roadway.

- If you signed your first Caroco franchise agreement between August 19, 2013 and March 28, 2018, then at the time you apply for a new or successor Caroco franchise agreement and throughout the time your company is a franchisee under that new or successor Caroco franchise agreement, your Operating Principal must either (i) live within 31 miles of your Caroco store location as driven on a roadway or (ii) if residing at the same address where your Operating Principal lived as of March 27, 2023, your Operating Principal must live within 45 miles of your original Caroco store location as driven on a roadway. In either event, for any subsequent franchised locations, your Operating Principal must live within 31 miles of your Caroco location as driven on a roadway for those additional franchised locations.

Upon request, your owners must provide a driver’s license issued by the state where the franchise is located and such other additional documentation as we may require certifying that the Operating Principal’s residence is within the applicable distance of the franchised business.

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

You have no options, rights of first refusal or similar rights to acquire additional franchises and we have no obligation to grant you additional franchises. You will not have an option or right to relocate.

We retain all other rights. Among other things, this means we or our affiliates can, without restriction and without compensation to you:

- (i) Establish and operate, and grant others the right to establish and operate, convenience or other stores under the Caroco service marks, or any other trade names, service

marks and trademarks, at any site other than the store location, including our Caroco brand. These other store sites may be next to or near the store location as there is no restriction on where we might locate additional locations.

(ii) Offer and sell, and grant others the right to offer and sell, any products and services, even if they are similar to those offered by Caroco stores, identified by the Caroco service marks or by other trademarks, trade names or service marks, and may be sold on terms we deem appropriate through any other channel or method of distribution, including delivery sales, the Internet, or similar electronic media.

(iii) Acquire, establish, or operate, or permit others to acquire, establish, or operate, any business of any kind at any location, including other convenience stores; provided we do not operate the retail store we grant to you.

(iv) Offer and sell, and grant others the right to offer and sell, Energy, and other products and services, at any location, including at and around the store; provided we do not operate the retail store we grant you.

We and our affiliates have the right to solicit and accept orders from customers anywhere without any compensation to you.

The Family Fare businesses also sell goods and services similar to the franchise offered under this disclosure document. Both Family Fare and Caroco businesses sell energy (including fuel), groceries, take-out foods and beverages, dairy products, non-food merchandise, specialty items and selected services. As mentioned in Item 1 of this disclosure document, beginning in 2013, we began offering and selling franchises under the Family Fare marks for the operation of Family Fare convenience stores. We have, and in the future our franchisees using the Family Fare mark may have, the right to solicit customers in your trade area. Currently the Family Fare stores are all franchisee-operated but we and our affiliates reserve the right to operate them as well. The Family Fare franchise business is operated from the same offices as the Caroco franchise businesses, at 4220 Neal Road, Durham, North Carolina 27705. We may grant franchises for Family Fare stores or operate Family Fare stores at any location as determined by us, regardless of proximity to the store, in our sole discretion. There are no limits to our ability to resolve conflicts between brands regarding territory, customers, and franchise support.

ITEM 13. TRADEMARKS

The primary trademark, service mark, and trade name you are to use as a franchisee is the "CAROCO" service mark, trademark, and trade name. M. M. Fowler owns all of the trademarks used by us and our franchisees. M. M. Fowler has granted us the exclusive license to use and sublicense all its proprietary marks ("Trademark License Agreement"). The Trademark License Agreement grants us the right to license franchise locations. All rights in and goodwill from the use of our proprietary trademarks ultimately accrue to our affiliate as the trademark owner. The Trademark License Agreement is for a duration of 20 years and will renew automatically. The Trademark License Agreement can be cancelled upon mutual agreement of the parties, non-renewal notice, or upon a party's failure to cure a breach following notice. The Trademark License Agreement may be modified upon mutual agreement. Upon execution of our franchise agreement, we will sublicense to you the limited right to use the following principal trademarks, each of which is registered on the Principal Register with the United States Patent and Trademark Office:

	REGISTRATION NO.	EFFECTIVE DATE OF REGISTRATION	MARK	Registered Use
1.	3221079	March 27, 2007	CAROCO	For use in retail gasoline supply services and retail convenience store services.
2.	2924014	February 1, 2005	FIRST IN THIRST	For use in retail convenience stores with gas stations and motor fuel supply services.
3.	2952801	May 17, 2005	HELPING YOU GET THERE	For use in retail convenience stores with gas stations and motor fuel supply services.

We also license to Caroco franchisees additional trademarks and service marks, including other secondary trademarks used to promote the business and certain design marks using our logo. Some of these marks are registered trademarks and others we claim common law trademark protection.

There are no agreements in effect that significantly limit our rights to use or license the use of the trademarks listed in this Item in a manner material to the franchise. All uses of the “Caroco” mark of which we are aware occur with our permission. We know of no infringing use of the “Caroco” trademarks or design marks that could materially affect your use of them.

With respect to the above federal registration, all affidavits of use have been timely filed. We or our affiliate intend to file all necessary affidavits of use and renewal applications when they become due. We have filed for renewal for all registrations which have been eligible for renewal. There are no presently effective determinations of any trademark office, administrator, or court. There are no pending interference, infringement, opposition, or cancellation proceedings, nor any currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending litigation involving any of the above marks or names.

A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, prior to entering into the franchise agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of our marks or names within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our or our affiliates’ sole discretion.

You must immediately notify us of any claim of infringement by or challenge to your use of any names or marks licensed to you by the franchise agreement. You must cooperate with us and our affiliate fully and communicate concerning such matter with no one but our counsel, our affiliate’s counsel, and us. We or our affiliate have the sole discretion to determine what action to take, if any, regarding the matter and to control any litigation. Should we or our affiliate elect to take legal or administrative action, you agree to join as a party to such action, or allow the action

to be brought solely in your name, as and only if we so direct. Neither we nor our affiliate are required to protect your right to use the trademarks or defend you in proceedings relating to your use of the trademarks. Neither we nor our affiliate is obligated to protect you against claims of infringement or unfair competition arising out of your use of the trademarks. Neither we nor our affiliate will indemnify or reimburse you for damages obtained by a third party based on your use of any Caroco trademark or service mark.

We have the right and you agree, at our direction, to modify or discontinue the marks or names in question or add marks, names, logotypes, and/or commercial symbols. Additionally, we have the right to require you to initially use alternate trademarks while we convert non-Caroco locations to Caroco branded locations. Whenever we make a decision to modify, add, or discontinue the marks, names, logotypes, and/or commercial symbols and we retain the right to license the modified or discontinued marks, you agree to make, at your expense, such modifications as may be necessary to comply with our decisions related to use of our marks. If we lose the right to license the "Caroco" mark or other proprietary marks to you, we will not reimburse you for the costs and expenses you incur in rebranding.

You may not contest the validity of ownership of the trademarks, trade secrets, or business techniques that are part of the Caroco System. You will not use the trademarks, in any form, as part of any corporate or trade name, nor may you use them in connection with the sale of any unauthorized product or service or in any manner not expressly authorized in writing by Caroco. You must not engage in any activity which is unethical or may be injurious to Caroco's business, other Caroco stores, or to the goodwill associated with the trademarks.

If the store sells Energy, you must use the trade names, trademarks, and service marks that we designate when you sell the Energy.

If we buy substantially all of the assets of a third-party convenience store or multi-store company, we may license or sublicense to you the right to operate under the third-party's trade names, trademarks, and/or service marks until such time as we designate you start using the "Caroco" mark and other Caroco trade names, trademarks, and service marks.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright registration, but you can use the proprietary information in our Brand Standards Manual, our business methods and techniques, promotional techniques, and business processes all of which are trade secrets owned by us or our affiliate. Although we have filed no applications for a copyright registration for the Brand Standards Manual, we claim a copyright and the information is proprietary. This disclosure document describes limitations on the use of this manual by you and your employees.

There are no current pending or issued material determinations of the United States Copyright Office or a court regarding the copyrights. There are no agreements that limit our rights to use the copyrights or our right to license them to you. We know of no copyright infringement that could materially affect you. If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us.

If you or your principals, owners, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, recipes, formulae, products, packaging or other concepts and features relating to store operations,

business practices or the manufacturing, production, marketing or sale of other food or beverage items, or related goods in connection with the franchised business (“Innovations”), you (or they) will be deemed to have assigned all of your (or their) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your principals, owners, officers, managers, and employees must also cooperate with us in connection with protecting the Innovations.

You must use the proprietary information only in the manner required by us and in no other manner. This information is strictly confidential. You may not disclose any of that information to anyone except to a person who has signed and delivered to us a confidentiality agreement. Also, you may not use any of that information for any purpose except as necessary in connection with the operation of your Caroco store. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the Innovations, any of our patents or patent applications, copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the franchise agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information is limited and temporary. Upon expiration, termination, or non-renewal of the franchise agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights, and the proprietary information. We or our affiliate will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights, and the proprietary information, and will control any proceedings and litigation. Neither we nor our affiliate are required to protect your right to use the Innovations, the patents or patent applications, the copyrights, or the proprietary information. Neither we nor our affiliate are obligated to participate in your defense or indemnify you for expenses or damages in a proceeding involving patent, patent applications, or copyrights.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights, and the proprietary information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense.

We claim proprietary rights to the Caroco System that we license you to use in the franchise agreement. Caroco has developed and continues to develop distinguishing characteristics of the Caroco System for the operation of the convenience stores, including, among other things, distinctive signs, layout plans, equipment, specifications, purchasing and inventory control method, merchandising, sales and promotional techniques, installation techniques, personnel education and development, and other matters intended to enable such convenience stores to operate efficiently, ensure uniformity and conformity to operational standards, increase the likelihood of success and promote the maintenance of high standards of quality and service. You may use this information only for your operation of the store. You may not copy or disclose any of the information to anyone outside the Caroco System. You and each of your principals, owners, officers, and managers will be bound by certain agreements protecting Caroco proprietary rights.

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

You are required to form a corporation or limited liability company to operate your Caroco store. You and your owners may not transfer ownership or control of the franchise business or that corporation or limited liability company without our prior written approval. The business must be directly supervised and managed on-site by an owner of the corporation or limited liability company, identified to and approved by us, who has completed the initial training program to our satisfaction prior to opening the store (“Operating Principal”). The Operating Principal may delegate supervisory and management responsibilities to a qualified manager who has completed the required training. Each qualified manager must enter into non-compete, non-solicitation, and confidentiality agreements with us. Each Operating Principal and qualified manager must pass a background check. Qualified managers must have prior retail experience. These other managers are not required to have an ownership interest in the franchisee. The Operating Principal is not required to be on the premises at all times. You may not change your Operating Principal without our prior approval. Examples of the types of functions which your Operating Principal might perform include hiring employees, supervising employees, checking inventory, reviewing sales and costs of goods sold, bookkeeping, and making all reasonable efforts to ensure smooth and efficient operations.

You agree to make your owners and Operating Principal available to meet with us at reasonable times, at our request. Your Operating Principal must at all times live within the required distance from the franchised business, which is either within 31 miles or 45 miles as driven on a roadway depending on when your first Caroco franchise agreement was signed, where your Operating Principal currently resides, and whether you have multiple Caroco franchised businesses. Your owners must maintain a valid local driver’s license and such other additional documentation as we may require which proves that they do. Failure to comply with these obligations are defaults under the franchise agreement.

You must keep your Caroco store open to the public seven days each week, during the required hours set forth in the franchise agreement or as otherwise approved by us. In cases where local regulations or landlord restrictions affect hours of operation, we will discuss deviation from this requirement with you.

Each owner of Franchisee, including the Operating Principal, must sign the personal guaranty, in the form of Exhibit 4 attached to Exhibit A, as a guarantor. By signing the personal guaranty, each owner agrees to perform, and guarantees, all of the franchisee’s obligations to Caroco and its affiliates and agrees to be bound by the restrictive covenants, the confidentiality provisions, and certain other provisions contained in the franchise agreement, lease agreement, and any other agreement between the franchisee and Caroco and/or its affiliates.

You are exclusively responsible for managing your employees. All personnel employed by you in connection with the operation of your Caroco store will be your agents and employees. They are not our agents or employees and we are not a joint employer of such persons. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the Caroco System or trademarks in any way shifts any employee or employment responsibility from you to us. You alone are responsible for your employees’ and agents’ hiring, firing, training, wages, taxes, benefits, safety, schedules, work conditions, assignments, discipline, supervision, and termination. You must comply with all applicable employment laws. All personnel employed by you in connection with the operation of your Caroco

store must maintain brand standards of sanitation, cleanliness, and demeanor as may be established by Caroco from time to time. All owners of franchisees must adhere to our then-current substance abuse policy and must submit themselves to drug testing. Additionally, you can elect for your employees to participate in random drug testing performed according to the standards of our then-current substance abuse policy, if offered. All personnel must wear uniforms or other clothing approved by Caroco. In addition, you must ensure that all employees whose duties include customer service have sufficient literacy and fluency in the English language (or such other language that is the primary language in your market) to adequately serve the public at your Caroco store.

Neither you, an owner, nor your Operating Principal are an agent, legal representative, joint venturer, partner, employee, or servant of Caroco for any purpose under the franchise agreement. You are an independent contractor and are in no way authorized to make any contract, agreement, warranty, or representation for Caroco or to create any obligation, express or implied, for Caroco. You must identify yourself and the store in all dealings as an independent franchisee of Caroco and place notice of your independent ownership as directed by us.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the store solely as an on-site retail convenience store and you must not sell any items through any other channel of distribution (such as telemarketing, computer marketing, grocery stores, internet sales, electronic commerce, mail order catalogs, delivery sales, or any other such system other than retail sales at your specific business location) without our prior approval. Although there are no restrictions on the retail customers or trade area you may serve from the store, except as limited by law, as a practical matter, you will be limited to serving customers who choose to visit the store.

You do not receive any rights to: (i) sell products or merchandise identified by the Caroco trademarks at any location (other than your approved Caroco store) or through any other channels or methods of distribution; (ii) sell products or merchandise identified by the Caroco trademarks to any person or entity for resale or further distribution; or (iii) exclude, control or impose conditions on our development or operation of franchised, company or affiliate-owned stores at any time or at any location. We may grant franchises for Caroco stores or operate Caroco stores at any location as determined by us, regardless of proximity to the store. We have the right to sell goods and services through other channels of distribution and may authorize you to do so from time to time.

Caroco has the right to delete or add authorized goods or services and you must comply with such deletions or additions. You can sell only the authorized goods and services and must sell required goods and services. There are no limits on our right to change the authorized or required goods and services. You must comply with the merchandising system we offer, which includes requirements for inventory displays, selection, inventory, placement, and vendors. Your Caroco store must carry all types and categories of inventory in the amount that we specify, which may vary depending on the store. We may limit the amount of inventory that you may carry of a particular type of item. For example, we currently limit the amount of cigarettes that you may carry in the store as provided in the Brand Standards Manual. You may stop carrying an inventory category only with our prior written consent. You must carry, use and offer for sale only the inventory and other products that are consistent with the type, quantity, quality, and variety associated with the Caroco brand and as we specify in the franchise agreement. You must comply with our merchandising and shelf-life requirements for all products. We impose these requirements to control the quality and uniformity of the goods and services you and other

franchisees may offer through use of our trade name and trademarks. We reserve the right to charge you a fine up to \$2,000 per occurrence if you sell unauthorized food, services, or merchandise or use unapproved vendors.

We permit you to carry inventory of your choosing to fill shelving space designated by us from time to time, provided that such inventory meets the image of the Caroco brand and complies with all contracts we may have with vendors, and provided that such inventory complies with EBT and SNAP program requirements. The store must at all times be and remain an authorized SNAP retailer using EBT, and you must at all times carry such inventory as those programs require. We may require you to immediately stop selling any products or services that we in our sole discretion find to not be consistent with the Caroco brand or for any other reason.

You must at all times maintain in the store a reasonable and representative quantity of all proprietary products. We may change the proprietary products that you are required to offer and sell periodically upon reasonable notice (delivered in electronic or other form) to you. You must offer the new or modified proprietary products by the dates we establish. You must not offer or sell at the store any products which directly compete with the proprietary products we designate as exclusive, unless you obtain our prior written consent.

If we require that a product (including a proprietary product) be sold in a standardized container or special packaging, or be sold using certain display cases, equipment, or other related components, you may use only the standardized containers, packaging, display cases, equipment and other components (including bags and napkins) that conform to the type, style and quality we specify and that bear any distinctive identification we designate. You must properly account for these items. You must carry all components we designate as necessary for any proprietary product. You may use containers, packaging, display cases, equipment and related components designated for use with proprietary products only in the offer, sale or promotion of proprietary products, unless you first obtain our written permission. We may require you to participate in the costs of certain distinctive or special merchandising programs, such as offering cups which display special insignia.

You must immediately cease offering for sale or selling any product or service if Caroco deems the product or service to be detrimental to the Caroco marks or the image of the Caroco System.

You must accept or participate in all required payment systems, including but not limited to various currencies, credit cards, charge cards, gift cards, gift certificates, and coupons.

If you participate in our promotional programs, you must carry at the store a reasonable and representative quantity of all advertised or promoted products that are supported by electronic or published media during the entire duration of the advertising or promotional campaign. If the promotion is a Mandatory Promotion, you must comply with our requirements for the promotion. If we implement a loyalty program and you are required to participate, you may be required to provide free or discounted items or other free or discounted products or services as a result. We are not required to reimburse you for costs and expenses incurred as a result of participation in a loyalty program.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement Section 2; Exhibit 3	Initial Term ends at the earlier of (i) 5 years after the effective date of the franchise agreement, or, in the event that the store location was transferred to you from another franchisee, 5 years after the effective date of the transferor's franchise agreement, (ii) upon the sale, exchange, or transfer to a non-affiliate by our affiliate of the real estate, (iii) the date that is, in our affiliate's discretion, up to 90 days prior to the expiration of our affiliate's lease for the real estate (if our affiliate is subleasing the real estate to you), or (iv) upon the sale by our affiliate of its non-real estate business holdings. If we or our affiliate owns the real estate upon which the store operates, we, at our sole option, may sell the real estate at any time, which will terminate your franchise agreement. The Initial Term can also end if the store is not available or open for business within a certain period of time. In some circumstances a termination payment from us to you will be applicable.
b. Renewal or extension of the term	Franchise Agreement Section 2(c)	One 5-year renewal term if you acquired the original franchise from us or, in the case of a transfer, the length of the remaining renewal term of the transferor, if any

PROVISION	SECTION IN AGREEMENT	SUMMARY
c. Requirements for Franchisee to renew or extend	Franchise Agreement Section 2(c)	You must be in good standing and exercise your option within a window of time and give notice four to six months prior to the franchise agreement's expiration. You must have no more than 2 defaults during the prior 24 months. You must execute a general release of claims against us and related parties. "Renewal" means that, at our election, you must agree to either (i) execute an amendment permitting you to operate for the renewal term under the original franchise agreement and lease or (ii) sign the then current version of the franchise agreement then being offered, and sign a new lease or sublease for the length renewal term. You may be asked to sign a contract with materially different terms and conditions than your original franchise agreement or lease. The royalty rate could be different, but will be no greater than the royalty rate we then impose on similarly situated renewing franchises. The financial terms of the lease will vary on a location by location basis.
d. Termination by Franchisee	Franchise Agreement Section 20(f)	For cause, if we breach a material provision of the contract and fail to cure 90 days after written notice, then you can terminate with 30 days' notice if you are compliant with the terms of your agreement. Without cause, you may terminate your Agreement by giving us written notice. We will determine the effective date of termination without cause, and it will be between 15 and 120 days after our receipt of your notice. We have the right to liquidated damages if you do not comply with the effective date of termination we set.
e. Termination by Franchisor without cause	Franchise Agreement Sections 2(a)- (b) and 20 (e)	We can terminate the franchise agreement upon unavailability of the store after a certain period pre-opening, loss of the premises due to fire or casualty loss, or if our merchandising or pricing program is deemed illegal. In some circumstances, a termination payment from us to you will be applicable. See also Item 17(a) regarding situations where the term will be less than 5 years.

PROVISION	SECTION IN AGREEMENT	SUMMARY
f. Termination by Franchisor with cause	Franchise Agreement Sections 2; 20(a), (b), (c)	<p>Section 2 relates to termination for real estate events, unavailability of the store, and a determination that our pricing or merchandising program is illegal. Section 20(a) deals with automatic termination. Section 20(b) deals with termination without opportunity to cure. Section 20(c) describes termination after you fail to cure. Your lease can also be terminated upon default.</p> <p>The laws of your state may provide additional rights to you concerning termination of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.</p>
g. "Cause" defined – defaults that can be cured	Franchise Agreement Section 20(c)	<p>Non-payment, public health or safety issues, late reporting, unauthorized use of the trademarks or Caroco System, liability for certain discrimination laws or employment laws, ineligibility to participate in SNAP or accept EBT payments, failing to use required vendors or using unauthorized vendors, failure to uphold the Code of Values, failure to maintain a good credit rating or pay undisputed amounts, failure to reside within the required distance of the franchised business or produce a driver's license and other documentation confirming the operating principal's residence, failure to attend required training or Caroco-sponsored conventions, and other non-compliance. You have a 3-day cure period from the date the notice is deemed received (or perhaps more if truly required) to totally cure the default. Caroco has a step-in right that it may exercise upon default.</p>

PROVISION	SECTION IN AGREEMENT	SUMMARY
h. "Cause" defined – defaults that cannot be cured	Franchise Agreement Sections 2(a)-(b); 20(a) and (b)	Bankruptcy, insolvency, and the like, Inventory True-Up percentages and shortages exceed a threshold, failure to follow daily accounting procedures, abandonment of the store, loss of the right to occupy the premises or to do business, unauthorized transfers, certain convictions or criminal conduct, 2 otherwise curable defaults within 12 months, intentional falsification, breach of a representation or warranty made to us, failure to comply with the covenants under the agreement, actions or omissions that impair the value or good will of the brand, committing the same act of default within 6 months, dishonest conduct, repeated violations of the FLSA, taking payroll tax money, inability to receive necessary permitting, failure to comply with pre-opening requirements, and noncompliance with any of the agreements between franchisee and Caroco or its affiliates. There are additional items set forth in Item 17(a) and 17(f) relating to early termination of the franchise agreement that will also apply. A provision in the franchise agreement that terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101. Caroco has a step-in right that it may exercise upon default.

PROVISION	SECTION IN AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/ non-renewal	Franchise Agreement Section 21	Cease operating, peacefully surrender the store as provided in the lease agreement, remove personal property, cease to use confidential information and all other proprietary methods, pay us all sums due without set-off (including liquidated damages), return our property including the Brand Standards Manual and business data, discontinue use of the trademarks, cancel assumed names, pay vendors and trade accounts, provide login credentials, cooperate with our affiliate's rights as landlord, cooperate with our purchase rights, cease representing yourself as a present or past Caroco franchisee, assign us your phone numbers, directory accounts, email addresses, etc. relating to the store, sell us such business assets as we request, and comply with the covenants, including confidentiality covenants and covenants against unfair competition. You will grant us a security interest in your assets, including the lease, and if you default under the terms of your lease or franchise agreement, we have the right to take possession of the store.
j. Assignment of contract by Franchisor	Franchise Agreement Section 26(a)	We may freely assign our rights and duties under the franchise agreement.
k. "Transfer" by franchisee – definition	Franchise Agreement Section 26(b)	Broadly defined to include sales, assignments, conveyances, dissolutions, mergers, consolidations, pledges or sale of stock or issuance of stock.
l. Franchisor's approval of transfer by franchisee	Franchise Agreement Sections 26(b), (c) and (d)	Our prior written consent is required for all transfers. The transferee must meet our standards for new franchisees as determined in our sole discretion. The franchise can be terminated for non-compliance.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for Franchisor's approval of transfer	Franchise Agreement Section 26(b), (c), and (d)	You must be in compliance with the franchise agreement, submit all information we require to evaluate the proposed transfer and transferee, cooperate with our transfer closing process, sign all required agreements, continue to comply with your covenants under the franchise agreement, and release us and related parties of all claims. Transferee must be approved by us, assume your obligations under the franchise agreement, attend and successfully complete our training, and execute franchise and collateral agreements, including a lease agreement, in the then-current form. If a sale is involved, you must offer us a 60-day right of first refusal, which 60-day period will commence once all information we require has been provided to us. If the transfer is permitted, you must pay us a transfer fee, and you must reimburse us for all attorneys' fees we incur as a result of your proposed transfer. The transferor must pay a transfer cleaning fee, which will be returned to the transferor no later than one (1) year after the transfer, less any amounts we use to clean the store. The transferor must pay in full all creditors, vendors, and trade accounts of the store. A purchaser must have the managerial ability, aptitude, capacity, ability, credit rating, financial resources, moral character, values, reputation and business qualifications satisfactory to us, and otherwise meet all then-current requirements of new franchisees as determined in our sole discretion, including residing within the required distance of the franchised business.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement Section 26(c)	We have the option to purchase your business before you sell it in an approved transfer. You cannot transfer the business until we have been provided all information we require to evaluate the proposed transfer and the 60 day right of first refusal period has expired, which 60-day period is measured from the date we receive all required information.

PROVISION	SECTION IN AGREEMENT	SUMMARY
o. Franchisor's option to purchase franchisee's business	Franchise Agreement Sections 20(d), 20(i), 20(j), 20(m), and 21(a)(ii) to (iii)	<p>In the event the agreement terminates, expires, or is not renewed, we have the option to purchase the assets of the business for the lesser of \$500 or the depreciated book value of the acquired equipment (less amounts you owe to us) or assign the right to someone else. If exercised, you will have to assign us the business assets.</p> <p>We also have the right to step-in and run your business in certain situations, including your Operating Principal's death, incapacitation, other events involving the Operating Principal, or default.</p> <p>Additionally, if you default under the terms of your lease or the franchise agreement, we have the right to take possession of the store.</p>
p. Franchisee's death or disability	Franchise Agreement Section 20(d)	<p>Upon the death or incapacitation of the Operating Principal, we will have the right to terminate you upon 3 days' notice in the event of death and 10 days' notice in the event of incapacitation. Under certain conditions, we will pay you one month's worth of the average monthly end of period reconciled revenue paid for the franchised business during the 12 months before death or incapacitation less the attorneys' fees we incur as a result of the death or disability. We also have the right to step-in and operate the business until the franchise agreement is terminated, we cease to exercise that right, or we determine that capacity has been regained.</p>
q. Non-competition covenants during the term of the franchise	Franchise Agreement Section 24(b) and (c)	<p>You must not own or otherwise engage in any other business similar to or competitive with Caroco convenience stores. There is also a non-solicitation requirement.</p>
r. Non-competition covenants after the franchise is terminated/ expires	Franchise Agreement Section 24(d) and (e)	<p>For 2 years after termination or expiration of the franchise, you must not own or engage in any business similar to or competitive with Caroco convenience stores located within 3 miles measured as driven on a roadway of the store or any Caroco business location licensed from or owned by us. There is also a non-solicitation requirement.</p>

PROVISION	SECTION IN AGREEMENT	SUMMARY
s. Modification of the agreement	Franchise Agreement Section 37(b)	No modifications to the franchise agreement other than in writing, but we can change the Brand Standards Manual. Also, your agreement terms automatically change if 75% of the then-current franchisees agree with a change we propose.
t. Integration/ merger clause	Franchise Agreement Sections 15(j), 37(a) and (b)	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement are not enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement Section 33(a)	Except for certain claims, all disputes not first settled informally or through mediation must be litigated in the state courts located in the city of our then-current principal place of business (currently, Durham, North Carolina). No arbitration of disputes is permitted.
v. Choice of forum	Franchise Agreement Sections 33(a) and (b)	Subject to state law, state courts located in the city of our then-current principal place of business (currently, Durham, North Carolina).
w. Choice of law	Franchise Agreement Section 33(b)	Subject to state law, North Carolina law and applicable federal law.

See Exhibit F for information on the agreements that may affect franchisees in your state.

Certain state laws may govern dispute resolution and the renewal, termination, and transfer of your franchise. If your state's law applies and if the franchise agreement contains a provision that is inconsistent with your state law, then the law will control.

ITEM 18. PUBLIC FIGURES

We use no public figures to promote the franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about your 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 our management by contacting our President, DR. M. LEE BARNES, JR., 4220 Neal Road, Durham, NC 27705, 919-309-2925.

ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION

**Table 1
Systemwide Outlet Summary
For years 2022, 2023, and 2024**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

**Table 2
Transfers from Franchisees to New Owners (Other than the Franchisor)
For years 2022, 2023, and 2024**

STATE	YEAR	NUMBER OF TRANSFERS
North Carolina	2022	0
	2023	1
	2024	0
Totals	2022	0
	2023	1
	2024	0

**Table 3
Status of Franchised Outlets
For years 2022, 2023, and 2024**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF YEAR
North Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

**Table 4
Status of Company-Owned Outlets
For years 2022, 2023, and 2024**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM Franchisee	OUTLETS CLOSED	OUTLETS SOLD TO Franchisee	OUTLETS AT END OF THE YEAR
North Carolina	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table 5
Projected Openings as of December 31, 2024
For Year 2025**

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
North Carolina	0	0	0
TOTALS	0	0	0

- Among the attached Exhibits you will find:
 - Exhibit B-1 STORE DIRECTORY/Listing of Current Franchisees lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of April 1, 2025.
 - Exhibit B-2 LISTING OF CERTAIN PAST FRANCHISEES lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD. 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, we have signed confidentiality clauses with some current and former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored, or endorsed. There are no independent franchisee organizations that have been asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C are audited financial statements for the periods ending December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year ends December 31.

ITEM 22. CONTRACTS

Copy of the following contracts or documents are also attached as Exhibits to the disclosure document:

Exhibit A	Caroco Franchise Agreement with Exhibits
Exhibit 1	Optional Caroco Franchise System Drug Testing Agreement with Attachment
Exhibit 2	Owners' Statement
Exhibit 3	Conditional Assignment and Assumption of Lease
Exhibit 4	Personal Guaranty
Exhibit 5	Nondisclosure and Noncompetition Agreement
Exhibit 6	Nondisclosure and Non-Solicitation Agreement
Exhibit G	Lease
Exhibit H	Consignment and Commission Agreement
Exhibit I	Car Wash Addendum
Exhibit J	Games of Skill Addendum
Exhibit K	Initial Franchise Fee Promissory Note and Security Agreement
Exhibit L	Sample General Release Agreement
Exhibit M	ACH/EFT Transfer Agreement
Exhibit N	Referral Program Participation Agreement
Exhibit T	Limited Power of Attorney

ITEM 23. RECEIPT

You will find copies of a detachable receipt in Exhibit V at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us.

EXHIBIT A
FRANCHISE AGREEMENT

TABLE OF CONTENTS

	<u>PAGE</u>
RECITALS	1
1. Grant of Franchise.....	2
2. Term.....	3
3. Lease	5
4. Education and Development.....	6
5. The Franchise Fees.....	7
6. Design and Appearance	11
7. Inventory	11
8. Supplies	14
9. Merchandising System	15
10. Promotions and Advertising.....	16
11. Bank Account and Daily Deposits.....	19
12. Trade Name, Business Address, Identification Numbers and Licenses	20
13. Personnel	22
14. Use and Operation of Store Location.....	24
15. Franchisee’s Conduct of Business.....	27
16. Taxes and Fees.....	33
17. Alteration, Maintenance and Repair.....	33
18. Franchisee’s Business-Indemnity	33
19. Insurance	35
20. Termination	37
21. Obligations Upon Termination	45
22. Right to Enter; Inspections.....	47
23. Losses.....	48
24. Covenants Against Unfair Competition	49
25. Financial Statements, Books and Records	51
26. Transfer Provisions.....	52
27. Guaranty	56
28. Time is of the Essence	56
29. Notice	56
30. Waiver	57
31. Attorneys’ Fees	57
32. Confidentiality.....	57
33. Dispute Resolution; Governing Law, Jurisdiction and Venue	58
34. Risk Factor; Franchisee Representations	61
35. Covenant of Good Faith	64
36. Security Interest	65
37. Miscellaneous.....	65

Exhibits

Exhibit 1	Optional Caroco Franchise System Drug Testing Agreement with Attachment
Exhibit 2	Owners’ Statement
Exhibit 3	Conditional Assignment and Assumption of Lease
Exhibit 4	Personal Guaranty
Exhibit 5	Nondisclosure and Noncompetition Agreement
Exhibit 6	Nondisclosure and Non-Solicitation Agreement

CAROCO
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) made _____ (“Effective Date”), between FAMILY FARE, LLC, a North Carolina limited liability company, having an office in Durham, North Carolina (“Franchisor” or “Caroco”) and _____, a _____, having a business mailing address at _____ (“Franchisee”) and the undersigned guarantors (“Guarantors”).

RECITALS:

A. Caroco is engaged in and expended considerable time, money and effort developing a system for operating convenience stores (“System”) known as “Caroco,” which stores engage in the sale of food, Energy (as defined below) and other products to the public. In order to maintain the goodwill associated with the Marks (defined below), all Caroco stores must operate using the Caroco System in accordance with the Brand Standards Manual (defined below), all of which Caroco may improve, further develop, or otherwise modify from time to time.

B. Caroco licenses from M. M. FOWLER, INC. (“M. M. Fowler”) the right to franchise certain proprietary and property rights in and to the “Caroco” name, trademarks and service marks, as well as certain other trademarks, service marks, slogans, logos and emblems which are used currently or which may hereafter be designated for use in connection with the operation of a Caroco convenience store (“Marks”).

C. Caroco has developed and continues to develop distinguishing characteristics of the Caroco System for the operation of the convenience stores, including, among other things, distinctive signs, layout plans, equipment, specifications, purchasing and inventory control methods, merchandising, sales and promotional techniques, installation techniques, personnel education and development, software, and other matters intended to enable such convenience stores to operate efficiently, ensure uniformity and conformity to operational standards, increase the likelihood of success and promote the maintenance of high standards of quality and service.

D. The products and services offered and sold at authorized Caroco locations have become well and favorably known to the public, wherein Caroco has acquired a valuable goodwill.

E. Franchisee desires to obtain a license from Caroco for use of the Marks and the Caroco System to establish and operate a single Caroco store at a location mutually agreed upon by Caroco and Franchisee and to derive the benefits of Caroco’s experience, know how, methods, advice, guidance and customer goodwill.

F. Franchisee acknowledges that strict adherence to certain uniform standards, procedures and policies as hereafter set forth and agreed is essential to the maintenance of the high standards which the public have come to expect from authorized Caroco locations.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, Caroco and Franchisee agree as follows:

1. Grant of Franchise.

(a) Grant. Caroco grants to Franchisee on the terms and conditions contained in this Agreement, and Franchisee accepts from Caroco, for the term hereof, a nonexclusive, limited right, franchise and license for the term and conditions herein agreed to establish and operate under the Caroco System a single Caroco store (“Store”) at _____ (“Store Location”) and to use the Marks in connection with the operation of the Store.

(b) Reserved Rights. The license and franchise granted herein is specific to one Caroco retail convenience store at one location only. It grants no rights outside the operation of the Store from the Store Location in the manner provided herein, nor does it include any territorial protection against competition. The right, franchise, and license granted herein shall be non-exclusive. Caroco will not operate or license another party to operate a brick and mortar Caroco store at the Store Location. Otherwise, there is no restriction or limitation on Caroco’s right to operate or license others to operate businesses under the Caroco trademark or any other trademarks and no other restriction or limitation on what other business activities may be authorized to occur at the Store Location. Caroco and Caroco’s affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement, and Caroco and its affiliates will not be restricted in any manner from exercising them nor will Caroco or its affiliates be required to compensate Franchisee should Caroco or its affiliates exercise them. This includes but is not limited to, the right, directly or through others and regardless of either (1) proximity to the Store Location or (2) any actual or threatened impact on sales of the Store to:

(i) establish or operate, or permit others to establish or operate, Caroco stores or otherwise to use the Marks and/or the Caroco System at any location, including at locations that may compete for customers drawn from the same area as the Store Location;

(ii) offer, sell, and distribute, and grant others the right to offer, sell, and distribute, any products and services, also sold or distributed by Caroco stores or identified by the Marks, through any channel of distribution, whether traditional or nontraditional, on any terms, at any location;

(iii) acquire, establish, or operate, or permit others to acquire, establish, or operate, without using the Marks, any business of any kind at any location, including other convenience stores and including at locations that may compete for customers drawn from the same area as the Store Location; and

(iv) offer and sell, and grant others the right to offer and sell, Energy and any other products and services, at any location, including at the Store Location. This includes the right to modify the premises at the Store Location to permit the sale of products, services, and Energy, i.e., installing or removing equipment at the Store Location.

(c) Commence Operations. Unless otherwise agreed in a writing executed by Caroco, Franchisee shall commence operating the Store within three (3) months after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Initial Term and any extension thereof or any Renewal Term. Failure to timely commence operating the Store shall constitute an event of default under the Agreement without the opportunity to cure.

(d) Definitions. Use of the term “affiliate” shall mean an entity’s subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity. Use of the term “vendor” means any suppliers, vendors, manufacturers, distributors, and related businesses. “Energy” shall mean gasoline, kerosene, diesel, liquid propane, electricity, or any other chemical, material, energy, or substance that is now or in the future used to provide the heat or power for transporting people and objects along a roadway.

2. Term.

(a) Initial Term. Unless terminated earlier as provided for herein, the initial term of this Agreement (“Initial Term”) and of the right, franchise and license herein granted shall be for a term that commences on the Effective Date and terminates or expires the earliest of (i) the fifth (5th) anniversary of the Effective Date, (ii) the date upon which Caroco’s affiliate sells, exchanges, or transfers to a non-affiliate the leased or owned real estate where the Store is located, (iii) the date that is, in Caroco’s affiliate’s discretion, up to ninety (90) days prior to the expiration of Caroco’s affiliate’s lease for the real estate in the event Caroco’s affiliate is subleasing the real estate to Franchisee, or (iv) the date upon which Caroco’s affiliate sells its non-real estate holdings, defined as disposing of the majority of its operating tangible personal property and business goodwill, or the stockholders of Caroco’s affiliate elect to sell and transfer all of their capital stock to a non-affiliate if, in the event of these subsections (ii) to (iv) occurring, Caroco elects, in Caroco’s sole discretion, to terminate this Agreement by paying Franchisee a termination payment equal to one (1) month’s worth of average monthly net revenue for the Store during the prior twelve (12) months less the Cost of Goods Sold, Continuing Royalties, Sales Tax, and the value of items not subject to Continuing Royalties (“Termination Payment”). Notwithstanding the foregoing, in the event the merchandising, promotions, or pricing standards established by this Agreement are deemed illegal or invalid at any time, Caroco shall have the right to unilaterally terminate this Agreement.

(b) Unable to Open. Additionally, if Franchisee has completed, to Caroco’s satisfaction, all of the steps necessary to begin operation of the Store, and (1) the Store is not available within ninety (90) days after Franchisee satisfactorily completes training or (2) the Store does not open for business within one hundred twenty (120) days after the date this Agreement is signed (or, if the Store is under construction, within thirty (30) days after construction is completed, if later), then this Agreement will terminate and Caroco and Franchisee shall be released from all obligations hereunder (except for Franchisee’s post-termination obligations and Franchisee’s confidentiality and noncompetition obligations) unless the parties agree in writing otherwise. If this Agreement terminates pursuant to this subsection 2(b) through no fault of Franchisee, then upon Franchisee’s and the Guarantors’ execution of a release of claims against Caroco; Caroco’s predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, Caroco will refund to Franchisee the Initial Franchise Fee, without interest, less any amount Franchisee owes Caroco.

(c) Additional Term. Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the license for one (1) additional consecutive period of five (5) years from date of expiration on the Initial Term (“Renewal Term”), provided the following conditions have been met:

(i) Franchisee has given Caroco written notice of its intent to renew the license not less than four (4) months nor more than six (6) months prior to the expiration of the Initial Term;

(ii) Neither Franchisee, nor any of its affiliates, is in default of any of the provisions of this Agreement or any other agreement between Franchisee and Caroco or an affiliate of Caroco both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(c) and at the commencement of the Renewal Term;

(iii) All debts and obligations of Franchisee under this Agreement are current;

(iv) Franchisee has not received more than two (2) notices of default during any consecutive twenty-four (24) month period during the Initial Term;

(v) Within thirty (30) days after delivery to Franchisee, Franchisee executes, at Caroco's election, either (i) an amendment permitting Franchisee to operate under this Agreement for the Renewal Term or (ii) the form of then-current Caroco Franchise Agreement, including all exhibits and Caroco's other then-current ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms and conditions of which may substantially differ from this Agreement and which may include different performance standards or fee structures or increased fees;

(vi) At Caroco's election, Franchisee either (i) enters into a lease with Caroco's affiliate for the Store for a period at least equal to the term of the Franchise Agreement to be executed as provided in Section 2(c)(v) or (ii) executes an amendment to the lease executed with this agreement for the Renewal Term; and

(vii) Franchisee and Guarantors execute and deliver to Caroco a general release, in the form prescribed by Caroco, releasing, to the fullest extent permitted by law, all claims that Franchisee and Guarantors may have against Caroco; Caroco's predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities.

(d) Expiration. If Franchisee fails to meet any of the conditions under this Section 2 with respect to renewal of the license, then the license shall automatically expire at the end of the Initial Term without notice or action by Caroco. After the Initial Term, Section 2(c) shall be deemed deleted and of no force and effect as it relates to periods beyond the term immediately following the Initial Term granted to Franchisee or Franchisee's predecessor. Beyond the single Renewal Term granted as part of the franchise agreement associated with the Initial Term, Franchisee shall have no expectation or right to any further renewal options.

(e) Notice of Expiration. If applicable law requires that Caroco give Franchisee notice of expiration prior to the expiration of the Initial Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Caroco has given to Franchisee that notice of expiration so required and the applicable period required to pass before the notice becomes effective shall have expired.

3. Lease.

(a) Required Lease. Upon the execution of this Agreement Franchisee will simultaneously enter into a written lease with Caroco's affiliate for the improvements on the Store Location, and certain equipment necessary for operation of the Store, which shall provide, among other things, for a term co-existent with the term of this Agreement and that Franchisee shall duly perform all terms, conditions, covenants and obligations in said lease and not be in breach thereof at any time during the term of this Agreement. The lease shall also provide that Franchisee has inspected the Store and accepts the Store "as is." Neither Caroco's affiliate nor Caroco makes any representations or warranties regarding the condition of the Store except for those specifically contained in the lease.

(b) Compliance with the Lease. Franchisee agrees to comply with all terms and provisions of the lease referred to herein and not cause a breach of the lease. A breach of any provision of the lease with Caroco's affiliate shall be grounds for default under this Agreement. Caroco, through itself or its affiliates, reserves the right, as Caroco or its affiliates may elect, to install or permit others to install, without limitation, banking or other similar equipment, attended or self-service gasoline pumps, attended or self-service car washes, a photo kiosk, signs or billboards, or telecommunications towers and other telecommunications equipment of any type, equipment for providing or selling Energy, such as electric charging stations or other such devices that may today or in the future propel consumers along a commercial roadway, and to perform installation, maintenance, repair, and operation of the leased and non-leased equipment. Caroco, through itself or its affiliates, reserves the right to add, remove, modify, and replace any and all equipment at any time for any reason. Franchisee agrees to give Caroco, its affiliates, and their employees and representatives, and third-party service providers unobstructed non-exclusive rights to enter and exit in connection with these reserved rights. Franchisee agrees to allow Caroco and its affiliates to remodel the Store at any time, at Caroco's sole discretion. Franchisee agrees the remodel can involve any capital expenditure and there is no limit on the frequency or magnitude of the remodel. Franchisee acknowledges that a remodel may result in temporary closure of the Store during the remodel. Franchisee agrees that neither Caroco nor its affiliates, including M. M. Fowler, will be liable for any loss or damage, including but not limited to lost profits, arising under or related to closure of the Store in the event of remodeling. For any period of closure resulting from a remodel, Franchisee will not (i) pay rent or (ii) pay any portion of a lottery system rental fee. Except for the foregoing exceptions, closures resulting from remodeling will not modify, alter, reduce, or terminate this Agreement or Franchisee's lease or relieve Franchisee of any of its obligations contained therein. Franchisee may not remodel the Store Location without Caroco's prior written consent. Franchisee must use all equipment currently in the Store Location, as modified, removed, or added to from time to time by Caroco.

(c) DISCLAIMER OF WARRANTIES. FRANCHISEE AGREES TO TAKE ALL OF THE STORE AND CAROCO EQUIPMENT LEASED UNDER THIS AGREEMENT IN AS-IS CONDITION, WITH ALL FAULTS AND DEFECTS, SUBJECT TO THE LEASE, IF ANY, AND ALL DOCUMENTS OF RECORD AFFECTING THE STORE AND THE CAROCO EQUIPMENT. CAROCO AND ITS AFFILIATES AND THEIR REPRESENTATIVES MAKE NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE STORE AND THE CAROCO EQUIPMENT, INCLUDING WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, QUIET ENJOYMENT, NON-DISTURBANCE, INTERFERENCE OR INFRINGEMENT.

(d) Conditional Assignment and Assumption of Lease. Franchisee shall enter into Caroco's then-current form of Conditional Assignment and Assumption of Lease agreement,

attached hereto as Exhibit 3 and incorporated by reference, which grants Caroco a security interest in the lease and other assets and grants Caroco other remedies that it may exercise upon Franchisee's default under the lease or this Agreement.

4. Education and Development.

Prior to the opening of the Store, Caroco will educate and train Franchisee in the Caroco System by providing an educational and development program at a location designated by Caroco which shall be attended by Franchisee's Operating Principal (as defined below) and Franchisee's management as Caroco may reasonably designate. Franchisee acknowledges that there is a fee for the initial educational and developmental training program which is included in the Initial Franchise Fee (defined below) and agrees to be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages.

From time to time after the opening of the Store Location, Caroco may, at its option, provide additional educational and development programs to Franchisee and Franchisee agrees to attend and to cause the Operating Principal, the Owners, and other management employees of Franchisee to attend.

Franchisee agrees that Caroco is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Caroco's experience, knowledge, and judgment. Franchisee also acknowledges that Caroco is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Caroco has failed to adequately provide any pre-opening services to Franchisee, the Operating Principal, or to Franchisee's management employees, whether with respect to any matter affecting the establishment of the Store, Franchisee shall notify Caroco in writing within thirty (30) days following the opening of the Store or Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Caroco were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to Franchisee. If Franchisee fails to so notify Caroco, Franchisee will be deemed to have waived all claims relating to or arising from Caroco's obligations to provide pre-opening assistance.

Caroco may, in its sole discretion, convene meetings of franchisees as it considers necessary or appropriate, in its sole discretion.

Caroco may choose, but is not obligated, to give Franchisee guidance, advice, operating assistance, and additional training. Caroco shall not be liable to Franchisee or any other person, and Franchisee waives all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary) on account of any guidance or operating assistance offered by Caroco. If Franchisee requests advice, information, or assistance at a level greater than what is provided to other franchisees, Caroco reserves the right to charge Franchisee Caroco's then-current training fee. Caroco reserves the right to assess a training fee or attendance fee for any conferences, conventions, or other training Caroco or its approved vendors provide.

5. The Franchise Fees.

(a) Initial Franchise Fee. Franchisee shall pay Caroco an initial franchise fee in the amount equal to the greater of Ten Thousand Dollars (\$10,000) or the amount Franchisee bids

through the sealed bid process for the Store (“Initial Franchise Fee”), which Initial Franchise Fee shall be paid upon execution of this Agreement.

(b) Further Investment. On the Effective Date, Franchisee shall have a sufficient investment in the business to provide necessary working capital to operate and conduct its business and to meet all business obligations, including, but not limited to, payroll and its associated expenses, worker’s compensation insurance, general liability insurance and other operating expenses. For the avoidance of doubt, unless a cost, expense, or fee is expressly to be borne by Caroco or its affiliates pursuant to the terms of an agreement between Franchisee and Caroco or between Franchisee and Caroco’s affiliates, respectively, Franchisee is responsible for paying all the costs, expenses, and fees associated with operating the Store.

(c) Continuing Royalty. As a continuing franchise fee, Caroco shall receive a portion of the Gross Profit (defined below) in accordance with the following schedule (“Continuing Royalty”):

(i) Under the standard franchise program, the final retail prices Franchisee selects is at Franchisee’s sole discretion. Caroco shall receive a “Standard Continuing Royalty” of Fifty Six Percent (56%) of Franchisee’s Gross Profit; or

(ii) If Franchisee elects to participate in the Price Book Option (defined below) or the Promotions Program (defined below), but not both, then Caroco shall receive a reduced Continuing Royalty of Fifty Three Percent (53%) of Franchisee’s Gross Profit (“Caroco Option A”) in lieu of the Standard Continuing Royalty provided for in Section 5(c)(i) above; or

(iii) If Franchisee fully participates in both the Promotions Program (defined below) and the Price Book Option (defined below), then Caroco shall receive a reduced Continuing Royalty equal to Fifty Percent (50%) of Franchisee’s Gross Profit (“Caroco Option B”) in lieu of the Standard Continuing Royalty provided for in Section 5(c)(i) above.

(d) Change in Continuing Royalty; Method of Payment: Up to three (3) times during a twelve (12) month period, Franchisee may change between the Standard Continuing Royalty, Caroco Option A, and Caroco Option B with thirty (30) days prior written notice. The change will be implemented at the beginning of the calendar month following the notice period. The Continuing Royalty accrues daily but is charged to Franchisee once a month following settlement of Franchisee’s monthly account. At Caroco’s election, Franchisee shall either (i) directly remit to Caroco on a monthly basis the Continuing Royalty owed for the previous month, (ii) instruct Caroco’s affiliate to remit the Continuing Royalty to Caroco on Franchisee’s behalf, or (iii) authorize Caroco to withdraw the Continuing Royalty directly from the Franchisee’s Bank Account.

(e) Cash and Safe Fund. Franchisee shall pay Caroco a cash and safe fund for purposes of making change, which amount shall be paid upon execution of this Agreement.

(f) Goods and Services. If Caroco or any of its affiliates is the vendor of any goods and services used in or sold from the Store, Franchisee agrees to pay to Caroco or any of its affiliates the fees, costs, and expenses that Caroco or any of its affiliates may charge for the goods and services. The goods and services Caroco or any of its affiliates supply may change from time to time.

(g) EBT Transaction Fees. As described in Section 7(c), Franchisee shall participate in the SNAP and EBT programs (defined below). Caroco shall establish the amount of EBT transaction fees that Franchisee is responsible to pay and Franchisee agrees to pay them. The amount that Caroco establishes that Franchisee must pay may be up to one hundred percent (100%) of the EBT transaction fees.

(h) Service Fees. If Franchisee asks Caroco perform any services related to the Agreement that Caroco is not required to perform and Caroco agrees to perform the services, Caroco may charge Franchisee an additional fee and the attorneys fees Caroco incurs to perform the service.

(i) Additional Training Fees. If Franchisee requests any additional training from Caroco and Caroco, in its discretion, determines to provide it, Caroco shall have the right to require Franchisee to pay Caroco's then-current additional training fee. Franchisee remains responsible for paying for Franchisee's and Franchisee's employees' lodging, transportation, wages, and food expenses incurred for additional training.

(j) Third Party Vendor Charges. Caroco reserves the right to have vendors bill it or its affiliates for goods and services that benefit the system of Caroco franchisees. Franchisee agrees to pay Caroco its pro rata share of these goods and services costs and fees.

(k) Delinquent Payments. If Franchisee is delinquent in the payment of any obligation to Caroco, its affiliates, or designees, then Caroco (or such affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

(l) Franchisee's Absolute Obligation to Pay. Franchisee's obligation to pay Caroco the fees required hereunder will be absolute and unconditional. Franchisee will not, for any reason, withhold payment of the Continuing Royalty or any other fees or payments due Caroco and its affiliates under this Agreement or any other agreement. Franchisee will not have the right to "offset" any liquidated or unliquidated amounts allegedly due to Franchisee from Caroco or its affiliates against the Continuing Royalty or any other payments due to Caroco or its affiliates under this Agreement or any other agreement. Franchisee must pay timely and in full all fees due under this Agreement regardless of any claims that Franchisee may allege against Caroco or its affiliates. Except as noted above with respect to the Initial Franchise Fee, no fees paid by Franchisee hereunder are refundable under any circumstances.

(m) Certain Definitions.

(i) "Gross Profit" means Gross Sales less the Cost of Goods Sold.

(ii) "Gross Sales" means the total sales that Franchisee derives from the sale of Core Products at Franchisee's Caroco franchise, whether from sales for cash or credit and regardless of the collection thereof. "Gross Sales" does not include sales taxes or sales to other franchisees. Additionally, "Gross Sales" does not include the revenue generated from the sale of Other Products and Services.

(iii) "Core Products" means the food, beverage, and non-food merchandise and inventory, other than Other Products and Services, that are designated and identified as Core Products by Caroco and consigned to Franchisee through the Commissary,

including but not limited to the food, beverage, and non-food merchandise and inventory for which Franchisee has some discretion in selecting pursuant to the terms of this Agreement. The sale of Core Products is subject to the Continuing Royalty. Caroco may add, delete, and/or otherwise modify the list of Core Products at any time in Caroco's absolute discretion.

(iv) "Other Products and Services" are products and services, other than the Core Products, that Caroco permits to be offered and sold at the Store. Unless a good or service is otherwise designated by Caroco to be a Core Product, "Other Products and Services" includes but is not limited to (i) products and services for which Caroco or its affiliates receive a commission from a third party, (ii) products and services that are both provided by and transacted by machines or equipment, (iii) Energy, (iv) goods and services sold by other tenants of the leased premises, and (v) other goods and services that Caroco may designate from time to time. As of the Effective Date, Other Products and Services include financial services offered by automated teller machines, air dispensing services, items sold from vending machines, lottery tickets, car wash services, games, and Energy. The sale of Other Products and Services are not subject to the Continuing Royalty as all of the revenue from Other Products and Services belongs to Caroco or its affiliates.

(v) "Cost of Goods Sold" means the cost of all inventory and merchandise sold by the Store and the cost of all supplies consigned to Franchisee from the Commissary.

(vi) Inventory shortages or overages for an audit period that are Two Percent (2%) ("Inventory True-Up Percentage") or less of the Gross Sales subject to the Continuing Royalty will be calculated in the Cost of Goods Sold. In the event of retail inventory shortages for an audit period exceeding the Inventory True-Up Percentage of the Gross Sales subject to the Continuing Royalty, Franchisee will be required to pay the amount that exceeds the Inventory True-Up Percentage to Caroco or its affiliates. In the event of inventory overages for an audit period exceeding the Inventory True-Up Percentage of the Gross Sales subject to the Continuing Royalty, Caroco or its affiliates will pay Franchisee this overage up to the inventory shortage Franchisee paid over the Inventory True-Up Percentage the prior audit period or can be used to offset a shortage greater than the Inventory True-Up Percentage the following audit period. In the event of shortages in cash or Other Products and Services and other items included in M. M. Fowler's Revenue and not subject to the Continuing Royalty, Franchisee will be required to pay the shortage amount to Caroco's affiliate in the manner set forth in the Consignment and Commission Agreement. As provided for in the Consignment and Commission Agreement between Franchisee and Caroco's affiliate, Caroco's affiliate has the right to offset against any amounts owed to Franchisee with amounts Franchisee owes to Caroco or Caroco's affiliates.

(vii) "Price Book Option" is an optional program offered by Caroco whereby Caroco provides suggested retail prices for inventory and merchandise items. Participation in such program requires Franchisee to sell such items at the suggested retail prices. Participation in the Price Book Option is in Franchisee's sole discretion. To be eligible for the most favorable Caroco Option B, Franchisee must participate in the Price Book Option by Caroco offered under the then-current Price Book Program.

(viii) "Promotions Program" is an optional promotional program designed to promote sales at Caroco stores. While Franchisee may always participate in the

promotional programs offered by Caroco, to be eligible for the most favorable Caroco Option B, Franchisee must participate in all promotions by Caroco offered under the program. Franchisee's right and choice to participate in the Caroco Promotions Program is at Franchisee's sole discretion. However, as detailed further in Section 10(a), there are certain Mandatory Promotions that Franchisee must participate in that will not be considered an election to participate in the Promotions Program.

(n) Fines; Adjustments to Royalties. For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to follow Caroco's Brand Standards regarding advertising materials, sells unauthorized food or merchandise, fails to use designated vendors, breaches Franchisee's obligations under this Agreement, otherwise fails to follow system standards and requirements, or violates the Code of Values, Caroco shall, at Caroco's option, have the right to levy a fine of up to Two Thousand Dollars (\$2,000) per occurrence plus attorneys' fees related to providing notice of and collecting the fine, which fines can be increased annually for changes in the Consumer Price Index, but in no circumstances shall decrease. Additionally, at any time Caroco determines the premises fails to meet Caroco's standards, Caroco can charge a premises cleaning fee equal to the actual costs incurred by Caroco following each occurrence. In the case of failure to attend required training or Caroco sponsored conventions, the Continuing Royalty paid to Caroco for the balance of the calendar year shall increase by one percent (1%) or Caroco shall have the right to assess a fee of up to Four Thousand Dollars (\$4,000). The imposition of a fine pursuant to this paragraph shall not act as a waiver of any of Caroco's other remedies under this Agreement. Furthermore, Caroco shall have the right to collect any such fines by means of electronic funds transfer. Imposition of these fines will in no way waive Caroco's right to consider Franchisee's breach of this Agreement as a default-triggering event.

(o) Adjustments to Royalties. Further, in the event the merchandising, promotions, or pricing standards or food service standards established by this Agreement (including, without limitation, the Price Book Option or Promotions Program) are discontinued or deemed illegal or invalid at any time, Caroco shall have the right to unilaterally increase the Standard Continuing Royalty by Three Percent (3%) for the balance of the Initial Term or any extensions thereof and the Renewal Term.

(p) Interest on Late Payments. All amounts which Franchisee owes to Caroco or its affiliates will bear interest automatically and without notice from Caroco or its affiliates after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. Franchisee acknowledges that Caroco does not agree to accept any payments after they are due nor commits to extend credit to, or otherwise finance Franchisee's operation of the Store. Franchisee's failure to pay all amounts when due constitutes grounds for termination of this Agreement.

(q) Inflation Adjustment. Caroco and its affiliates reserve the right to increase the amount of any fee provided for hereunder due Caroco or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Caroco. Caroco will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

6. Design and Appearance.

The design and appearance of both the exterior and interior of the Store Location building is part of the Caroco indicia, subject to modification from time to time by Caroco at Caroco's sole discretion and is an essential component of the Caroco brand and Caroco System. Accordingly, Franchisee agrees that:

(a) No Changes Without Permission. Franchisee will make no change, addition or alteration of any kind to the structural elements, fixtures, signage or decor of the Store Location building or to adjacent areas without prior written consent of Caroco.

(b) Fixtures and Equipment. Franchisee will only use the fixtures and equipment (including Computer Systems (as defined in Section 8(c)) and signs as provided, or otherwise approved by Caroco, and will not change or alter the locations of the equipment and fixtures without the express written approval of Caroco.

(c) Technology Changes. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Caroco shall have the right to establish new standards for the implementation of technology and Computer Systems in the Caroco System; and Franchisee agrees that it will abide by those new standards established by Caroco, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Caroco, its affiliates, or third-party vendors, as a result of these changes to technology and Computer Systems.

(d) Other Restrictions. Without Caroco's prior written consent, Franchisee shall not install or permit at the Store Location unauthorized vending machines, newspaper or magazine racks, games, rides, amusement devices, juke boxes, whether or not coin operated, nor any unapproved music systems or other entertainment systems or activities. Music cannot be played in the Store for any reason without Caroco's prior written consent.

7. Inventory.

(a) Consigned Inventory. Caroco or its affiliate, acting as a commissary ("Commissary"), shall deliver upon consignment to the Store Location prior to opening an initial inventory adequate to provide customers with a type, quantity, quality and variety consistent with the Caroco merchandising program and thereafter replenish such inventory as required from time to time at the discretion and direction of the Commissary.

(b) Restrictions on Inventory. Except as otherwise provided in this Agreement, to assure the uniformity of Caroco stores and quality of store merchandise offered for sale and consumption to Caroco customers, Franchisee agrees to sell only merchandise consigned to Franchisee by the Commissary sourced from approved vendors. Franchisee must maintain in the Store at all times a reasonable and representative quantity of all products Caroco designates as proprietary products and quantities of inventory that align with the Merchandising System (defined in Section 9).

(c) SNAP and EBT. At all times during the Initial Term and any extensions thereof and the Renewal Term, the Store must be and remain at all times an authorized Supplemental Nutrition Assistance Program ("SNAP") retailer and must participate in the program using Electronic Benefits Transfer ("EBT") system equipment and transaction services. If at any time

the Store is or becomes ineligible, for any reason, to participate in SNAP or to accept EBT payments, Franchisee will be in default of this Agreement.

(d) Franchisee Selected Inventory. Notwithstanding Section 7(b) above, provided the merchandise or vendor does not reflect negatively on the Caroco brand or Caroco System, that Caroco approves of the vendor, and provided that Franchisee at all times complies with SNAP and EBT requirements as required in Section 7(c) above, Franchisee may select a vendor of its choice as the source for the below products which Franchisee will resale:

- (i) Bread, fruit and produce; and
- (ii) Merchandise for resale in the gondola space as provided under Section 9(a).

These selected products shall be consigned to Franchisee in the same manner as the other Core Products. Franchisee shall deliver to the Commissary the cost and retail selling prices of such merchandise selected pursuant to this Section 7(d) to be entered into Franchisee's Price Book and accounted for in the Caroco System in order to accurately account for Gross Profit. Upon receipt of a proper invoice from the vendor in the form and in the manner as prescribed by Commissary from time to time, Commissary shall accept and pay such invoice.

(e) Approval for Inventory. If Franchisee desires to offer for resale other merchandise or products not historically consigned by the Commissary or as allowed under Section 7(d) above, Franchisee must first submit and obtain Caroco's approval in the manner as then-currently prescribed by Caroco. If approved by Caroco, Franchisee shall deliver to the Commissary the cost and retail selling prices of such approved merchandise to be entered into Franchisee's Price Book and accounted for in the Caroco System in order to accurately account for Gross Profit. Upon receipt of a proper invoice from the vendor in the form and in the manner as prescribed by the Commissary from time to time, the Commissary shall accept and pay such invoice and the merchandise and products will be consigned to Franchisee as with other Core Products. Any such merchandise or products must be provided by vendors who meet Caroco's credit terms and other conditions to be considered for approval. **ALTHOUGH APPROVED OR DESIGNATED BY CAROCO, ITS AFFILIATES, AND THEIR REPRESENTATIVES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICES, MERCHANDISE, PRODUCTS, SUPPLIES, FIXTURES, OR ANY OTHER APPROVED ITEM. IN ADDITION, CAROCO, ITS AFFILIATES, AND THEIR REPRESENTATIVES DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR FURNISHED BY ANY VENDOR APPROVED OR DESIGNATED BY CAROCO. CAROCO'S APPROVAL OR CONSENT SHALL NOT CREATE ANY LIABILITY TO CAROCO, ITS AFFILIATES, OR THEIR REPRESENTATIVES.**

(f) Prices. Caroco agrees to provide Franchisee suggested retail selling prices ("Price Book"). The retail selling prices of Store merchandise shall be in the sole discretion of Franchisee and Franchisee is not required to sell any merchandise at prices suggested by Caroco, unless Franchisee elects to participate in the Price Book Option as described above or unless otherwise reserved by Caroco herein. Caroco reserves the right, to the fullest extent permitted by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices for Energy, products, beverages, merchandise, or services sold at the Store. If Franchisee sells any Energy, products, beverages, services, or merchandise at any price recommended or required by Caroco, Franchisee acknowledges that Caroco has made no guaranty or warranty that the

recommended or required price will enhance Franchisee's sales or profits. Franchisee shall comply with Caroco's affiliate's requirements for the pricing of Energy.

(g) Vendor Relationships. Caroco or its affiliates may receive payments, rebates, or other compensation from vendors on account of the vendors' dealings with Caroco, Caroco's affiliates, Franchisee, or other stores in the system, and Caroco may alter, modify or create new relationships in which they receive payments, rebates, or other compensation, or for such other reasons as Caroco in its sole discretion deems appropriate, at any time in the future. Franchisee has no right to, claim, or interest in any such payments, rebates, and compensation. Caroco and its affiliates may use any amounts received from vendors for any purpose that Caroco and its affiliates deem appropriate. Further if Caroco and its affiliates sell any goods and services to Franchisee, Caroco and its affiliates may make a profit. Franchisee hereby agrees that Caroco and its affiliates are entitled to such profits. Franchisee acknowledges and agrees that: (i) monies, benefits or other remuneration that Caroco or its affiliates receive in connection with Franchisee's sale or purchase of any supplies, goods, or services is fair and appropriate compensation to Caroco or its affiliates in connection with Caroco's active efforts to evaluate supplies, goods, services, vendors, ongoing efforts to monitor and evaluate whether if such supplies, goods, services, vendors continue to meet their requirements for supplies, goods, services, vendors, Caroco's administration of the Caroco System and merchandising program, and Caroco's activities to continue to improve and enhance the Caroco System; and (ii) such monies or remuneration are fully earned by Caroco or its affiliates. Caroco and its affiliates may retain all revenue and other remuneration they receive from vendors without restriction. Caroco or its affiliates, in their sole discretion, may concentrate purchases with one or more to obtain lower prices, advertising support and/or services for the benefit of Caroco, its affiliates, and the stores, or for any other reason that Caroco deems appropriate. Caroco may establish supply facilities or servicing capabilities owned by Caroco or its affiliates and may designate them as approved vendors.

(h) Inventory Audit. Franchisee agrees that Caroco and its affiliates, or their representatives and designees, shall have the right, but not the obligation, to audit the inventory at the Store Location at any time and shall have the right to charge Franchisee an audit fee for any fifth or subsequent inventory audit in a calendar year.

(i) Inventory Changes. The goods and services Franchisee is permitted to, or required to, sell at the Store may change from time to time in Caroco's sole discretion and in accordance with the Merchandising System described in Section 9 below. Franchisee shall comply with the changes made by Caroco.

8. Supplies and Computer Systems

(a) Obtaining Supplies. Franchisee is solely responsible for ordering from the Commissary the supplies it needs to operate the Store and for having such items consigned to it.

(b) Required Supplies. As to items customarily sold in standardized containers such as fountain beverages, frozen carbonated beverages, and prepared coffee, Franchisee shall use only standardized containers which conform to the type, style, quality and, where deemed appropriate by Caroco, bear the distinctive identification designated by Caroco. Franchisee agrees that it will use only those designated standardized supplies and materials in the operation of the Store as Caroco shall have specifically designated or approved. Franchisee may be

required to receive on consignment from Caroco or the Commissary certain supplies and products that involve trade secrets, or that have been specially prepared by Caroco or at Caroco's direction, or that Caroco considers integral to the Caroco System.

(c) Computer Systems. Caroco has the right to require Franchisee to purchase or lease, and thereafter maintain, Computer Systems for use in operating the Store. "Computer Systems" means any computer systems, hardware (including cash registers, mobile devices and tablets), software, communications equipment, electronics, point of sale systems, self-checkout systems, transaction systems, automated systems, robotics, applications, and technologies. These purchase or lease requirements may be in addition to the equipment and Computer Systems leased to Franchisee by Caroco or its affiliates. All Computer Systems must meet Caroco's standards and specifications. To improve the customer experience, reduce customer wait times, and reduce the burden on Franchisee's employees, Franchisee must implement Caroco's approved self-checkout Computer System. Self-checkout stations must be open and available for customer use during all business hours. Franchisee's use of the Computer Systems must comply with Caroco's brand standards. Caroco's requirements for the Computer Systems will be updated from time to time as deemed necessary by Caroco in accordance with changing technology and industry standards. Franchisee must periodically update, as required by Caroco and/or the Computer Systems' vendors, all Computer Systems solely at the Franchisee's expense, which may include the purchase or lease of new Computer Systems. Franchisee must disclose to Caroco all passwords or codes associated with the Computer Systems. Caroco and its affiliates may develop proprietary or non-proprietary Computer Systems and may require that Franchisee enter into a license agreement with Caroco or its affiliates for the Computer Systems. Additional fees may be required with the terms of the license agreement. Initially Franchisee shall be required to purchase a time clock, tablet computer, and cell phone that meet Caroco's standards and specifications. Franchisee acknowledges and agrees that Caroco shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Caroco or its affiliates, including, but not limited to, for any data lost as a result of such malfunction or "crash." Caroco shall have unlimited, independent access to all information and data produced by or otherwise located on any of Franchisee's Computer Systems. Franchisee agrees to hold Caroco and its affiliates, its or their agents and assigns, harmless with regards to any damages that may occur to the Computer Systems and the data contained on them as a result of Caroco's access to the data. From time to time, Caroco or Caroco's affiliates may provide the Store with certain Computer Systems. Franchisee must comply with Caroco's instructions regarding Computer Systems, regardless of Franchisee's or Caroco's ownership of such. Franchisee is expressly prohibited from directly or indirectly (through vendors) utilizing any form of artificial intelligence ("AI") technology in the operation, management, or marketing of the Store without the express written approval of Caroco. This includes, but is not limited to, AI-driven marketing, advertising, customer service, data analysis, image generation, text generation, code generation, sound generation, and decision-making tools. Any breach of this provision will be considered a material violation of this Agreement.

(d) Payment Types. Franchisee shall comply with Caroco's brand standards for the type of payments accepted at the Store and the Computer Systems used in the transactions. Payment types may include various currencies, credit cards, charge cards, loyalty program benefits, gift cards, gift certificates, government assistance payments, coupons, and other types of electronic payment methods. Franchisee shall fully honor all payment types that are in the form provided or approved by Caroco. If applicable, Franchisee shall sell, issue, and redeem gift cards and gift certificates and participate in loyalty and coupon programs in accordance with procedures and policies specified by Caroco in the Brand Standards Manual. Franchisee agrees to use such credit card processing services approved by Caroco and, if Caroco so designates, to purchase

and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Caroco does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Caroco is compliant whether or not certified as such, with the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council. Franchisee may be required to provide free or discounted items or other free or discounted products or services as a result of a loyalty program. Caroco is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of participation in a loyalty program.

9. Merchandising System.

(a) Merchandising System. Caroco offers a merchandising system for the display and configuration of Store merchandise and products offered for sale to ensure uniformity and conformity standards ("Merchandising System"). The Merchandising System includes all aspects of retail operations (other than those aspects for which Franchisee is expressly responsible for under the terms of this Agreement), including, but not limited to, how the inventory is displayed, inventory selection, inventory quantities, inventory placement, and selection of vendors. To ensure such uniformity and conformity of the Caroco brand and System, Franchisee shall at all times conform to the Merchandising System, as amended and modified from time to time by Caroco, except as provided in Section 9(a)(i) below, and all space not provided for in the following exceptions must be allocated to merchandise as Caroco specifies:

(i) Provided the merchandise or vendor does not reflect negatively on the Caroco brand or Caroco System, and each is approved by Caroco, Franchisee will be allowed to sell merchandise within thirty-two (32) linear feet of floor gondola space within the Store Location to be assigned and designated by Caroco, and the merchandise offered for sale within such area will be in the sole and absolute discretion of the Franchisee.

(b) Lottery. Caroco may require Franchisee to offer for sale at the Store such products available from any relevant state lottery. Sales from lottery products will not be included in Gross Sales or counted in determining Gross Profit. Franchisee shall pay Fifty Percent (50%) of any rental fee charged by the state or a servicing entity required to operate the lottery, and Caroco's affiliate will pay the remaining Fifty Percent (50%). Franchisee shall accept only cash in the sale of lottery tickets. Any transaction utilizing any other payment method is subject to a fee to Caroco's affiliate of One Hundred Dollars (\$100) and revocation of any commission that would have been due to Franchisee had the payment not been improper. Notwithstanding the foregoing, if Caroco or Caroco's affiliate receives an award for selling a winning ticket, Caroco or Caroco's affiliate is not obligated to share the proceeds with Franchisee.

10. Promotions and Advertising.

(a) Promotion Program. From time to time Caroco may offer Franchisee the opportunity to participate in merchandise promotions of selected products ("Promotion Program"). Franchisee will generally have the option to accept or decline participation in any particular Promotion Program. Nevertheless, Caroco reserves the right to mandate some promotions in which Franchisee must participate, regardless of whether Franchisee has elected to participate in the Promotion Program ("Mandatory Promotions"). Mandatory Promotions may include promotional pricing or loyalty programs that Franchisee must comply with. Participation in the Mandatory Promotions will not be considered an election to participate in the Promotion Program.

(b) Cooperative or Competitive Development Agreements. Caroco has developed a favorable reputation for expertise in vendor relations and Franchisee acknowledges that certain vendors may engage in cooperative or competitive development agreements with Caroco or its affiliates. Franchisee acknowledges that this may result in a direct payment to Caroco or its affiliates for conducting certain marketing and administrative operations, and Franchisee agrees that it has no interest in any portion of this consideration and will receive no compensation from the vendor or Caroco or its affiliates if engaged in cooperative or competitive development agreements. Franchisee acknowledges that Caroco and its affiliates make no guaranty, warranty, or promise that cooperative or competitive development agreements will benefit Franchisee. Franchisee acknowledges that cooperative and/or competitive development agreements may increase the Cost of Goods Sold and reduce the Gross Profit.

(c) Advertising by Caroco. Caroco, at its own expense, may, at its sole discretion, advertise the Caroco brand and Caroco System in any way it deems appropriate. However, Caroco has no obligation to engage in any marketing activities. Franchisee acknowledges that such advertising and marketing is designed to increase recognition of the Caroco brand and to further the public image and acceptance of the Caroco System, and that Caroco does not undertake any obligation to ensure that its expenditures will benefit Franchisee directly or in proportion to other franchisees. Caroco may from time to time offer to Franchisee such approved advertising and promotional plans and materials as Caroco deems advisable. Caroco expressly disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Caroco for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Caroco are and remain the exclusive property of Caroco. Caroco shall have the right to include the promotion of available franchises in all marketing and advertising materials, including, but not limited to, signage in Store, table tents, print media, and TV or radio spots.

(d) Franchisee Advertising. Franchisee shall have the right to conduct, at its separate expense, supplemental advertising. Franchisee shall at all times adhere to Caroco's then current branding standards, including the font and presentation of the Marks. Caroco's prior approval of advertising consistent with the branding standards is not required. Notwithstanding, upon receipt of written notice from Caroco, Franchisee shall not use, and shall cease using, any advertising or promotional materials that Caroco may at any time disapprove, regardless of whether any such items had been previously approved by Caroco in the past.

(e) Ownership. Caroco shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing related to the Caroco System, whether produced and conducted by Franchisee, another franchisee, Caroco, or Caroco's affiliate. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Caroco, Franchisee shall assign to Caroco any contractual rights or copyright it acquires in any advertising.

(f) Online Presence. Franchisee will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to Caroco, the Caroco System or the Store without Caroco's written consent, which Caroco is not obligated to provide. An "Online Presence" includes (1) a website, other webpages, URLs, or domain names, (2) accounts, pages, or profiles on social media sites, social networking sites, news sites and groups, online, internet, or digital directories, video, photography, audio, and messaging services, blogs, or

forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence, or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by Caroco, which approval Caroco is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to an Online Presence relating to Caroco, the Caroco System, the Marks, or the Store that (a) does not comply with Caroco's then-current brand, social media, or Online Presence guidelines, (b) is derogatory, disparaging, or critical of Caroco, the Caroco System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the Caroco System and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Caroco may create. Franchisee specifically acknowledges and agrees that any Online Presence will be deemed "advertising" under this Agreement, and will be subject to (among other things) Caroco's approval under this Agreement. Caroco alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the Caroco System, including through any Online Presence. Caroco shall not be liable for downtime that may occur to any such Online Presence or email address, whether such downtime is caused by Caroco or a third-party. Caroco alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Caroco for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Caroco. Caroco shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the stores, with such webpage(s) or Online Presence to be located within Caroco's website or another Online Presence. Franchisee shall comply with Caroco's policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence and email addresses; and Caroco shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage or Online Presence. Franchisee shall not establish a separate website or Online Presence or business email address, without Caroco's prior written approval (which Caroco shall not be obligated to provide). If approved to establish an Online Presence or email address, Franchisee shall comply with Caroco's policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence or email address. Caroco shall have the right to modify the provisions of this Section 10(f) relating to any Online Presence as Caroco shall solely determine is necessary or appropriate. Franchisee shall not use the Marks or any abbreviation or other name associated with Caroco and/or the Caroco System as part of any Online Presence or email address of Franchisee, except as permitted by Caroco's then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Caroco's prior written consent as to Franchisee's plan for transmitting such advertisements. For any Online Presence (and all URLs and other identifiers related to any Online Presence) or email address Franchisee is approved to create or use, Caroco reserves the right, at its sole option and discretion, to have the Online Presence directly owned by Caroco or to require any such Online Presence or email address be transferred to Caroco upon the termination, expiration, or non-renewal of this Agreement for any reason. Caroco has the right to require that any Online Presence or email address Franchisee is permitted to create, use, or maintain be registered in Caroco's name. Upon request, Franchisee must provide Caroco with any login credentials for any Online Presence or email address Franchisee is authorized to create, use, or maintain. Caroco has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Caroco's policies and Caroco may take ownership of any Online Presence upon expiration, non-renewal, transfer, or termination of this Agreement and operate it in Caroco's sole discretion.

(g) Telephone Number and Directories. Caroco shall establish a local telephone number for the Store. Caroco shall be the sole owner of that telephone number. In no event shall Franchisee use such number for any other business. Franchisee shall not obtain any additional or substitute telephone service or telephone number at the Store without prior written consent from Caroco. Caroco may arrange for the listing of the Store's telephone number and address in business directories as deemed appropriate by Caroco under the name "Caroco" or such other name as Caroco may designate. Franchisee shall not arrange any advertising or listing in business directories without prior written approval of Caroco. Franchisee agrees to pay the cost of the business directory listings and reimburse Caroco if Caroco does so on Franchisee's behalf.

(h) Use of Likeness Consent/Release. Franchisee's Guarantors hereby grant Caroco and its affiliates absolute and unrestricted permission to use the name, likeness, image, voice, and/or appearance of Franchisee's Guarantors as such may be embodied in any photographs, video recordings, audio recordings, digital images, and the like taken or made by Caroco and Caroco's affiliates. Franchisee's Guarantors agree that Caroco has complete ownership of such material and can use said material for any purpose, including for videos, social media, publications, advertisements, posts, news releases, brochures, websites, and any promotional or training materials in any medium or Online Presence. Franchisee's Guarantors acknowledge that Franchisee will not receive any compensation for the use of such images, video, or likeness. Franchisee's Guarantors release and hold harmless Caroco; Caroco's predecessor and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, from any and all claims and demands arising out of or in connection with the use of Franchisee Guarantors' name, likeness, image, voice and/or appearance, including any and all claims for invasion of privacy, right of publicity, misappropriation or misuse of image, and/or defamation.

(i) Content. Caroco has the right to require Franchisee to provide graphical, photographic, video, written or other forms or artistic or literary content for Caroco to use in connection with any Online Presence and other brand development, advertising, public relations, and marketing activities.

11. Bank Account and Daily Deposits.

(a) M. M. Fowler Account. M. M. Fowler shall establish and maintain a bank account at a financial institution of M. M. Fowler's choosing ("M. M. Fowler Bank Account"). The M. M. Fowler Bank Account shall be owned by M. M. Fowler. Franchisee shall deposit all proceeds and/or funds ("Proceeds") arising in connection with the sale of Core Products and Other Products and Services at the Store in the M. M. Fowler Bank Account. The Proceeds shall include all of Franchisee's Gross Sales, as well as the proceeds from the Other Products and Services ("M. M. Fowler's Revenue"). Franchisee shall receive its portion of Gross Profit as set forth in this Agreement, its commissions as set forth in the Consignment and Commission Agreement, and any other payment owed to Franchisee under an addendum to this Agreement, for Franchisee's collection of M. M. Fowler's Revenue and remittance of M. M. Fowler's Revenue to the M. M. Fowler Bank Account. Remittance shall be by cash deposited to the M. M. Fowler Bank Account on a daily basis or by such other means as Caroco or M. M. Fowler may direct. In the event that Franchisee fails to account daily, make settlement, remit or otherwise observe the procedures established by Caroco for the deposit of Proceeds, Caroco shall have the right to immediately cancel and terminate this Agreement. Caroco has the right to draft Continuing Royalties directly from Franchisee's Gross Sales in the M. M. Fowler Bank Account through electronic funds

transfer (“EFT”) or to otherwise receive payment from M. M. Fowler of the Continuing Royalties from the Proceeds remitted to the M. M. Fowler Bank Account.

(b) Franchisee’s Account. Franchisee shall also establish and maintain a bank account at a financial institution of Franchisee’s choosing (“Franchisee’s Bank Account”). Caroco or its affiliate has the right to remit Franchisee’s Gross Profit, less its Continuing Royalties and any other payments due to Caroco or any affiliates, to Franchisee’s Bank Account through EFT. To facilitate this process, Franchisee shall: (1) comply with procedures specified by Caroco and shall execute an ACH/EFT authorization in a form approved by Caroco; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section; (3) give Caroco and its affiliate an authorization in the form designated by Caroco to initiate debit entries and/or credit correction entries to the Franchisee Bank Account for remittance of amounts due to Franchisee under this Agreement; (4) maintain the Franchisee Bank Account as the single bank account into which Caroco or its affiliate shall pay or remit any amounts required by to be made by this Agreement. Franchisee must advise Caroco at least fifteen (15) business days prior to any change in the Franchisee Bank Account and no such change will be permitted without the prior written authorization of Caroco. To ensure the orderly electronic transfer of the Continuing Royalty and all other fees as outlined in this Section 11, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Caroco or any of its affiliates, and a copy of that agreement will be submitted to Caroco prior to the Effective Date.

(c) Proper Payment. If Franchisee fails to pay the full amount of the Continuing Royalty or other fees due Caroco or its affiliates when due or Franchisee has insufficient funds to cover an electronic transfer when initiated by Caroco, Franchisee shall pay interest on the amount due and unpaid at an interest rate in the amounts set forth in Section 5(o). Franchisee shall also pay Caroco an insufficient funds fee of Fifty Dollars (\$50) plus any fee charged to Caroco for the uncollected funds. In addition, and not in lieu thereof, failure by Franchisee to have sufficient funds in the Franchisee Account or to remit the Proceeds to the M. M. Fowler Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth. Franchisee shall not be entitled to set off, deduct or otherwise withhold any Proceeds, royalty fees, advertising contributions, interest charges or any other monies payable by Franchisee under this Agreement on any grounds or for any reason, including grounds of any alleged non-performance by Caroco or its affiliate of any of their obligations or for any other reason.

12. Trade Name, Business Address, Identification Numbers and Licenses.

(a) Trade Name. Franchisee shall not use in any corporate or trade name the designated trade name for the Store Location or any variant thereof the term Amoco, BP, Shell, M. M. Fowler, Caroco, or any other brand of Energy sold at the Store Location, as designated by Caroco, or any derivation thereof.

(b) Business Address. The business address for Franchisee shall not be identified as being located at the Store Location or associated with Amoco, BP, Shell, M. M. Fowler, Caroco, or any other brand of Energy sold at the Store Location, as designated by Caroco.

(c) Steps to take Prior to Commencing Operations. Prior to commencing business operations, Franchisee shall do the following:

(i) Apply for and obtain a federal employer's identification number for Franchisee's business, unless Franchisee is presently conducting business under an issued number;

(ii) Apply for and obtain any required business licenses. Franchisee must submit application for such licenses within two (2) days after Caroco notifies Franchisee that it must submit application. Failure to do so shall constitute a default under this Agreement;

(iii) Register as an employer with the relevant local employment agency;

(iv) Provide Caroco with a certificate of insurance, or as Caroco may require a certified copy of the policy, certifying the existence of the general liability, employment practices liability, and workers' compensation insurance required under Section 19; and

(v) Provide Caroco with a certified copy of the Articles of Incorporation or Articles of Organization reflecting that Franchisee is a duly organized corporation or limited liability company validly existing, organized and in good standing under the laws of the State of its incorporation or organization, and Franchisee shall remain in good standing at all times during the Initial Term and any extension thereof and any Renewal Term.

Additionally, the Operating Principal must complete Caroco's required initial training program to Caroco's satisfaction prior to opening.

(d) Ownership of Marks; Use by Others. Caroco and its affiliates shall have and retain all rights associated with the Marks, including, but not limited to, the following: (i) to use the Marks in connection with selling products and services; (ii) to grant licenses to others for the use of the Marks, in addition to those licenses already granted to existing franchisees; (iii) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; (iv) to sell and distribute food, Energy, and other items via the same and alternate distribution channels bearing the Marks, and (v) to offer for sale using the Marks any product or service at the Store or Store Location. Franchisee acknowledges that any unauthorized use of the Caroco System or the Marks is and shall be deemed an infringement of Caroco's rights. Franchisee shall execute any documents deemed necessary by Caroco, its affiliates, or its counsel for the protection of the Caroco System and the Marks or to maintain their validity or enforceability, or to aid Caroco or its affiliates in acquiring rights in or in registering any of the Caroco System or the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Caroco. Franchisee shall give notice to Caroco of any knowledge that Franchisee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the Caroco System or any of the Marks. Franchisee shall cooperate with Caroco and its affiliates in any suit, claim, or proceeding involving the Caroco System or the Marks or their use to protect Caroco's rights and interest in the Caroco System and the Marks. In the event of any settlement, award or judgment rendered in favor of Caroco or its affiliates relating to the use or ownership of the Caroco System or the Marks, such settlement, award or judgment shall be the sole property of Caroco and its affiliates and Franchisee shall not be entitled to or make any claim for all or any part of it. Neither Caroco nor any other person or party shall have an obligation to indemnify Franchisee for any damages or expenses Franchisee may incur from any trademark infringement claims. Franchisee acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of value of the Marks and the goodwill

associated with the Marks, any violation of this Agreement would cause substantial and irreparable injury to Caroco, and Caroco would not have entered into a business relationship with Franchisee or enter into this Agreement without receiving Franchisee's unrestricted promise to use the Marks only in the manner authorized by Caroco.

(e) Use of Marks. During the Initial Term and any extension thereof and any Renewal Term or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the Caroco System or the Marks or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Store at the Store Location specified herein, and shall use them only in the manner authorized by Caroco. Franchisee shall prominently display the Marks in the manner prescribed by Caroco on all signs, plastic and paper products, and other supplies and packaging materials designated by Caroco. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Store that has not been authorized by Caroco. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Caroco or applicable state law. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

(f) Designation as Franchisee. Franchisee shall take such additional action as may be necessary under the laws of the state in which the Store is operated to make clear to the public that Franchisee is an independent franchisee of Caroco and not owned by Caroco. Franchisee shall post in a conspicuous location at the business premises, as well as on invoices, purchase orders, marketing materials and the like that "This Caroco Franchise is independently owned and operated by [Franchisee's entity name] under license from FAMILY FARE, LLC."

(g) Discontinuance of Use; Additional Marks. Caroco has the right to change, revise, or substitute different Marks for use in identifying the Caroco System, the Store, and the products sold or offered for sale through the Store, if Caroco, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the Caroco System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith, except Caroco shall be responsible, at Caroco's expense, for making such modifications and changes to the exterior and interior signage. In the event that a court of competent jurisdiction should order, or if Caroco in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Caroco Mark. Franchisee shall comply with Caroco's directions regarding any such Mark within twenty-four (24) hours after receipt of notice from Caroco or, if such modification or discontinuance is court-ordered, immediately. Caroco shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance except for such modifications for which Caroco is responsible as specifically provided for herein. Franchisee shall also use such additional or substitute Marks as Caroco shall direct.

(h) Changes in Law Affecting Marks. In the event trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other acts and things as in the opinion of Caroco may be necessary to effect the

intent and purpose of the provisions of this Agreement; provided, however, that Caroco shall bear all costs associated with such request.

(i) Copyrights and Patents. Franchisee acknowledges that as between Franchisee and Caroco, any and all present or future copyrights relating to the Caroco System or the Caroco concept, including, but not limited to, the Brand Standards Manual (as defined below) and specifications and marketing materials, (collectively, the "Copyrights") and any patents relating to the Caroco System or Caroco concept belong solely and exclusively to Caroco. Franchisee has no interest in the Copyrights and patents beyond the nonexclusive license to operate the Store using the Caroco System granted in this Agreement.

13. Personnel.

Franchisee is expected to employ and provide personnel to perform or assist in performing the duties and obligations under this Agreement. Franchisee must designate one of its Owners as the "Operating Principal" who shall be responsible for the supervision, conduct, development and operation of the Store. The Owner who will be the Operating Principal is set forth on Exhibit 2 attached hereto and incorporated by reference. The Operating Principal shall complete Caroco's initial training program to Caroco's satisfaction prior to opening the Store. The Operating Principal may delegate the services and duties to be performed under this Agreement to Franchisee's qualified employees. The Operating Principal is not required to be on the Store premises or at the Store Location but must ensure that a qualified employee is supervising the Store during all hours of operation.

Franchisee acknowledges that Franchisee is an independent business and solely responsible for control and management of the Store, including, but not limited to, the hiring and discharging of Franchisee's employees, disciplining Franchisee's employees, establishing the schedule of Franchisee's employees, supervising Franchisee's employees, and setting and paying wage and benefits of Franchisee's employees. With regards to Franchisee's employees, Caroco has no responsibility or liability in respect to the hiring, discharging, setting or paying of wages, setting work hours, supervising employees, or related employment matters and Franchisee retains full, complete, and exclusive responsibility over all employment matters. Franchisee shall refrain from using the Marks on any employee facing documentation such as paychecks or employment policies, which documentation shall utilize Franchisee's legal name. None of Franchisee's employees will be deemed to be a Caroco employee for any purpose whatsoever and nothing in any aspect of the Caroco System or Marks in any way shifts any employee or employment-related responsibility from Franchisee to Caroco. Franchisee is responsible for ensuring that its employees comply with Caroco brand standards, including standards for wearing uniforms in order to promote the Caroco image and to protect and further the goodwill associated with the Marks and Caroco System. Franchisee shall maintain a competent, qualified, conscientious staff capable of effectively communicating with customers, vendors, emergency medical personnel, fire fighters, police officers, and others, and employ such minimum number of employees as are necessary to service the anticipated volume of business at the Faily Fare business. Franchisee shall be solely responsible for the terms of employment, compensation, and proper training of its employees.

Franchisee and Franchisee's Operating Principal agree to make Franchisee's Operating Principal and Owners available to meet with Caroco at reasonable times during reasonable business hours. The Operating Principal acknowledges that the Operating Principal has been provided material information about the operations and safety of the fuel and Energy dispensers, including the shutting off and closing down of the fuel and Energy dispensers in the event of an

emergency. Such Operating Principal and Franchisee agree to provide the necessary training to all of Franchisee's employees. It will be solely Franchisee's responsibility to ensure that all of its employees are trained to perform their duties in a proper manner at the Store and Franchisee shall implement and maintain an employee training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Caroco. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws, regulations. At all times Franchisee shall have trained employees operating the Store. Franchisee shall be responsible for: (a) the service of customers purchasing Energy from the equipment located at the Store Location; (b) the service of customers purchasing store merchandise located in the Store Location; (c) acting as cashier in collecting proceeds from the sale of its Energy products and Store merchandise to the customers and to promptly remit said proceeds in accordance with the terms of this Agreement; (d) taking and recording of meter readings for the fuel and Energy dispensers and to submit reports, as required, to Caroco; and (e) performing other duties required under this Agreement or Brand Standards Manual.

Franchisee agrees to comply with all applicable federal, state and local laws in the employment of personnel, including, but not limited to, the Fair Credit Reporting Act and all other federal, state, and local consumer protection and privacy-related laws and regulations in processing job applications, laws requiring the withholding and payment of social security taxes (FICA), federal and state unemployment taxes, and other taxes, wage and hour laws, including, without limitation, state and federal wage and hour laws, the Fair Labor Standards Act (child labor, minimum wage, overtime, and record keeping requirements), immigration laws, and laws prohibiting discrimination on the basis of race, color, national origin, sex (including pregnancy), religion, age, disability, genetic information, veteran status, and any other protected class characteristic, and Franchisee must promptly file all required returns, notices, and reports of every kind and nature. Franchisee and Guarantors agree to hold harmless, defend and indemnify Caroco; Caroco's predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties"), from and against any and all losses, expenses, judgments, claims, attorneys' fees and damages arising out of or in connection with any claim or cause of action in which Franchisor Indemnified Parties shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with, Franchisee's violation of any consumer protection or privacy-related law or regulation, or the violation of any consumer protection or privacy-related law or regulation by Franchisee's officers, directors, agents, or employees. Franchisee assumes full responsibility for such employees. It is the intention of the parties to this Agreement that Caroco and Franchisee shall not be deemed to be joint employers for any reason. Franchisee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) the individual is an employee of Franchisee and not Caroco and (ii) the individual shall look solely to Franchisee, and not to Caroco or its affiliates, agents, or employees, for his or her compensation and for all other employment matters like hours of work and scheduling; hiring and discharge; discipline; workplace health and safety; supervision; assignment; and work rules and directions. If any of the Franchisor Indemnified Parties incurs any cost, loss of damage as a result of any actions or omissions of Franchisee or Franchisee's employees, including any that relate to any party making a finding of any joint employer status, Franchisee and Guarantors shall fully indemnify Franchisor Indemnified Parties for such loss.

Franchisee authorizes, consents and grants to Caroco and its representatives (i) access to inspect and copy all payroll records of Franchisee, including, but not limited to, employee time records, payroll checks, deductions therefrom and governmental payroll returns; (ii) the right to contact any payroll service utilized by Franchisee and request any payroll information and (iii) the right of access to the online document center of any payroll service used by Franchisee. Franchisee expressly authorizes and consents to the release of such information to Caroco and its representatives.

14. Use and Operation of Store Location.

(a) Caroco Reputation. Franchisee recognizes that Caroco has developed a favorable reputation for the sale of Energy and other products and the rendering of high quality services, and that Caroco, Amoco, BP, and Shell trademarks and service marks or such other marks identifying goods or Energy sold at the Store Location, as designated by Caroco, or such other marks as developed or licensed by Caroco, unique color combinations, and facility design and appearance represent an image distinguished for high standards of product quality, facility appearance (inside and out) and customer service. Therefore, Franchisee agrees to manage, operate, and maintain the Store and surrounding premises in a manner which in no event will detract from or disparage the Caroco image or the image associated with the trademarks and service marks of the brands of goods or Energy sold at the Store Location.

(b) Brand Standards Manual. In particular, without limiting the foregoing obligation, Franchisee agrees to operate the Store in accordance with the operations manuals, operating materials, and other material promulgated by Caroco, which may consist of more than one handout or volume, electronic files, video or audio files, or other notices and guides provided by Caroco (collectively, "Brand Standards Manual") as amended from time to time. Franchisee shall at all times treat the Brand Standards Manual and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. The Brand Standards Manual shall at all times remain the sole property of Caroco and shall at all be times be kept in a secure place. Caroco may revise, update, or amend the Brand Standards Manual from time to time in its absolute discretion and Franchisee shall comply with all updates and amendments, including those provided through newsletters or notices. Franchisee's obligations to maintain the confidentiality of the Brand Standards Manual will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration, termination, or non-renewal for any reason. Franchisee shall comply with all e-mail, spam, copyright notice and takedown, privacy, intranet and internet, website, hyperlink, wireless, Bluetooth, telephony, and other communications policies designated by Caroco from time to time, regardless of the technology or media. The purpose of the Brand Standards Manual is to protect Caroco's interest in the Caroco System and the Marks and to create a uniform customer experience and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. Any required standards exist to protect Caroco's interest in the Caroco System and the Marks and not for the purpose of establishing any control or duty to take control over those matters reserved to Franchisee. The required standards generally will be set forth in the Brand Standards Manual or other written materials. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines to meet the required standards; provided, Franchisee complies with all required standards. In some instances, no suitable alternative may exist. To protect Caroco's interest in the Caroco System and Marks, Caroco reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

(c) Hours. Franchisee agrees the Store Location will be kept open for operation, properly lighted and staffed, for at least the hours shown below or as provided in the Brand Standards Manual, as amended from time to time:

DAY	OPEN HOURS		MINIMUM NO. OF HOURS
	From:	To:	
Monday	A.M.	A.M./P.M	
Tuesday	A.M.	A.M./P.M	
Wednesday	A.M.	A.M./P.M	
Thursday	A.M.	A.M./P.M	
Friday	A.M.	A.M./P.M	
Saturday	A.M.	A.M./P.M	
Sunday	A.M.	A.M./P.M	
TOTAL WEEKLY HOURS:			

The Franchisee acknowledges and agrees the covenants or provisions contained in this Section 14, subparagraphs (a), (b), and (c), are reasonable and of material significance to the relationship between Franchisee and Caroco.

(d) Substance Abuse Policy. Franchisee agrees the use or abuse of alcohol or illegal drugs by Franchisee’s Operating Principal and or Owners can seriously affect the discharge of Franchisee’s responsibilities and duties under this Agreement and endanger the safety of customers as well as the general public. Caroco, as part of its commitment to promote a drug-free community, has established and adopted a substance abuse policy for Caroco that applies to all of Franchisee’s Operating Principal and/or Owners, which involves random drug testing of Franchisee’s Operating Principal and/or Owners. Additionally, Caroco offers Franchisee the ability to adopt a Substance Abuse Policy with random drug testing performed by Caroco’s contractors. Franchisee elects to participate by executing the Caroco System Drug Testing Policy Agreement set forth as Exhibit 1 of the Franchise Agreement. To demonstrate its support, Caroco agrees to pay one-half (½) the costs incurred by Franchisee in the establishment, implementation and continuation of the Caroco System Drug Testing Policy with Franchisee responsible for the balance. The current form of the Caroco System Drug Testing Policy is attached hereto as Attachment A to Exhibit 1 and is subject to modification. The Caroco System Drug Testing Policy can be modified and/or discontinued at any time by Caroco.

(e) Smoke Free Environment. To maintain high standards of quality, facility appearance, customer service, safety and a healthy environment, Caroco requires a smoke free environment for the Store and surrounding premises. Accordingly, Franchisee agrees that in the management and operation of the Store and premises to maintain and enforce a smoke free environment.

(f) Business Services and Payroll. In the course and operation of its business, Franchisee shall require the assistance of business and financial services for the preparation of income tax returns, financial statements, budgets, and other financial information. Franchisee shall use the financial service vendors Caroco may designate from time to time in Caroco’s Brand Standards Manual and shall pay all fees charged by such designated financial service vendors. Caroco agrees to provide Franchisee, at Franchisee’s expense, with payroll services, including time and attendance, and record keeping devices, through PrimePay, or such other provider designated by Caroco, to assist Franchisee in the maintenance of payroll records, including payroll checks, required deductions therefrom, and governmental reporting requirements.

Franchisee shall at all times comply with PrimePay's terms of service, and, where available from PrimePay or such other designated payroll vendor, shall elect to have Franchisee's requisite tax payments drafted from Franchisee's Bank Account in accordance with this Section or as further designated or amended in the Brand Standards Manual. Franchisee's Operating Principal shall at all times remain an employee in good standing with the Franchisee corporation or limited liability company, as applicable. Franchisee shall make such required withholdings of Franchisee's Operating Principal's wages as required by law. Franchisee agrees to retain at Franchisee's expense such provider as Caroco may designate from time to time in its sole discretion, to provide bookkeeping services to Franchisee. If Franchisee receives Caroco's permission to use an alternative provider of financial services, including bookkeeping services, Franchisee agrees and acknowledges that Caroco can revoke this permission on thirty (30) days notice in Caroco's sole discretion. If permission is revoked, Franchisee shall promptly use the provider(s) Caroco designates.

(g) Minors. Franchisee shall not permit minors, whether related or unrelated to the Franchisee, its Owners, its employees, or the Operating Principal, to be present at the Store Location unless they are in the care of and supervised by an adult customer who is actively shopping or otherwise purchasing the goods and services of the Store.

(h) Restrooms. Franchisee is primarily responsible for the cleaning of the Store restrooms. Caroco has the right to require Franchisee to use a designated vendor for supplemental restroom cleaning services and cleaning products. Caroco has the right to establish the frequency with which Franchisee must have the restroom cleaned by its personnel or third parties and the services and products to be used. Except for the brief periods when Franchisee is demonstrably maintaining and cleaning the restrooms, Franchisee must ensure that restrooms are open and available to the public at all times. Restroom maintenance and appearance must comply with the brand standards and Caroco's specifications.

15. Franchisee's Conduct of Business.

(a) Licensed Business Purpose. The Store Location shall be used and occupied only for the purpose of operating a retail convenience food store pursuant to the license granted herein, with or without Energy service, and for no other purpose whatsoever.

(b) Adherence to Standards. During the business hours prescribed by Caroco, Franchisee agrees to continuously and uninterruptedly operate and conduct at the Store Location the business in strict adherence to Caroco's standards, the Brand Standards Manual, and the terms of this Agreement as they now exist, and as they may from time to time be modified. Franchisee agrees that it will at all times keep and maintain within and upon the Store Location an adequate stock of merchandise to service and supply the usual and ordinary demands and requirements of its customers and agrees to conduct its business under the trade name agreed to by Caroco and to keep open the Store and operate the business at such hours and on such days as required under Section 14(c).

(c) Purpose of Standards; Variations in Standards. Any required standards exist to protect Caroco's interest in the Caroco System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved by Franchisee. The required standards will generally be set forth in the Brand Standards Manual or other written materials. The Brand Standards Manual may also contain guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may elect to follow the recommendations or guidelines to meet the required standards. Franchisee may elect to

follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. Franchisee acknowledges that it is responsible for the day-to-day operation of its Store, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, workplace health and safety, supervision, assignment, daily instructions regarding work, purchases and maintenance of equipment and supplies, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Brand Standards Manual. Caroco's ability to approve certain matters, to inspect the Store and its operations and to enforce its rights, exists only to the extent necessary to protect its interest in the Caroco System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. In order to protect Caroco's interest in the Caroco System and the Marks, Caroco reserves the right to determine if Franchisee is complying with a required standard and whether an alternative is suitable to any recommendations or guidelines. Further, because complete and detailed uniformity under varying conditions may not be possible or practical, Caroco specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Caroco chain, to vary required standards within the Store or any other Caroco store in the Caroco chain based upon peculiarities of a particular location or circumstances, including, but not limited to, density of population and other demographic factors, business practices or customs, or any other condition which Caroco deems to be of importance to the operation of such Store. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Caroco chain and that Franchisee shall not be entitled to require Caroco to grant like or similar variations or privileges to Franchisee.

(d) Franchisee Developments. All ideas, concepts, inventions, techniques or materials concerning the operation of the Store, whether or not protectable intellectual property and whether created by or for Franchisee or its affiliates, Owners or employees, must be promptly disclosed to Caroco and will be deemed the exclusive property of Caroco as works made-for-hire for Caroco, and no compensation will be due to Franchisee or its affiliates, Owners or employees therefor. Caroco may incorporate such items into the Caroco System with no liability, obligation, or compensation owed to Franchisee or its affiliates, Owners or employees or any other developer. To the extent any item does not qualify as a "work made-for-hire" for Caroco, Franchisee or its affiliates, Owners or employees hereby assign ownership of any such item(s), and all related rights to such item(s), to Caroco and shall sign any assignment or other document as Caroco reasonably requests to assist Caroco in obtaining or preserving intellectual property rights in the item(s). As Caroco may reasonably request, Franchisee shall, at Caroco's expense, take all actions reasonably necessary to assist Caroco's efforts to obtain or maintain intellectual property rights in any item or process related to the Caroco System, whether developed by Franchisee or not.

(e) Code of Values. Franchisee shall at all times uphold, respect and adhere to the Code of Values ("Code of Values"), which Code of Values has been developed and agreed to by Caroco and its franchisees. Franchisee agrees and acknowledges that upholding, respecting and adhering to the Code of Values is of paramount importance to maintaining Caroco's brand standards and as such Franchisee shall explain the Code of Values to its employees during training. If Franchisee fails to adhere to the Code of Values, such action or inaction by Franchisee will likely be detrimental to Caroco's brand standards and the Caroco System and shall constitute a default under this Agreement.

(f) Compliance with Laws. Franchisee shall at all times during the Initial Term and any extension thereof and any Renewal Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Store, including state and federal unemployment taxes. Franchisee agrees that Franchisee is solely responsible for complying with the Americans with Disabilities Act and any other laws, rules, or regulations regarding public accommodations for persons with disabilities. Immediately after Franchisee's receipt of any notice of any violation of a health or sanitation code, law, or regulation which affects the day to day operation of the Store, Franchisee must provide Caroco with a copy of the notice and a detailed plan to correct the alleged violation. Franchisee agrees not to take any action, or omit to take any action, which could have the effect of causing the Franchisee to be in default of any lease.

(g) Courtesy, Cooperation, Fair Dealing. In all dealings with customers, vendors, Caroco and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing, and ethical conduct. At all times and under all circumstances, Franchisee and its employees shall treat all customers and other persons, including Caroco's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Caroco and its agents, officers, and employees in all aspects of the franchise relationship.

(h) Business Relations. Franchisee shall at all times operate the Store in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due, and shall take no action, or omit to take any action, the result of which would tend to disrupt, damage or jeopardize Franchisee's relationship with vendors or customers, Caroco's good reputation, or the good reputation of Caroco's other franchisees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Caroco, Caroco's affiliates, the Caroco chain, the Caroco System, the Marks, the services and/or products sold at the Store, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

(i) Secret Shoppers; Toll-Free Number. Caroco may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the Caroco System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise, and Franchisee is required to participate in such programs. Caroco will share with Franchisee the results of such programs as they pertain to the Store.

(j) System Changes. Franchisee acknowledges that Caroco may modify from time to time the Caroco System and the services and products offered by the Store may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Caroco's ability to modify Caroco System. If Caroco changes the Caroco System to require Franchisee to offer, sell, and/or distribute goods and services through channels of distribution other than on-premises retail sales at the Store Location (including, without limitation, delivery sales, online sales and ordering, off-premises sales, or internet based commerce), Franchisee agrees to comply with the terms and conditions and standards and specifications that Caroco may develop for the alternate channels of distribution.

(k) Data Protection; Privacy.

(i) Definition of Personal Information. As used in this Agreement, “Personal Information” shall mean (i) any information that can be used to identify, locate, or contact an individual or household, including but not limited to Franchisee’s employees and customers and (ii) information that is defined as protected, personal information under any Privacy Law.

(ii) Data Protection and Security Policies. Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Caroco’s data protection and security policies as may be described in Caroco’s Brand Standards Manual (“Data Protection and Security Policies”). Such policies may govern how Store data and Personal Information contained in such data shall be accessed, collected, used, stored, processed, shared, protected, disposed of, or destroyed. Caroco has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Caroco may supplement, modify, or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Caroco. Caroco may require Franchisee to institute a data privacy policy for its Store. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Caroco’s prior written consent as to said policy.

(iii) Privacy Laws. Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (“PCI-DSS”), (ii) those mandatory Data Protection and Security Policies, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, “Privacy Laws”).

(iv) Marketing; Consumer Protection. Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS text message, or other electronic media without first obtaining Caroco’s written consent as to: (a) the content of such e-mail, electronic, or SMS text message advertisements or solicitations; and (b) Franchisee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”), as amended from time to time. Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(v) Security Breach. Franchisee shall establish, maintain, and comply with appropriate internal, physical, and technical security measures in order to protect Personal Information associated with the Store and the Store data against unauthorized disclosure and access and accidental or unlawful destruction, loss, or alteration. Franchisee shall

cooperate with Caroco in any audit that Caroco may conduct from time to time of its data storage and management systems and Franchisee's storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction, transfer, or other compromise or acquisition of or access to any Personal Information, whether such information is stored in paper or electronic form, or information that might reasonably expose Caroco to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee's or Caroco's computers, networks, servers, IT resources, or paper files ("Security Breach"), Franchisee shall immediately notify Caroco's Vice President of Operations via telephone of such matter and shall thereafter cooperate with Caroco to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Caroco has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Caroco for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Caroco arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. "Notification and Remediation Related Costs" shall include Caroco's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Caroco deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Caroco's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Franchisee and Owners agree to hold harmless, defend and indemnify the Franchisor Indemnified Parties from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor Indemnified Parties shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee's or Franchisee's officers, directors, agents or employees' violation of any Privacy Law, Data Protection and Security Policies, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(vi) Inspection. Caroco, through its employees and/or any agents designated by Caroco from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Store premises and examine Franchisee's Computer Systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Caroco's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement, Caroco may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Caroco's employees and/or agents.

(vii) Personal Information Consent and Requests. Franchisee is responsible for

obtaining any required consent to the collection, use, storage, processing, and sharing of Personal Information from its customers, employees, and other parties from which it is required to obtain consent under the Privacy Laws or Data Protection and Security Policies. Franchisee shall retain copies of the consent and store them and share them with Caroco in the manner Caroco requires. Franchisee shall fully comply with Data Protection and Security Policies and Privacy Laws as they relate to a person's exercise of his or her rights under the Privacy Laws. If any person contacts Franchisee seeking to exercise any right under law pertaining to Personal Information, Franchisee shall comply with such request in accordance with the terms of this Agreement, including the Data Protection and Security Policies, the Brand Standards Manual, the Privacy Laws, and as otherwise instructed by Caroco. If requested by Caroco, Franchisee must cooperate or coordinate with Caroco to provide information about the way that Franchisee has collected, used, stored, processed, and shared Personal Information.

(viii) Use of Personal Information. Franchisee warrants and represents and covenants that it shall not collect, use, store, process, or share Personal Information unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Brand Standards Manual, (iv) Privacy Laws, and if, applicable, (v) written approval of Caroco. Franchisee shall collect, use, store, process, and share Personal Information only for purposes of operating the Store. Franchisee shall not sell Personal Information. Franchisee shall not re-identify any Personal Information that has been de-identified. If Franchisee engages any vendor that will collect, use, store, process, or share Personal Information, Franchisee must contractually bind the vendor to the data protection obligations that Caroco requires.

(l) Crisis Situations. Franchisee shall notify Caroco immediately upon the occurrence of any situation that may have a material impact on Franchisee, Caroco, Store, or which could have a deleterious effect on the Caroco brand, Marks or Caroco System ("Crisis"). Franchisee shall follow all of Caroco's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Caroco or as specified in the Brand Standard's Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. Crisis means any event that occurs at or about the Store that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the Caroco System, Marks, or image or reputation of the Store, the Caroco System or Caroco. Franchisee will cooperate fully with Caroco with respect to Caroco's response to the Crisis. In the event of the occurrence of a Crisis, Caroco may establish emergency procedures which may require Franchisee to temporarily close the Store to the public, in which event Caroco shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby. Caroco will have the right to take control of the management of communications if Caroco determines that the publicity surrounding the event is likely to have a material adverse effect on the reputation or goodwill of the Marks, Caroco System, Store, or Caroco. Franchisee will obtain Caroco's consent before any press releases, interviews or public statements are issued by Franchisee, or anyone on its behalf, about events that are likely to receive or are receiving significant negative public attention related to the Marks, System, Store, or Caroco.

(m) Leases, Subleases, Franchise, and Management Agreements. Franchisee shall not enter into a lease, sub-lease, franchise, or management agreement with any third party in connection with the Store or Store Location without providing Caroco with the relevant agreements and related documents and obtaining Caroco's prior approval, which may be withheld

or conditioned in Caroco's sole discretion. Caroco reserves the rights, in its sole discretion, to require that Franchisee delete, revise, or insert provisions into such agreements as Caroco deems necessary to protect Caroco's rights under this Agreement.

(n) Timely Payment. Franchisee must maintain its trade accounts in a current status and seek to resolve any disputes with vendors promptly and to timely pay all taxes for which it is responsible. Failure to do so is a material breach of this Agreement. If Franchisee fails to maintain its trade accounts in a current status, timely pay taxes or other amounts owing to any third parties, or perform any non-monetary obligations to third parties, Caroco may, but is not required to pay any and all such amounts and perform such obligations on Franchisee's behalf. If Caroco elects to do so, then Franchisee must reimburse Caroco such amounts. Franchisee agrees to repay Caroco immediately upon receipt of Caroco's invoice. Caroco may also set off the amounts of any such reimbursement obligations against all amounts which Caroco may owe to Franchisee.

(o) Supply Relationships. To the extent Caroco has standards and specifications, Franchisee must comply with Caroco's standards and specifications for all products and services carried, used or offered for sale at the Store. To the extent Caroco has an approved vendor, Franchisee must purchase or lease, or have consigned to Franchisee, all products and services Franchisee uses or sells in the Store from Caroco or a source Caroco approves, which may be Caroco's affiliate(s). Caroco may designate one or more designated vendors, which may be Caroco or an affiliate, for any services, products, equipment, or supplies used in the operation of the Store from time to time, in which event Franchisee must purchase or receive on consignment every item exclusively from the designated vendor. If Franchisee requests that Caroco evaluate a good, service, or vendor that has not been previously approved by Caroco, Franchisee agrees to provide Caroco with the information Caroco requests and to pay a fee to Caroco for the review.

16. Taxes and Fees.

Caroco or its affiliate, as the case may be, shall pay all real and personal property ad valorem taxes on the Store Location and surrounding premises except taxes on personal property owned by Franchisee, which shall be paid by Franchisee.

17. Maintenance and Repair.

(a) Franchisee Repairs. In the event of damage to the Store Location or any of Caroco's or its affiliates' equipment resulting from misuse or negligent acts or omissions of Franchisee, Franchisee's employees or third persons, Franchisee agrees promptly to repair or replace all damaged property at Franchisee's expense and, upon any failure to do so, Caroco may make such repairs or replacements, or perform such duties, and charge the cost to Franchisee. Franchisee will promptly advise Caroco in writing of any damage to the Store, the Store Location or the surrounding premises, improvements or equipment which requires repairs normally performed by Caroco.

(b) Maintenance by Caroco. Any maintenance required on the equipment at the Store Location, the Computer Systems, the fuel totalizers either on the point of sale equipment or on any of the fuel or Energy dispensing equipment shall be performed by Caroco, its affiliates, or their representatives. Franchisee will inform Caroco immediately if maintenance is required. Franchisee will not repair, perform maintenance, reset, modify, adjust or in any way alter the operation of the Energy equipment, totalizers, or Computer Systems.

18. Franchisee's Business-Indemnity.

(a) Independence. Franchisee shall be an independent franchisee and shall control the manner and means of the operation of the Store Location and exercise complete control over and have responsibility for all labor relations and the conduct of Franchisee's agents and employees and the day-to-day operations of the Store Location.

(b) Indemnification. It is mutually agreed the business conducted by Franchisee at the Store Location or surrounding premises is the independent business of Franchisee, and this Agreement shall not be construed as reserving to or conferring upon Caroco any right to direct or control Franchisee or any of Franchisee's employees in the conduct of Franchisee's business. Nothing in this Agreement is intended to make either party an agent, joint venture, partner or employee of the other. Franchisee shall have no authority to employ any person as an agent or employee of Caroco for any purpose, and neither Franchisee nor any other person performing any act in connection with the operation of Franchisee's business at the Store Location nor the surrounding premises, including the Operating Principal, is or shall be deemed to be an employee or agent of Caroco. Neither federal nor state nor local income tax nor payroll tax of any kind shall be withheld or paid by Caroco on behalf of Franchisee or the employees of Franchisee. Franchisee employees are not and shall not be treated as employees of Caroco with respect to the services performed under this Agreement for federal or state tax purposes. Franchisee is an independent contractor. Nothing in this Agreement will be deemed or construed to create the relationship of principal and agent, partnership, joint venture, employment, or a fiduciary relationship, and Franchisee will not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Caroco. Caroco is not liable for any act, omission, debt, or any other obligation of Franchisee or the Operating Principal, and Franchisee and the Guarantors agree to indemnify and hold Franchisor Indemnified Parties harmless from any such claim and the costs—including legal fees—incurred in defending such a claim. Neither Caroco nor Franchisee has the right to bind or obligate the other to any obligations or debts. It is expressly understood and agreed that neither Franchisee nor the Operating Principal or any employee or contractor of Franchisee whose compensation for services is paid by Franchisee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Caroco for any purpose, most particularly 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. Because Franchisee is engaged in Franchisee's own independently established business, Franchisee is not eligible for, and shall not participate in, any employee pension, health or other fringe benefit plan of Caroco or Caroco's affiliates, including, but not limited to, M. M. Fowler.

(c) Operational Indemnification. Franchisee and Guarantors agree to indemnify, defend and hold Franchisor Indemnified Parties harmless from and against all liabilities, losses, obligations, claims, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature for violation of laws, ordinances or regulations; damage to property (including that of Caroco or Franchisee); injury to or death of persons (including agents and employees of Caroco or Franchisee); negligence, recklessness, misconduct, or criminal conduct by Franchisee, the Guarantors, the Operating Principal or any of Franchisee's employees; data breaches; Franchisee's breach of this Agreement or any representations and warranties it makes herein; losses, claims or damages incurred by persons, other than Franchisee, due to errors or omissions contained in financial statements prepared by Franchisee pursuant to this Agreement, even if caused by the negligence

of Franchisee, its employees, agents, contractors, or others for whom Franchisee is, in law, responsible; or any other third party claim which may be imposed upon, incurred by, or asserted against Caroco, directly or indirectly, resulting from or connected with any occurrence arising out of the use, non-use, possession, condition, operation, or maintenance of the Store Location or surrounding premises and the business conducted by Franchisee thereon.

(d) Compliance Indemnification. Franchisee and Guarantors agree to indemnify and hold harmless Franchisor Indemnified Parties of all fines and penalties for violations of any federal, state or local laws, ordinances or regulations relating to any alleged impermissible activity including, but not limited to, price gouging or the unauthorized or illegal sale of alcohol, tobacco or lottery products. Franchisee shall orally report to Caroco within twenty-four (24) hours the receipt of any notice of violation for the unauthorized or illegal sale of alcohol, tobacco, lottery or ephedrine and other similar products. Franchisee irrevocably authorizes and appoints Caroco as its attorney in fact under power of attorney, which power shall be effective on signing this Agreement and shall survive termination, expiration or nonrenewal of this Agreement, to act in Franchisee's name, place and stead with respect to the following matters: (i) to negotiate and settle with any governmental authority, Attorney General's office, or agency a violation by Franchisee or its agents and employees of any federal, state or local law, ordinance or regulation; (ii) to agree upon the assessment of any monetary fine or penalty; (iii) to advance and pay on the Franchisee's behalf any such fine or penalty and assess the same against Franchisee for reimbursement; and (iv) to agree upon any suspension period for the sale of alcohol or tobacco products or such other business restrictions as imposed on Franchisee as a result of the resolution negotiated by Caroco.

(e) Proceedings in which Caroco is not a Party. Franchisee and Guarantors agree to indemnify and hold Franchisor Indemnified Parties harmless immediately reimbursing Franchisor Indemnified Parties upon demand for any attorneys' fees or costs incurred by the Franchisor Indemnified Party in responding to a subpoena or document production related to a lawsuit or other legal proceeding to which the Franchisor Indemnified Party is not a party.

(f) Notification and Reserved Rights. Unless otherwise specified in this Agreement, Franchisee will notify Caroco of any event that is or may be subject to indemnity as provided herein, including those which have resulted or may result in personal injury, death, disease, or destruction of property, by telephone within twenty-four (24) hours after such event and in writing within three (3) days after such event. Franchisee will also notify Caroco of any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry within twenty-four (24) hours after such action is initiated and in writing within three (3) days after such action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at Franchisee's expense and risk, to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions they deem appropriate. Franchisee agrees to give its full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee's obligation to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from Franchisee.

(g) Survival. Any and all of Franchisee's indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

19. Insurance.

(a) Required Insurance. Franchisee agrees to purchase, maintain in force at all times during the Initial Term and any extension thereof and any Renewal Term, and pay the premiums thereon when due, at Franchisee's expense and in compliance with any requirements of applicable law, insurance satisfactory to Caroco of the following minimum types and limits:

(i) Comprehensive general liability insurance, including products liability, and any other applicable insurance covering the Store, operations, use and occupancy of the Store Location or the surrounding premises, in an amount of at least One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage per occurrence.

(ii) Workers' compensation insurance and employers' liability insurance with a limit of Five Hundred Thousand Dollars (\$500,000) for each accident or an amount which satisfies statutory requirements (whichever is greater), which coverage shall cover all Franchisee's employees including the members, shareholders, managers, or corporate officers (active or inactive) as may be applicable; and

(iii) Employment Practices Liability Insurance Coverage to insure losses arising out of Franchisee's wrongful employment act against employees, applicants for employment, and third parties with a limit of One Hundred Thousand Dollars (\$100,000) including cost of defense.

(b) Standards for Insurance. All the insurance policies required by Section 19(a) hereof shall (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Caroco's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s) liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Caroco; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors or vendors, to comply with any notice, reporting or other similar provisions of such policies shall not affect the coverage provided to Caroco. All insurance policies shall include both Caroco and its affiliates; Caroco's and its affiliates' predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, guarantors, successors, and assigns (collectively, "Additionally Insured") as additional insured, shall expressly protect both the Additional Insured on a primary and non-contributory basis and shall require the insurer to defend the Additional Insured in any action while reserving the Additional Insureds' right to involve counsel of their own choosing in protection of their own and system wide interests. All insurance policies will provide Caroco shall receive at least thirty (30) days' written notice prior to the making of changes, modifications, or cancellations to the policy and, if required, provide a waiver of subrogation in favor of the Additional Insured. Franchisee agrees to provide Caroco with any and all evidence of insurance or other information regarding the insurance as Caroco may require, including, but not limited to, proof the premiums have been paid, rate information, policy details, loss runs, experience factors, and rate factors. Franchisee shall cause Franchisee's insurance carriers to provide such information directly to Caroco and Franchisee hereby grants Caroco power of attorney to communicate directly with Franchisee's insurance carrier and/or agent to obtain such information as Caroco deems appropriate from the insurance carrier and/or agent without prior notice or further authorization from Franchisee, which right shall survive the termination, expiration, or non-renewal of this

Agreement. Additionally, Franchisee shall provide Caroco with certificates of insurance or certified copies of policies providing evidence of compliance with the foregoing requirements, including the requirement that the Additional Insured are additional insured under such policies on a primary and non-contributory basis, prior to opening the Store and annually thereafter or more frequently if required by Caroco. Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Caroco will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee for Caroco's expenses in procuring the insurance. Caroco is authorized to collect from Franchisee all insurance-related expenses paid on behalf of Franchisee through EFT. Franchisee agrees to promptly report to Caroco all casualty losses or other events covered by either indemnification or insurance. Franchisee agrees Caroco has no obligation to process insurance claims on Franchisee's behalf.

(c) Changes in Requirements. Franchisee agrees to increase the amount of any insurance described herein promptly upon receiving the written notice from Caroco to do so. In addition, Caroco reserves the right to require additional types of coverage and Franchisee agrees to obtain such additional insurance promptly upon receiving the written notice from Caroco to do so. Franchisee understands that meeting Caroco's minimum insurance requirements does not necessarily furnish Franchisee with protection levels adequate to its needs and that its obligation to indemnify Franchisor Indemnified Parties as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. Franchisee's insurance obligations and indemnification obligations are distinct.

20. Default and Termination.

(a) Automatic Termination. Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the event, (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Store becomes subject to an attachment, garnishment, levy or seizure by any creditor or any other person claiming against or in the rights of Franchisee; (x) execution is levied against Franchisee's business or property; (xi) the real or personal property of the Store shall be sold after levy thereupon by any sheriff, marshal, or constable, (xii) in the event either (a) the Inventory True-Up Percentage is exceeded for three (3) or more consecutive calendar months or three (3) or more consecutive audit periods; (b) a shortage in lottery occurs in the amount of Three Hundred Dollars (\$300) or more for three (3) or more consecutive calendar months or three (3) or more consecutive audit periods or (c) a shortage in cash occurs in the amount of \$300 or more for three (3) or more consecutive calendar months or three (3) or more audit periods, (xiii) Franchisee fails to daily account, make settlement, remit, or otherwise observe the procedures established by Caroco for the deposit of Proceeds as defined in Section 11(a); or (xiv) the Initial Term or any Renewal Term is terminated for any reason set forth in Section 2 of this Agreement.

(b) Termination without Opportunity to Cure. Franchisee shall be in default and Caroco may, at its option, terminate this Agreement and all rights granted herein, without affording

Franchisee any opportunity to cure the default, effective upon the date that the termination notice is deemed received pursuant to Section 29, upon the occurrence of any default which cannot be cured or of any of the following events:

(i) If for a period of twenty-four (24) hours or more, Franchisee at any time ceases to operate or otherwise abandons the Store or forfeits the right to do or transact business in the jurisdiction where the Store is located or loses the right to possession of the Store Location; or

(ii) Except as otherwise permitted in this Agreement, any owner of Twenty Percent (20%) or more interest in Franchisee transfers all or part of such interest, or Franchisee transfers any interest in the Store, or Franchisee transfers—not in the ordinary course of business—any assets of the store other than assets owned by Franchisee; or

(iii) Franchisee, Franchisee's Operating Principal, or any person owning Twenty Percent (20%) or more of Franchisee is (1) proven to have engaged in fraudulent conduct, (2) convicted of or pleads guilty or no contest to a felony, crime, or offense involving moral turpitude, or (3) convicted of or pleads guilty or no contest to a felony, crime, or offense that is reasonably likely to have an adverse effect on the Caroco chain, the Marks or the goodwill associated therewith; or Caroco has proof, in Caroco's sole determination, that Franchisee, Franchisee's Operating Principal, or any person owning Twenty Percent (20%) or more of Franchisee committed a felony, crime, or offense set forth in (1)-(3) above, including, but not limited to, income or payroll tax reporting violations; or

(iv) Franchisee is given two (2) or more notices of being in default under any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not such defaults are timely cured after notice; or

(v) Franchisee, any Owner, or the Operating Principal fails to comply with any of the covenants set forth in this Agreement, makes any material misrepresentation to Caroco, or breaches any warranty or representation made to Caroco, whether in this Agreement or otherwise, including, but not limited to, the warranties and representations related to Franchisee's governing documents, Owners, and Operating Principal; or

(vi) Franchisee knowingly or intentionally maintains false books or records or submits any false records, statement, or report to Caroco, fails to deposit the cash receipts from merchandise sales, Energy, lottery, and other items in the M. M. Fowler Bank Account as required under Section 11, or has improper records or associated lottery deposits; or

(vii) Franchisee, any Owner, or the Operating Principal by act or omission, materially impairs the value of, or the goodwill associated with, the Caroco chain, any of the Marks or the franchise system; which acts may include, without limitation, abuse, abuse of customers, health or safety hazards, illegal drug use, alcohol or narcotics abuse or related substance-abuse problems, smoking or permitting others to smoke in or around the Store, or permitting unlawful activities at the Store; or

(viii) Franchisee, any Owner, or the Operating Principal takes, withholds, misdirects, or appropriates for Franchisee's, Owner's or Operating Principal's own use any funds from Franchisee's employees' wages or employees' taxes, FICA, insurance or

benefits, or generally fails to deal fairly and honestly with Franchisee's employees or customers, and/or Franchisee violates the minimum wage or overtime requirements of the FLSA resulting in complaints to the federal or state Department of Labor more than once in any twenty-four (24) month period; or

(ix) Franchisee loses or is denied any federal, state or local license the Franchisee must possess in order to operate the Store; or

(x) In Caroco's sole judgment, it is apparent that Franchisee will not be able to obtain a license necessary to operate the Store or such license will be delayed so as to impair the continuous operation or timely opening of the Store; or

(xi) Franchisee, after receiving a default notice, commits the same act of default again within six (6) months; or

(xii) Franchisee does not submit a complete and truthful application for a federal, state, or local license necessary to operate the Store within two (2) business days after Caroco provides Franchisee with written notice thereof; or

(xiii) Franchisee fails to comply with the requirements of Section 12(c) relating to steps necessary before commencing operations or fails to commence operations timely; or

(xiv) upon the occurrence of Franchisee's or any of its affiliate's default under (1) any other agreement or obligation between Franchisee and Caroco or between Franchisee and Caroco's affiliates or (2) any lease, sublease, loan agreement, or security interest related to the Store; or

(xv) any of the following occur: (1) any representations, warranties, or statements of Franchisee or its Operating Principal prove to be inaccurate, false, misleading, or incomplete, (2) the Operating Principal or designated manager fails to take or pass any of Caroco's required training, (3) Caroco determines in its sole discretion during the period prior to the opening date that Franchisee and/or the Operating Principal lacks the necessary business experience or is incapable of properly operating a Store, and/or (4) the Operating Principal and/or Franchisee fail to timely or diligently perform any duties or obligations during the period prior to the opening date.

(c) Termination after Failure to Cure. Except for those defaults provided for under Section 20(a) or 20(b) or otherwise set forth in this Agreement, Franchisee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or the Brand Standards Manual, policy and procedure statement or other written document provided by Caroco, or to carry out the terms of this Agreement in good faith. For such defaults, Caroco will provide Franchisee with written notice, and, to the extent such defaults are curable, three (3) days to cure from the date the notice is deemed received pursuant to Section 29. If a default cannot reasonably be cured within three (3) days, Franchisee shall initiate within that time substantial and continuing action to cure such default and to provide Caroco with evidence of such actions. If the defaults specified in such notice are not cured within the three (3)-day period or if substantial and continuing action to cure has not been initiated, Caroco may, at its option, terminate this Agreement upon written notice to Franchisee. Such defaults shall include, without limitation, the occurrence of any of the following events:

(i) Franchisee fails, refuses, or neglects to promptly pay any monies owing to Caroco or its affiliates when due or to submit the financial or other information required under this Agreement when due; or

(ii) A threat or danger to public health or safety results from the maintenance or operation of the Store; or

(iii) Franchisee, its Owner, and Operating Principal misuses or makes any unauthorized use of the Caroco System or the Marks; or

(iv) Franchisee is found liable by any judicial, administrative, or arbitral body for any applicable violation of federal, state, or local laws barring discrimination on the basis of race, color, sex (including pregnancy), national origin, disability, religion, genetic information, veteran status, or other protected class characteristics or is found liable of such discrimination; or Franchisee is found to have violated state or federal wage and hour laws, including the Fair Labor Standards Act; or

(v) If Franchisee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from vendors of products and services or otherwise fails to make prompt payment of undisputed bills, invoices, or statements related to the Store; or

(vi) The Store is or becomes ineligible, for any reason, to participate in SNAP or to accept EBT payments; or

(vii) Franchisee fails to use a vendor required pursuant to this Agreement or the Brand Standards Manual or Franchisee uses a vendor that is not approved by Caroco; or

(viii) Unless otherwise permitted by Caroco, the Operating Principal fails at any time to reside within the distance of the Store Location required by Section 34(j) or to present, upon request, a valid driver's license and such additional documentation as Caroco may require certifying a residence located within the required distance; or

(ix) Franchisee, any Owner, or the Operating Principal fails to uphold the Code of Values;

(x) Franchisee fails to attend required training or Caroco-sponsored conventions.

(d) Termination on Death or Incapacitation.

(i) Upon execution of this Agreement, Franchisee shall identify a designated contact. Upon the Operating Principal's death or incapacitation, Caroco shall be authorized to communicate and rely upon the representations of the designated contact as Caroco exercises its rights pursuant to this Agreement, including this Section 20(d). Caroco shall not be liable to Franchisee for losses or expenses Franchisee incurs due to Caroco's compliance with the communication given by Franchisee's designated contact. Similarly, Caroco shall not be liable to Franchisee for losses or expenses Franchisee incurs if, after reasonable efforts by Caroco, Caroco is unable to communicate with the designated contact. If Franchisee's designated contact changes for any reason,

Franchisee shall promptly notify Caroco in writing. For the avoidance of doubt, identification of a designated contact does not grant to the contact any right, title, or interest in this Agreement, the Store, or any Caroco franchise. Nor does the identification function as a transfer of any right, title, or interest in this Agreement, the Store, or any Caroco franchise to the contact before or after the death or incapacitation of the Operating Principal. Rather, the designation is for the limited purpose of identifying a person Caroco should contact to address the Operating Principal's death or incapacitation.

(ii) Immediately upon the occurrence of the Operating Principal's death, incapacitation, and without notice to Franchisee or any of its Owners, Caroco may exercise its step-in rights pursuant to Section 20(j) of this Agreement until such time as Caroco formally, in its sole discretion, determines not to exercise its step-in rights any longer, terminates this Agreement with Franchisee, or determines, in its sole discretion, that the Operating Principal has regained capacity. Caroco may terminate this Agreement upon three (3) days' notice (or such longer period that Caroco may determine or as required by applicable law) in the case of death or upon ten (10) days' notice (or such longer period that Caroco may determine or as required by applicable law) in the case of incapacitation.

(iii) Upon termination for death or incapacitation, Franchisee, or at Caroco's option, Franchisee's Operating Principal's estate, shall be due from Caroco, as applicable, an amount equal to one (1) month's worth of the average monthly Franchisee Gross Profit for the prior twelve (12) months, less Caroco's attorneys' fees incurred as a result of dealing with the death or incapacitation (the "Death or Incapacitation Termination Payment"). "Franchisee Gross Profit" shall mean Gross Profit less the applicable Continuing Royalty. Nevertheless, if Franchisee, Franchisee's designated contact, or a lawful representative of Franchisee or the Operating Principal's estate does not contact Caroco within one (1) year of the death or incapacitation, Caroco's obligation to make and Franchisee's, or at Caroco's option, Franchisee's Operating Principal's estate's, right to receive Death or Incapacitation Termination Payment shall expire. Caroco shall be authorized as Franchisee's attorney-in-fact to execute any documents necessary to effect the transfer of Franchisee's business property to Caroco or Caroco's assignee.

(iv) "Incapacitation" shall mean a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent the Operating Principal from operating the Store in the manner required by this Agreement and the Brand Standards Manual or from performing his or her obligations under this Agreement and the Brand Standards Manual.

(e) Termination Fire. If the Store Location or any portion thereof shall be damaged by fire or other casualty so as to render the same or any portion thereof, in the opinion of Caroco, untenable, then this Agreement shall be cancelled and terminated and Caroco shall provide a final financial accounting between the parties. In the event of a termination pursuant to this Section 20(e), Franchisee shall receive an amount equal to one (1) month's worth of the average monthly Franchisee Gross Profit for the prior twelve (12) months.

(f) Termination by Franchisee.

(i) If Caroco fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Caroco, then, provided Franchisee is otherwise compliant

with Franchisee's obligation under this Agreement and any other agreement with Caroco, Franchisee may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to Caroco. Franchisee shall comply with Caroco's instructions for the orderly wind-down of the Store during the thirty (30) day period following the notice of termination.

(ii) Additionally, Franchisee can terminate this Agreement without cause by first giving prior written notice to Caroco of Franchisee's intention to terminate. The effective date of the termination initiated by Franchisee shall be on the date established by Caroco, which date shall be no earlier than fifteen (15) days, and no later than one hundred twenty (120) days, after the date Caroco receives Franchisee's written notice. Caroco shall give Franchisee at least five (5) days prior written notice of the effective date of termination. At any time during the period that is between fifteen (15) days of the Franchisee's notice and the effective termination date established by Caroco, Caroco may also exercise its step-in right set forth in Section 20(j). Franchisee shall comply with Caroco's instructions regarding the wind-down of Franchisee's operations and cooperate in good faith with Caroco, its affiliates, and their representatives during the wind-down period. For the avoidance of doubt, Franchisee has an obligation to continue to operate the Store until the effective date of termination unless Caroco has exercised its step in rights. If Franchisee abandons the Store prior to the effective date of termination established by Caroco, Franchisee is in default of this Agreement. Franchisee and Caroco agree that it would be difficult if not impossible to determine the amount of damages that Caroco would suffer due Franchisee's failure to comply with the terms of this Section 20(f)(ii), including if Franchisee abandons the Store prior to the effective date of termination established by Caroco. Therefore, Franchisee and Caroco agree that a reasonable estimate of those damages (as liquidated damages and not as a penalty) is an amount equal to six (6) months' worth of the average monthly Continuing Royalty Franchisee paid for the prior twelve (12) months. Franchisee shall pay all costs, expenses and attorneys' fees incurred by Caroco in enforcing the terms and conditions of this provision. Nothing contained herein shall be construed as prohibiting Caroco from additionally pursuing any other remedies which may be available to Caroco for such breach.

(g) Notices. Franchisee hereby authorizes Caroco to notify any lender, creditor, customer or landlord of the Franchisee or Store upon the occurrence of any default under this Section 20, or any event or circumstances which the giving of notice or passage of time or both would constitute an event of default under this Section, and to otherwise communicate with such lenders, creditors, customers or landlords with respect to any such default, or any such event or circumstance.

(h) Limitation of Services or Benefits; Notice of Noncompliance.

(i) Caroco shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee if Franchisee defaults under this Agreement, including, without limitation, restricting or removing Franchisee's right to purchase or order products or have products consigned to it or order directly or indirectly from Caroco or its affiliates, limiting Caroco's advertising and promotional assistance, if any, and restricting or removing Franchisee's right to use Caroco's proprietary Computer Systems, if any. Nothing in this Section constitutes a waiver of any other right or remedy of Caroco under this Agreement. Franchisee acknowledges that Caroco's exercise of its rights pursuant to this Section shall

not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this Section may be reinstated at any time in Caroco's sole discretion.

(ii) Caroco, without waiving any rights it may have herein, and in its sole discretion, may elect not to terminate Franchisee as a result of a default. In the event a default occurs, Caroco may elect to give written notification ("Notice of Noncompliance") to Franchisee that a Caroco Store (or more than one Caroco Store, if applicable), is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six (6) months from and after the date of such Notice of Noncompliance, Franchisee shall reimburse Caroco for reasonable costs that Caroco incurs with respect to the Caroco Store(s) identified in such notice, including without limitation the costs of any audit or inspection of such Store(s) in excess of Caroco's normal audit program applied to all Caroco Stores, any mystery shopping for such Store(s) during such six month period in excess of Caroco's normal mystery shopping program applied to all Caroco Stores, additional training that Caroco determines is required to bring the Store up to Caroco standards, any personnel costs incurred by Caroco at the Store site to ensure the proper management and operation of such Store(s), and any costs Caroco incurs to cause the Caroco Store to come into compliance with a service charge equal to the greater of Two Hundred and Fifty Dollars (\$250) or ten percent (10%) of the amount expended to bring the Store into compliance. Nothing in this Section shall limit Caroco's termination rights as otherwise set forth in this Agreement, which Caroco reserves the right to exercise at any time.

(i) Step In Rights on Default. In addition to Caroco's right to terminate this Agreement, and not in lieu of such right, or any other rights Caroco may have, upon an event of default by Franchisee and failure to cure such default within the applicable time period (if any) or if, in Caroco's opinion, Operating Principal's divorce, dissolution of marriage, criminal proceedings, or an incident involving Operating Principal jeopardizes the operations of the Store (each constituting a "Triggering Event"), Caroco or its designee have the right, but not the obligation, upon written notice of the exercise of the step-in right, to operate the Store. The details of this right are set forth in Section 20(j) below. Caroco or its designee may operate the Store until such time as Caroco (1) determines the default has been cured and Franchisee is otherwise in compliance with this Agreement, (2) the Triggering Event involving the Operating Principal has been resolved, (3) if the default is incurable, until such time as Caroco in its sole discretion terminates this Agreement, or (4) until the time that Caroco, in its sole discretion determines to cease exercising its step-in right.

(j) Step in Right Generally. Caroco's step-in right allows Caroco, or its designee, the right to enter upon Franchisee's business premises and exercise complete authority with respect to the operation of the Store, including operating the Store on behalf of Franchisee's corporation or limited liability company, as applicable. In the event Caroco exercises the step-in right, in addition to all amounts otherwise owed pursuant to this Agreement, Franchisee must reimburse Caroco or its designee for all reasonable costs and overhead, if any, incurred in connection with its operation of the Store including, without limitation, costs of personnel used to operate the Store and their travel and lodging accommodations, plus a fee not to exceed Five Hundred Dollars (\$500) per day. Franchisee must also reimburse Caroco or its designee for all attorneys' fees incurred in connection with its operation of the Store or its providing notice of its intent to so operate the Store. Franchisee agrees that Caroco or its designee may use monies from the Gross Profit of the Store for these reimbursements and fees. If Caroco undertakes to exercise its step-in rights, Franchisee and Guarantors agree to indemnify and hold Franchisor Indemnified Parties

harmless from and against any fines, claims, suits or proceedings which may arise out of Caroco's, or its designee's, operation of the Store. Caroco and its designee have a duty to utilize only reasonable efforts in operating the Store and will not be liable to Franchisee, the Owners, the Operating Principal, or their respective heirs, beneficiaries, devisees, or estates for any debts, losses, or obligations the Store incurs, or to any of Franchisee's or Owners' creditors, for any products, other assets, or services, the Store purchases, while Caroco or its designee operates the Store. In connection with Caroco's step-in right, Franchisee agrees to execute the form of Limited Power of Attorney that Caroco shall designate, the terms of which are incorporated by reference which shall grant Caroco the right to act on Franchisee's behalf regarding payroll and human resources matters during the step-in period.

(k) Notice. Notwithstanding anything to the contrary contained in this Section, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Caroco's rights of termination in this Agreement or shall require longer notice periods or restrictions upon such termination required by such laws and regulations, this Section shall be amended to include the notice and/or other action required by such law or regulation; provided, however, that such constructive amendment shall not be deemed a concession by Caroco that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Caroco will not be precluded from contesting the validity, enforceability or application of such laws or regulations in any actions, hearing or proceeding relating to this Agreement or the termination thereof.

(l) Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, Caroco reserves the right to grant to Franchisee in Caroco's sole discretion an extended cure period for any breach. Franchisee acknowledges that Caroco's decision to grant such an extended cure period shall not operate as a waiver of any of Caroco's rights and that Caroco can choose to condition such an extension upon requiring Franchisee and Guarantors to sign a general release.

(m) Other Remedies for Default under the Lease or this Agreement. Notwithstanding any other remedy Caroco has under the terms of this Agreement, if Franchisee defaults under the terms of this Agreement or its lease with Caroco's affiliate, Caroco is entitled to exercise any one or more of the following remedies in its sole discretion:

(i) to take possession of the Store Location or other Collateral (as defined in Section 36(b)) or any part thereof, personally, or by its agents, employees, or attorneys;

(ii) to, in Caroco's discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Store and all Collateral, including all furniture, fixtures, equipment, inventory, books, records, papers and accounts of Franchisee; and

(iii) exclude Franchisee and all of Franchisee's Owners, employees, officers, agents, and representatives from the Store Location or any other Collateral.

(n) Cross Default. Any default by Franchisee under this Agreement shall be a default under any other agreement between Caroco (or any of Caroco's affiliates) and Franchisee, Franchisee's Guarantors, or any affiliate of Franchisee.

(o) Defaults and Termination Due to Failure to Comply with Fuel Company Brand Standards. If Caroco's affiliate has entered into an agreement with a third party ("Fuel Company") to sell and distribute Traditional Fuels at the Store, Franchisee agrees to comply with Caroco's instructions regarding the operations, appearance, customer service, and image of the Store so that each complies with the requirements and brand standards of the Fuel Company. If Franchisee fails an inspection or evaluation by Caroco and/or the Fuel Company, the violation shall be a default under this Agreement and Caroco shall have the right to take any and all of the following actions:

(i) Terminate this Agreement upon three (3) days' notice to Franchisee;

(ii) Require Franchisee to cure the violation within three (3) days' notice from Caroco and provide all necessary documentation and assurances as Caroco or the Fuel Company may require; and

(iii) Require Franchisee to pay the fees and fines imposed by the Fuel Company on Caroco or its affiliates (including fines payable to reset the evaluation score) and Caroco's and its affiliates' expenses (including but not limited to legal fees) associated with the default, whether the impact be on the Store, the network of Caroco stores, and/or the Caroco System.

(p) Damages from Default. Franchisee shall promptly reimburse Caroco upon request for any damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Caroco or its affiliates as a result of any default under this Agreement. This expressly includes attorneys' fees incurred in preparing and sending default notices.

21. Obligations Upon Termination, Expiration, or Non-renewal.

(a) Obligations upon Termination, Expiration, or Non-renewal. Upon termination, expiration, or non-renewal of this Agreement, all rights granted hereunder to Franchisee shall terminate and revert to Caroco. Upon termination, expiration, or non-renewal, Caroco, or its affiliate, as applicable, shall have the right to take possession of the fuel or Energy dispensing equipment, the Store, the Store Location and surrounding premises, the Store equipment, peaceably or by force, and eject the Franchisee therefrom. Unless otherwise designated by Caroco, upon termination, expiration, or non-renewal of this Agreement Franchisee shall have the following obligations with respect to the Store:

(i) Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter represent to the public or hold itself out as a Caroco franchisee with respect to such business.

(ii) Franchisee will peaceably surrender and deliver immediate possession of the Store and premises to Caroco. Franchisee agrees to surrender the Store and premises, its improvements and any of Caroco's equipment located thereon in the same condition as they were at the time this Agreement was entered into, normal wear and tear excepted. If Franchisee does not leave the premises in a condition meeting Caroco's standards, Caroco shall have the right to charge a premises cleaning fee equal to the actual costs incurred per occurrence. Included within the rights of Caroco and its affiliates is the right of Caroco or its affiliates to "lock up" the fuel or Energy dispensing equipment and "lock out" the Franchisee from the Store. Franchisee acknowledges that in the event of a "lock up" and "lock out," or if Caroco takes possession of the Store, there may be

personal property belonging to the Franchisee located in the Store. Caroco may take possession of such personal property without liability for trespass or conversion and hold the same for release to Franchisee. Franchisee hereby waives any and all rights to notice and every other formality.

(iii) Upon termination, expiration, or non-renewal of this Agreement for any reason, Caroco shall have the option, but not the obligation, to purchase any personal property or assets used in connection with the operation of the Store. If Caroco elects to exercise this option, within sixty (60) days of the date of termination, expiration, or non-renewal of this Agreement, Caroco shall pay Franchisee an amount which is the lesser of Five Hundred Dollars (\$500) or the depreciated book value of Franchisee's acquired equipment utilized in the Store less any amounts owed to Caroco by Franchisee. In Caroco's sole discretion, Caroco may assign all or a portion of this right to another franchisee and/or Caroco's affiliates.

(iv) Franchisee shall promptly remove any property belonging to Franchisee. In the event Franchisee does not remove Franchisee's personal property, Caroco shall be entitled to remove such property to storage and shall not be liable to Franchisee for either the value of the property or the costs of storage;

(v) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all Confidential Information (as defined below), customer information, methods, procedures and techniques used by or associated with the franchise system, and the proprietary Marks, CAROCO and all other Marks and distinctive trade dress, forms, slogans, signs, symbols, logos, and devices associated with the Caroco System;

(vi) Franchisee shall immediately return to Caroco any property held or used by Franchisee which is owned by Caroco and shall cease to use, and either destroy or convey to Caroco, all Confidential Information, all signs, advertising materials, displays, stationery, forms, copies of the Brand Standards Manual, policy and procedure statements, instructions, and other materials related to operating the Store or that bear or display the Marks;

(vii) Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark "Caroco" or any other Marks of Caroco, and Franchisee shall furnish Caroco with evidence satisfactory to Caroco of compliance with its obligation within thirty (30) days after termination, expiration, or non-renewal of this Agreement;

(viii) Franchisee shall promptly pay all sums owed to Caroco. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Caroco as a result of the default and the termination.

(ix) Franchisee shall pay to Caroco all damages, costs and expenses including reasonable attorneys' fees, incurred by Caroco subsequent to the termination, expiration, or non-renewal of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

(x) Franchisee shall provide to Caroco all account and login credentials for the Computer Systems and any Online Presence and comply with all Caroco's instructions regarding the same.

(xi) Franchisee shall promptly pay in full all vendors of the Store and pay off any trade accounts for the Store.

(xii) Franchisee and Caroco agree that it would be difficult if not impossible to determine the amount of damages that Caroco would suffer due to a termination of this Agreement because of Franchisee's default. Therefore, Franchisee and Caroco agree that a reasonable estimate of those damages (as liquidated damages and not as a penalty) is Twenty-Five Thousand Dollars (\$25,000). Within fifteen (15) days of the termination of this Agreement by Caroco with cause, Franchisee shall pay Caroco Twenty-Five Thousand Dollars (\$25,000) as liquidated damages. Franchisee shall pay all costs, expenses and attorneys' fees incurred by Caroco in enforcing the terms and conditions of this provision. Nothing contained herein shall be construed as prohibiting Caroco from additionally pursuing any other remedies which may be available to Caroco, including recovery of actual damages or other liquidated damages due.

(b) Caroco's Option. Caroco shall have the option, to be exercised within thirty (30) days of expiration, termination, or non-renewal, to assume Franchisee's assumed name or equivalent registration and business licenses, directory listings and advertisements (whether in print or part of an Internet directory), e-mail addresses, Internet domain names, and/or any other Online Presence which contain the Marks of Caroco or its affiliates, and Franchisee shall sign all documents necessary to permit Caroco to assume Franchisee's rights in such items. If Caroco elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Caroco with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Caroco's termination, expiration, or non-renewal of this Agreement and the expiration of the option granted herein. In the event Franchisee fails to timely do so, Caroco shall have the right, for which purpose Franchisee hereby appoints Caroco as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense.

(c) Compliance with Covenants. Upon expiration, termination, or non-renewal of this Agreement for any reason, Franchisee shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete or solicit and the covenants not to disclose Confidential Information.

22. Right to Enter; Inspections.

(a) Right to Enter. Caroco shall have the right to enter, and to send third-party representatives to enter, in person or remotely via communications technology, the Store at all times of operation for the purpose of obtaining an inventory of the Store merchandise and Energy, inspection of Franchisee's books, records and supporting documents, inspecting the Computer Systems and data therein, checking accuracy of cash deposits and for any other reasonably necessary purpose. Caroco and Franchisee agree that Caroco's determination as to shortages and overages shall be final and not subject to challenge by Franchisee, provided the determination is derived from an inspection performed by a third-party.

(b) Inspections. Caroco and its agents have the right to enter the Store, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, equipment and operations, and the performance of any and all services provided in and around the Store and/or the Store Location to ensure compliance with all requirements of this Agreement. Franchisee will

cooperate with Caroco's representatives in those inspections by rendering whatever assistance Caroco may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Caroco or Caroco's agents and providing the assistance necessary to enable Caroco to contact and interview contractors, vendors, copy and review business records, as well as Franchisee's customers and former customers. Upon reasonable notice from Caroco, and without limiting Caroco's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including without limitation immediately correcting any problems with construction or leasehold improvements, and immediately desisting from the further use of any equipment, advertising materials, products, or materials that do not conform to Caroco's then-current plans, standards, and specifications, the Brand Standards Manual, or other standards or requirements, and to repair or replace anything in the Store that does not so conform. Franchisee acknowledges and agrees that any and all inspections by Caroco and all demands made by Caroco to correct deficiencies and conform to Caroco's standards and specifications will not constitute a representation or warranty by Caroco that the Store or its premises comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Caroco of a scheduled inspection, the Franchisee or the Operating Principal must be present during such inspection.

(c) Data Access. All data provided by Franchisee, uploaded to Caroco's system from Franchisee's system, and/or downloaded from Franchisee's system to Caroco's system, from any third party or Caroco-provided Computer System, or relating to any customer of the Store, is, and will be owned exclusively by, Caroco during the Initial Term and any extension thereof and any Renewal Term, and following termination, expiration, or non-renewal, of this Agreement for any reason, and Caroco will have the right to use such data in any manner that Caroco deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the franchise system, or in connection with Franchisee's operation of the Store (including but not limited to consumer and transaction data and data collected from or about customers), is and will be owned exclusively by Caroco during the Initial Term and any extension thereof and any Renewal Term, and following termination, expiration, or non-renewal of, this Agreement. Caroco has the right to access such data at any time and for any purpose by such means as Caroco may from time to time require. Caroco shall have no liability to Franchisee as a result of Caroco's access or failure to access the data. Copies and/or originals of such data must be provided to Caroco upon Caroco's request. Caroco hereby licenses use of such data back to Franchisee, at no additional cost, solely for the Initial Term and any extension thereof and any Renewal Term and solely for Franchisee's use in connection with the establishment and operation of the Store. Franchisee shall comply with Caroco's instructions regarding the collection, use, storage, disclosure and security of all such data. Franchisee shall provide such assistance as may be required to connect its Computer Systems and its video surveillance system with Caroco's Computer Systems. Caroco shall have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's Computer Systems and video surveillance cameras as Caroco, in its sole and exclusive discretion, deems necessary or desirable, including, but not limited to, sales data and any video archives. Caroco shall have the unlimited right to retain copies of such electronic materials. In view of the contemplated interconnection of computer/POS systems and video surveillance system and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Caroco's standards and specifications for all items associated with Franchisee's Computer Systems and video surveillance system. Caroco shall have no liability to Franchisee as a result of Caroco's access or failure to access the Computer Systems or video surveillance cameras.

23. Losses.

Unless stated otherwise in this Agreement, M. M. Fowler or another Caroco affiliate shall retain title to all goods and services from the Store, including but not limited to Store merchandise, inventory, and Energy; provided, however, Franchisee shall be liable, in all circumstances, for the loss or shortage of the goods and services sold from the Store or the failure to remit all income, Proceeds and/or funds derived from the sale of the goods and services from the Store. In those circumstances set forth above where Franchisee shall be accountable, the amount of Franchisee's liability shall be calculated on the basis of the retail price charged at the respective location at the time the loss or shortage occurred.

24. Covenants Against Unfair Competition and Non-Solicitation Covenants.

(a) Franchisee and each of the owners and Guarantors of Franchisee (the owners and Guarantors are collectively, the "Owners") acknowledge they will receive valuable, specialized training and Confidential Information regarding the operational, sales, promotional, and marketing methods of the Caroco concept that Caroco has developed through monetary and other resource expenditures that provide competitive advantages to the Caroco franchise system.

(b) Franchisee's Covenant Against Unfair Competition; Pre-Termination. During the Initial Term, and any extension thereof, and any Renewal Term, Franchisee and its Owners will not, without Caroco's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) Own, manage, engage in, be employed by, advise, make loans to, become or be a lessor or landowner to, or become lessee of, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for a Competitive Business (defined in Section 24(f) below); or
- (ii) Offer or grant franchises or licenses for any Competitive Business; or
- (iii) Perform any other act injurious or prejudicial to the goodwill associated with the Marks and the Caroco System.

(c) Franchisee's Non-Solicitation Covenant; Pre-Termination. During the Initial Term, and any extension thereof, and any Renewal Term, Franchisee and its Owners will not, without Caroco's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity use any vendor relationship established through Franchisee's association with Caroco for any purpose other than to supply the Store with supplies, products, equipment, merchandise, or services for use in or retail sale in the Store.

(d) Franchisee's Covenant Against Unfair Competition; Post-Termination. In partial consideration for Caroco allowing Franchisee to license Caroco's trademark and Confidential Information, Franchisee and each of the Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and Owners shall not, within the Restrictive Territory engage in any of the following:

- (i) Engage in any Competitive Business as franchisee or licensee; or

(ii) Franchise or license any Competitive Business to any other person or third party; or

(iii) Own, manage, operate, or have any operational or management authority in any Competitive Business; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section so long as Franchisee and Owners do not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or

(iv) Engage in any Competitive Business as an employee, consultant, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information of Caroco.

(e) Franchisee's Non-Solicitation Covenant; Post-Termination. In partial consideration for Caroco allowing Franchisee to license Caroco's trademark and Confidential Information, Franchisee and each of the Owners covenant and agree that for the Restrictive Period, Franchisee and Owners shall not, within the Restrictive Territory solicit, divert, or attempt to solicit or divert to any Competitive Business any vendor with whom Franchisee, its Owners, or Caroco had any business relationship as of the termination, expiration, or non-renewal of this Agreement or within one (1) year preceding the termination, expiration, or non-renewal of this Agreement.

(f) Competitive Business. For purposes of this Section 24, the term "Competitive Business" means the following:

(i) a retail convenience store, whether or not selling petroleum or other Energy, that sells food, drinks, and other products typically sold in conveniences stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers; or in the event the foregoing is considered too broad then,

(ii) a retail convenience store that sells petroleum or other Energy, food, drinks, and other products typically sold in conveniences stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers.

(g) Restrictive Territory. For purposes of this Section 24, the term "Restrictive Territory" means the following:

(i) An area which is within 3-miles measured as driven on a roadway of the location of any other business owned by Caroco or its affiliates or any Caroco franchisees as of the date of termination, expiration, or non-renewal of this Agreement; or

(ii) Only in the event a court of law determines the foregoing to be too broad, an area which is within 3-miles measured as driven on a roadway of the Store Location; or

(iii) Only in the event a court of law determines the foregoing to be too broad, the location of any other business owned by Caroco or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of this Agreement; or

(iv) Only in the event a court of law determines the foregoing to be too broad, at the Store Location.

(h) Reasonableness. The foregoing in-term and post-term covenants against unfair competition with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 24 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Caroco's goodwill or Caroco's other business interest and its franchisees and the provisions do not prevent Franchisee or its Owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 24, and the length of the term and geographical restrictions in this Section 24, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 24 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 24 will not impair Franchisee's or its Owners' ability to obtain employment commensurate with Franchisee's or its Owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its Owners and their families, and the satisfaction of the needs of all of Franchisee's and its Owners' creditors. Franchisee's and its Owners' special knowledge of a retail convenience store (and anyone acquiring this knowledge through Franchisee or its Owners) is such as it would cause Caroco serious injury and loss if Franchisee or its owners (or anyone acquiring this knowledge through Franchisee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Caroco or its franchisees. The covenants in this Section 24 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its Owners may have against Caroco or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Franchisee or its Owners. In the event of any violation of the provisions of this Section 24, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee, the Owners, and Caroco agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation. In the event any court or other judicial authority declares the scope of any geographic restriction or any restricted business activity covered by any paragraph or subparagraph of this Section 24 to be overly broad or otherwise in excess of what is determined to be valid and enforceable under applicable law, the restrictions shall be construed to cover only that duration, scope or activity contained in the specific subparagraphs which are determined to be valid and enforceable under the specific circumstances applicable to the business relationship between Caroco and Franchisee and its Owners. Franchisee and its Owners hereby acknowledges that this Section 24 shall be given the construction that renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law.

25. Financial Statements, Books and Records.

(a) Financial Data. Upon request, Franchisee shall furnish to Caroco (1) copies of all tax returns, federal and state, including but not limited to income, quarterly estimates, sales, excise and employer returns; (2) proof of payment of any type of taxes; (3) financial statements, profit and loss statements and balance sheets, and (4) forms, reports, records, information, and data as Caroco may reasonably designate. Caroco shall have the right during normal business hours to inspect the books and records of Franchisee. Franchisee shall use the chart of accounts that Caroco requires.

(b) Books and Records. Franchisee shall maintain during the Initial Term, and any extension thereof, and any Renewal Term, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Caroco at Caroco's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles.

(c) Submission of Performance Reports. Franchisee shall submit to Caroco, for review or auditing, financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Profits reports and performance reports for monthly periods, and Franchisee shall also submit such forms, reports, records, information, and data as Caroco may reasonably designate, in the form and at the times and places reasonably required by Caroco, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Brand Standards Manual or otherwise in writing. Franchisee also shall immediately notify Caroco in writing when one or more liens or judgments are filed against the Franchisee, the Store and/or any of the personal guarantors (if any) under this Agreement.

(d) Audit of Franchisee's Records. Caroco or its designated agents shall have the right at all reasonable times to examine and copy, at Caroco's expense, the books, records, and tax returns of the Store and remove copies thereof from the Store premises. Caroco shall also have the right at any time, at Caroco's expense, to have an independent audit made of the Store books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to Caroco the amount owing to Caroco, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Caroco for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in this Agreement. Such payments shall be without prejudice to any other remedies Caroco may have under this Agreement or otherwise at law.

26. Transfer Provisions.

(a) Transfer by Caroco. This Agreement and any and/or all of Caroco's rights and/or obligations under it, are fully transferable without restriction by Caroco and in Caroco's sole discretion and will inure to the benefit of any person or entity to whom Caroco transfers it, or to any other legal successor to Caroco's interest in this Agreement; provided, however, the transferee agrees in writing to assume all obligations undertaken by Caroco herein. If Caroco transfers this Agreement, or any and/or all of Caroco's rights and/or obligations under it, all past, current and future obligations of Caroco (and of any of its affiliates) to Franchisee will cease and be forever extinguished. Caroco shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and remain the same notwithstanding any such assignment. Caroco may be sold and/or may sell any or all of Caroco's assets to a competitive or other entity, Caroco may participate in an initial, or other, public offering or private placement of Caroco stock, may merge, acquire other entities and/or assets (competitive or not), be acquired by a competitive or other entity, and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

(b) Transfer by Franchisee. The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Caroco has

granted the License in reliance on the business and financial capacity and other attributes of Franchisee, and the personal skill, qualifications and representations of the Owners. Except as hereinafter provided, the Franchisee shall not by operation of law or otherwise sell, assign, transfer or convey any interest in this Agreement or any interest in the franchise granted hereby. Any dissolution, merger, consolidation or other reorganization of the Franchisee, any pledge of or any sale or other transfer of corporate stock or membership interests of Franchisee (whether in a single transaction or cumulatively), the sale of substantially all the assets of Franchisee, any change in the ownership percentages and interests set forth on the Owners' Statement, attached here to as Exhibit 2, or issuance of stock or interests to anyone other than the Owners identified on the Owners' Statement, shall constitute an assignment of this Agreement for all purposes of this section and require the written consent of Caroco or shall be null and void.

(c) Caroco's Right of First Refusal. If Franchisee decides to transfer during this Agreement's term the Store's assets, Franchisee's interest in this Agreement, an ownership interest in Franchisee, Franchisee's lease, Franchisee's business assets, or any ownership interest in a legal entity that owns a controlling ownership interest in Franchisee, Franchisee or the Owners, as applicable, shall give Caroco sixty (60) days' prior written notice of any intended transfer of any of its rights or interest in the Store, the assets, or Franchisee ("Transfer Notice"). Such Transfer Notice shall include all materials required by Caroco's then current transfer policy, including, but not limited to, a copy of the term sheet or letter of intent outlining all material terms of the contract, and all other materials Caroco in its sole discretion requires. Additionally, the Transfer Notice shall include the name of the proposed transferee, a confidentiality agreement executed by proposed transferee, a prequalification questionnaire completed by proposed transferee, the transferee and its owners' contact information, copies of the proposed transferee's driver's license, social security card, and immigration documentation (if applicable), criminal background check, credit report, purchase price and terms for payment, proposed lender (if any), proof of funds, post termination obligations, description of training or transitional assistance to be provided, a copy of the completed franchise application, copies of the contract, proof that proposed transferee's operating principal's domicile is within thirty-one (31) miles of the Store, three (3) years of federal tax returns for each purchaser and/or its owners, copies of financial statements for the preceding three (3) years, and a copy of corporate formation documents. The 60-day right of first refusal evaluation period will not begin until the complete Transfer Notice is received by Caroco. Irrespective of the qualifications or acceptability of any prospective transferee, Caroco shall have the first right and option to purchase the interest at a price equal to the price proposed by the prospective transferee, as set forth in the Transfer Notice. Caroco shall make such determination as promptly as practicable, but in no event later than sixty (60) days after it has received the complete Transfer Notice. Franchisee shall reimburse Caroco for all attorneys' fees Caroco incurs as a result of reviewing the Transfer Notice. If Caroco elects not to exercise the right of first refusal, provided the proposed transferee is otherwise approved by Caroco to be awarded a franchise, then Franchisee shall have sixty (60) days from the date of the waiver to consummate the transaction for the price designated in the Transfer Notice provided to Caroco. If the price is decreased or the transaction does not timely close, then Caroco's right of first refusal is reinstated. Caroco has the unrestricted right to assign this option to purchase.

(d) Conditions on Transfer. Once the complete Transfer Notice is received by Caroco, Caroco will evaluate the proposed transfer concurrently with the right of first refusal process set forth above. Caroco agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied as set forth below and in Caroco's then current transfer policy, which shall be provided to Franchisee:

(i) Caroco shall have decided not to exercise its right of first refusal as provided in Section 26(c).

(ii) Franchisee is in full compliance with this Agreement and any other agreement with Caroco's affiliates and there are no uncured defaults by Franchisee hereunder or thereunder, and all debts and financial obligations of Franchisee under this Agreement or its agreements with Caroco's affiliates are current.

(iii) Proposed transferee is a corporation or limited liability company and, unless Caroco agrees otherwise, is solely owned by a single individual, which individual must be approved by Caroco and who, in Caroco's sole discretion, shall: (i) meet Caroco's educational, managerial, values and business standards; (ii) possess a good moral character, business reputation and credit rating; (iii) have the aptitude and ability to operate the Store, as may be evidenced by prior related business experience or otherwise; (iv) have adequate financial resources, liquidity, and capital to operate the Store; (v) the owner of the proposed transferee has sufficient capacity to lead the Store; (vi) the proposed transferee's operating principal lives within thirty-one (31) miles of the Store Location as driven on a roadway and has a valid driver's license and such other documentation required by Caroco certifying the operating principal lives within thirty-one (31) miles of the Store Location as driven on a roadway; and (vii) have such other qualifications as Caroco then requires for new franchisees.

(iv) Once approval is granted, the right of first refusal waived, and all transfer provisions have been satisfied, Franchisee and transferee shall coordinate the closing of the transaction with Caroco's business consultant assigned to the franchised business and other key constituents who will be involved with the training of the transferee.

(v) Prior to the date of the proposed transfer, the proposed transferee's operating principal and managers undertake and complete, to the satisfaction of Caroco, such educational and development programs as Caroco shall deem necessary.

(vi) Franchisee and its Owners transferring an interest in Franchisee acknowledge and agree in writing they are bound by non-competition, non-solicitation, and confidentiality covenants contained herein.

(vii) The proposed transferee executes such documents as Caroco may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then-current version of the Franchise Agreement, and if required by Caroco, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Caroco may require to execute, Caroco's then-current ancillary agreements to the then-current Franchise Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement; provided, however, that (i) Continuing Royalty payable by the transferee will not be increased to an amount which is greater than that which is required to be paid system-wide by Caroco's new franchisees; (ii) the transferee will not be required to pay an additional Initial Franchise Fee; and (iii) the transferee will not receive a new term or renewal term but will instead receive the Franchise only for the Initial Term and/or Renewal Term still remaining under this Agreement. This Agreement between Caroco and Franchisee will terminate once an approved transfer is complete. The transfer shall not be complete until the executed transfer documentation is delivered to Caroco's corporate offices and Caroco executes the transfer documentation.

(viii) Franchisee or the Owner, as applicable, reimburses Caroco for all attorneys' fees Caroco incurs as a result of the transfer, plus a transfer fee equal to one of the following:

(1) If this Agreement was signed pursuant to the grant of a new franchise to Franchisee, and not pursuant to a transfer of the Store to Franchisee from another Caroco franchisee, then the transfer fee is equal to one of the following: (i) if Caroco receives the transfer notice within the first twelve (12) months following the Effective Date, the first day of any Renewal Term, or the day this Agreement is transferred, twenty-five percent (25%) of the purchase price of the franchise or interest being purchased; or (ii) if Caroco receives the transfer notice after the first twelve (12) months following the Effective Date, the first day of any Renewal Term, or the day this Agreement is transferred, the sum of: (A) fifteen percent (15%) of the first One Hundred Twenty Five Thousand Dollars (\$125,000) of the purchase price of the franchise or interest being purchased and (B) twenty five percent (25%) of any amounts of the purchase price of the franchise or interest being purchased that are greater than One Hundred Twenty Five Thousand Dollars (\$125,000); or

(2) If this Agreement was signed because of a transfer of the Store to Franchisee from another Caroco franchisee, then the transfer fee is equal to an amount calculated under the transfer fee terms of the franchise agreement for the franchisee that transferred the Store to Franchisee.

(ix) the transferor shall pay to Caroco an amount equal to the then-current premises cleaning fee multiplied by four (4); which amount Caroco shall return to transferor at any time in Caroco's discretion up to one (1) year after the transfer of the business, less the amounts Caroco is obligated to use for Store cleaning.

(x) The Transfer and the remittance of all fees involved in the Transfer is controlled by Caroco.

(xi) Franchisee and its Owners execute such transfer documents as specified by Caroco, including, but not limited to, (i) Caroco's then current transfer agreement and (ii) a general release, in a form prescribed by Caroco, releasing Caroco; Caroco's predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.

(xii) Caroco has the right to require Franchisee to prepare and furnish to the proposed transferee and/or Caroco such financial reports and other data relating to the Store and its operations as Caroco deems reasonably necessary or appropriate for transferee and/or Caroco to evaluate the Store and the proposed transfer. Franchisee agrees that Caroco has the right to confer with the proposed transferee and furnish it with information concerning the Store and proposed transfer without being held liable to Franchisee. Any information furnished by Caroco to proposed transferees is for the sole

purpose of permitting them to evaluate the Store and proposed transfer and must not be construed in any manner or form whatsoever as claims of success or failure.

(xiii) Prior to or upon closing of the transfer, Franchisee shall pay in full all creditors, vendors, and trade accounts of the Store.

Caroco's consent to a transfer of any interest in Franchisee or the Store granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Caroco's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(e) **Transfer Damages.** If Franchisee or an Owner engages in a transfer without first complying with the applicable transfer provisions of this Agreement (including without limitation, the provisions of Section 26) Franchisee agrees to pay to Caroco, within fifteen (15) days of receiving notice from Caroco, in addition to the amounts owed under this Agreement, transfer damages equal to (a) fifteen percent (15%) of the price paid by the transferee to Franchisee or the Owners, as applicable, or (b) Twenty-Five Thousand Dollars (\$25,000), whichever is greater. The parties to this Agreement acknowledge and agree that it would be impracticable to determine precisely the damages Caroco would incur from this Agreement's unauthorized transfer. The parties consider this transfer damages provision to be a reasonable, good faith pre-estimate of those damages.

27. Guaranty.

As additional consideration to induce Caroco to enter into this Agreement with Franchisee, the Guarantors executing this agreement hereby agree as follows: (a) to unconditionally guarantee to Caroco the full and punctual performance by Franchisee of all terms, covenants, and conditions which are to be performed by Franchisee under this Agreement and any amendments or addenda to it; (b) to waive notice of any breach or default by Franchisee; (c) to promptly perform any term, covenant, or condition not performed by Franchisee; and (d) to pay all expenses, including, without limitation, reasonable attorneys' fees and costs, paid or incurred by Caroco to enforce its rights under this Guaranty or against the Franchisee. This Guaranty shall be direct, unconditional, irrevocable and the primary obligation of the Guarantors, allowing Caroco to proceed directly against Guarantor(s) without first proceeding against Franchisee. Additionally, all Guarantors shall execute the form of Personal Guaranty attached hereto as Exhibit 4 and incorporated by reference. The obligation of the Guarantor(s) shall not be released or diminished by any subsequent modification of this Agreement and shall survive the termination of this Agreement.

28. Time is of the Essence.

Time is of the essence of this Agreement.

29. Notice.

Any notice required herein to be given by any party shall be in writing and such notice may be made by (i) personal delivery, (ii) first-class or certified mail with return receipt requested, or (iii) a nationally recognized express carrier. If delivered, notice shall be delivered in person to the individual designated or left with an authorized representative. If mailed, notice shall be deemed to have been given two (2) days after the notice is duly posted in the U.S. mail. If notice is sent via nationally recognized express carrier, notice shall be deemed to have been given the day after

it was sent. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery. Notices to Caroco shall be addressed to Caroco at 4220 Neal Road, Durham, North Carolina 27705, ATTN: M. L. BARNES, JR. Notices to Franchisee shall be addressed at (1) the address set forth above during the period from the Effective Date of this Agreement until the Store opens for business, (2) the address of the Store Location from the date of the Store opening, or (3) to such other address as Franchisee by written notice forwards to Caroco. At Caroco's election, Caroco may alternatively send notice to Franchisee via email to the email address on file with Caroco, which notice shall be deemed received when sent by Caroco. Notice given in accordance with this paragraph shall be deemed sufficient notice required by law.

30. Waiver.

No failure by Caroco or Franchisee to take action on account of any default by the other, whether in a single instance or repeatedly, shall constitute a waiver of any such default or of the performance required of Franchisee. The waiver by Caroco of any default or breach by Franchisee hereunder, acceptance of payment during the continuance thereof, forbearance, or failure to insist upon strict performance of any of the terms and provisions of this Agreement or prior course of dealing on the part of Caroco shall not be taken to be a waiver of any continuing or subsequent default or breach of the same or any other covenant, condition or provision hereof or affect the rights or remedies of Caroco with respect thereto. No express waiver by Caroco of any provision or performance hereunder or of any default shall be construed as a waiver of any other or future provision, performance or default. Acceptance by Caroco or its affiliates of any payment by Franchisee and the failure, refusal or neglect of Caroco to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by Caroco or any of its affiliates of any provision of this Agreement. Caroco has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee, its Operating Principal and/or any other franchisee or other person, or any affiliate of Franchisee or Caroco, without liability. Caroco has the right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for Franchisee, and, except to the extent prohibited by law, Caroco will have the right to negotiate terms and conditions, grant concessions, and waive obligations for other franchisees without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

31. Attorneys' Fees.

Except as otherwise provided and limited by this section, no party shall be entitled to recover expenses reasonably incurred (including attorneys' fees) from the other party in any action at law or in equity. Caroco shall be entitled to reimbursement from the Franchisee for all expenses reasonably incurred (including attorneys' fees) in which Caroco prevails: (i) in any action brought by Caroco to enforce the terms of this Agreement, an obligation owed to Caroco by Franchisee and/or its Owners, or an obligation owed to Franchisee by Caroco; (ii) in the defense of any action brought by the Franchisee and/or its Owners; or (iii) as otherwise provided for in this Agreement.

32. Confidentiality.

Franchisee understands and agrees that Caroco has disclosed or will hereafter disclose to Franchisee certain Confidential Information. As used in this Agreement, the term “Confidential Information” means the information, not generally known to the public, whether in print, electronic or other form, relating to the Store and its operations and includes, without limitation, trade secrets; information that Caroco or its affiliates designates as confidential; Brand Standards Manual and the information therein; knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Store; all records pertaining to customers, vendors, and other service providers of, and/or related in any way to, the Store, including, without limitation, price lists, customer lists, mailing and marketing lists; names, addresses, phone numbers, e-mail addresses, customer purchase records, vendor history; Store purchase records; information relating to the merchandising of the Store; business strategy information; marketing, sales, promotional, vendor, and merchandising strategies, data, and materials; financial information; recipes; databases; training materials; knowledge of operations of the Caroco System; and other proprietary information.

Except as necessary in connection with the operation of the Store and as approved by Caroco, Franchisee, Franchisee’s Owners and Guarantors shall not, during the Initial Term and any extension thereof, any Renewal Term, or at any time after the expiration, termination, or non-renewal of this Agreement, regardless of the cause of termination, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information. This restriction is without geographical limitation. Franchisee and Owners will divulge Confidential Information only to personnel, if any, who must have access to it in order to operate the Store and then only while this Agreement is in effect. Franchisee shall not, without Caroco’s prior written approval, disclose to anyone other than Franchisee’s auditors, accountants, lawyers, or bona fide prospective purchasers of the Store who have signed non-disclosure agreements, financial information of the Store, including, but not limited to, Franchisee’s earnings, tax liabilities, revenues, Gross Sales, or costs. Franchisee’s obligations to maintain the confidentiality of Confidential Information will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration, termination, or non-renewal for any reason.

33. Dispute Resolution; Governing Law, Jurisdiction and Venue.

(a) Mediation. Except for the Exceptional Claims brought by Caroco and for the Lease Claims brought by Caroco’s affiliate, each as discussed below, if a claim arises among Caroco, Franchisee, Owners, Guarantors, or any of their affiliates, and if the dispute cannot be settled through informal negotiation, the parties agree to submit such claim to non-binding mediation for resolution prior to pursuing litigation as provided for below. The mediation shall be conducted either through an individual mediator or a mediator appointed by a mediation service organization or body, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties, and, failing such agreement within a reasonable period of time after a party has notified the other(s) of its desire to seek mediation of any claim (not to exceed sixty (60) days), by the American Arbitration Association (or any successor organization) in accordance with the procedures and rules set forth under North Carolina law for court ordered mediated settlement conferences and the expenses of the appointed mediator shall be shared equally by each party. If the parties are unable to resolve the claim within sixty (60) days after delivery of written notice of the desire to seek mediation, then a party may bring an action in a state court having jurisdiction in accordance with Section 33(b) below. The venue for any mediation required hereunder shall be the city of Caroco’s then-current principal place of business (currently, Durham, North Carolina). All aspects of the mediation process shall be treated as confidential, shall not be

disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Each party shall bear its own costs of mediation.

(b) Governing Law, Jurisdiction, and Venue. The parties each agree the State of North Carolina has a deep and well-developed history of business decisional law. For this reason, Caroco, Franchisee, Owners, Guarantors, and their affiliates, each agree that except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050, et seq.) as amended, this Agreement will be construed in accordance with, and all disputes between Caroco, Franchisee, Owners, Guarantors, or their affiliates, (whether in contract, tort, or otherwise) arising out of or relating to this Agreement, any breach of this Agreement, the sale of the franchise, the rights or obligations of the parties, the relationship between the parties, or Franchisee's operation of the Store, will be governed by, the law of the State of North Carolina without recourse to North Carolina (or any other) choice of law or conflicts of law principles. The parties agree that any such action brought by a party against the other and not resolved pursuant to Section 33(a) above, must be brought in a state court of competent jurisdiction located in the city of Caroco's then-current principal place of business (currently, Durham, North Carolina). Franchisee, Guarantors, and Franchisee's affiliates consent to personal jurisdiction and venue in this jurisdiction and waive, and agree not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of *forum non conveniens*). Furthermore, the parties agree the finder of fact shall not have authority to declare any Mark owned by Caroco or its affiliate or that is otherwise a part of the Caroco System to be generic or invalid. Nothing in this subparagraph is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all claims and actions arising out of or relating to this Agreement, any breach of this Agreement, the sale of the franchise, the rights or obligations of the parties, the relationship between the parties, or Franchisee's operation of the Store, brought by Franchisee, Guarantors, Owners, or any of Franchisee's affiliates against Caroco or its affiliates, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

(c) JURY TRIAL AND CLASS ACTION WAIVER. CAROCO AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), AND THEIR AFFILIATES, IRREVOCABLY WAIVE TRIAL BY JURY IN ANY CLAIM, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY CAROCO AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), AND THEIR AFFILIATES. NOTHING IN THIS PARAGRAPH SHALL AFFECT THE APPLICATION OF SECTIONS 33(a) AND (b). NEITHER FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), CAROCO, NOR THEIR AFFILIATES, SHALL SEEK TO LITIGATE AGAINST EACH OTHER, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, THE RELATIONSHIP BETWEEN THE PARTIES, OR FRANCHISEE'S OPERATION OF THE STORE. NO LITIGATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE (AND FRANCHISEE'S OWNERS OR GUARANTORS, IF APPLICABLE) AND CAROCO, AND THEIR AFFILIATES, AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR CAROCO, UNLESS BOTH FRANCHISEE AND CAROCO CONSENT IN WRITING. CAROCO HAS THE ABSOLUTE RIGHT TO REFUSE

SUCH CONSENT. FRANCHISEE (AND FRANCHISEE'S OWNERS, GUARANTORS, AND AFFILIATES, IF APPLICABLE) AGREE AND ACKNOWLEDGE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, THE SALE OF THE FRANCHISE, THE RIGHTS OR OBLIGATIONS OF THE PARTIES, THE RELATIONSHIP BETWEEN THE PARTIES, OR FRANCHISEE'S OPERATION OF THE STORE WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

(d) WAIVER OF CERTAIN DAMAGES. EXCEPT WITH RESPECT TO FRANCHISEE'S AND GUARANTORS' OBLIGATIONS TO INDEMNIFY THE FRANCHISOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT AND THE EXCEPTIONAL CLAIMS CAROCO MAY BRING, CAROCO AND FRANCHISEE (AND FRANCHISEE'S OWNERS, GUARANTORS, AND AFFILIATES, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, CAROCO SHALL, ITS AFFILIATES, AND ITS REPRESENTATIVES NOT BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO ANY GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION OF ANY EQUIPMENT, OR PRODUCTS) PROVIDED BY CAROCO, CAROCO'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY CAROCO OR THEM.

(e) Remedies Cumulative. All rights and remedies conferred upon the parties by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

(f) Consent. Whenever Caroco's consent or approval is required under this Agreement, unless the provision specifically indicates otherwise, Caroco shall have the right to withhold approval at Caroco's option, taking into consideration Caroco's assessment of the long-term interests of the system overall. Caroco may withhold any and all consents or approvals required by this Agreement if Franchisee is in breach or default of this Agreement. Caroco's consent and approvals are not effective unless given in writing and signed by a duly authorized representative. In no event may Franchisee make any claim for money damages based upon any claim that Caroco unreasonably withheld or delayed any consent or approval to any proposed act by Franchisee under the terms of this Agreement. Franchisee also shall not claim damages by way of set-off, counterclaim, or defense for withholding of Caroco's consent.

(g) Relief in Equity. Franchisee agrees that neither termination of this Agreement, nor an action at law, nor both, would be an adequate remedy for the following (the "Exceptional Claims"): (i) a breach or default by Franchisee, Guarantors, Owners, or Franchisee's affiliates in the performance of any obligation relating to Caroco's Marks or indicia or the trade secrets revealed to Franchisee in confidence pursuant to this Agreement, (ii) the validity of any Marks or other intellectual property owned by Caroco or its affiliates, (iii) any monies owed to Caroco or its affiliates by Franchisee, (iv) a cross default under any other agreement between Franchisee and Caroco's affiliates, (v) or the obligations of Franchisee, Guarantors, Owners, their affiliates, and such other persons upon and after termination of this Agreement, (vi) Franchisee's defaults under Sections 20(a), 20(b)(i), (vii), or (ix) of this Agreement, (vii) the Franchisor Indemnified Parties' claims for indemnification, or (viii) Franchisee's default under any lease with Caroco's affiliate or Caroco's affiliate's exercise of rights to enforce the terms of a lease with Franchisee. The parties

therefore agree that in the event of any such Exceptional Claim, in addition to all other remedies provided elsewhere in this Agreement or by law, Caroco shall be entitled to immediate relief in equity from a judge (including a receiving or enforcing a temporary restraining order, temporary or preliminary injunction, or permanent mandatory or prohibitory injunction) without first seeking mediation to restrain the continuation of the action constituting the Exceptional Claim or to compel compliance with such provisions of this Agreement.

(h) Lease Claims. Notwithstanding anything in this Section 33 or Agreement to the contrary, nothing shall require Caroco's affiliate to first mediate any dispute or claim between Caroco's affiliate, Franchisee as tenant, Guarantors, or their affiliates (whether in contract, tort, or otherwise) arising out of or relating to the lease between Caroco's affiliate and Franchisee as tenant, any breach of such lease, the rights and obligations of the parties under the lease, or the relationship between the parties under the lease (the "Lease Claims").

34. Risk Factor; Franchisee Representations.

(a) FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS. CAROCO EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE, OFFICER, DIRECTOR, MEMBER, OR AGENT OF CAROCO AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR THE SUITABILITY OF THE STORE LOCATION OR FRANCHISEE'S ABILITY TO PROCURE ANY REQUIRED LICENSE OR PERMIT. CAROCO HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) CAROCO HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE STORE.

(b) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE CAROCO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, THE ATTACHMENTS THERETO, AND THE AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION EXCHANGED.

(c) FRANCHISEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN CAROCO'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF CAROCO HAVE BEEN OR WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS. FRANCHISEE FURTHER ACKNOWLEDGES THE PROVISION OF THE FRANCHISE AGREEMENTS PURSUANT TO WHICH SUCH FRANCHISES WERE GRANTED MAY VARY MATERIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATION ARISING HEREUNDER MAY DIFFER SUBSTANTIALLY FROM OTHER FRANCHISEES'.

(d) FRANCHISEE RECOGNIZES THE CAROCO SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THE LICENSE AND OPERATION OF THE STORE INVOLVE AN INVESTMENT OF SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF FRANCHISEE AND OTHER FACTORS BEYOND CAROCO'S CONTROL. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING BUT NOT LIMITED TO LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY FRANCHISEE. EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE STORE IN COMPLIANCE WITH CAROCO'S SYSTEM: (1) CAROCO OR CAROCO AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF THE STORE OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND CAROCO DO NOT INTEND FOR CAROCO OR CAROCO'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF CAROCO'S SYSTEM OR FRANCHISEE'S USE OF THE CAROCO SYSTEM OR THE OPERATION OF THE FRANCHISED STORE, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE BRAND STANDARDS MANUAL OR OTHERWISE PROVIDED BY CAROCO.

(e) FRANCHISEE AS A CORPORATION OR LIMITED LIABILITY COMPANY, AS APPLICABLE, MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) FRANCHISEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) FRANCHISEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN WHICH THE BUSINESS IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE BUSINESS IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) ITS GOVERNING DOCUMENTS RESTRICT CONTROL AND MANAGEMENT OF THE ENTITY AND OF THE CAROCO FRANCHISE SOLELY TO THE OPERATING PRINCIPAL.

(f) FRANCHISEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY CAROCO FRANCHISE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY." IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN FRANCHISEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY CAROCO FRANCHISE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY."

(g) FRANCHISEE ACKNOWLEDGES THAT UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), CAROCO IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. "SPECIALLY DESIGNATED NATIONAL" OR "BLOCKED PERSON" SHALL MEAN (1) THOSE PERSONS DESIGNATED BY THE U.S. DEPARTMENT OF TREASURY'S OFFICE OF FOREIGN ASSETS CONTROL FROM TIME TO TIME AS A "SPECIALLY DESIGNATED

NATIONAL” OR “BLOCKED PERSON” OR SIMILAR STATUS, (2) A PERSON ENGAGED IN, OR AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM, AS DEFINED IN THE ORDER, OR (3) A PERSON OTHERWISE IDENTIFIED BY GOVERNMENT OR LEGAL AUTHORITY AS A PERSON WITH WHOM CAROCO IS PROHIBITED FROM TRANSACTING BUSINESS. CURRENTLY, A LISTING OF SUCH DESIGNATIONS AND THE TEXT OF THE ORDER ARE PUBLISHED AT THE INTERNET WEBSITE ADDRESS WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC. ACCORDINGLY, FRANCHISEE REPRESENTS AND WARRANTS TO CAROCO THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER FRANCHISEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN FRANCHISEE, CONTROLLED BY FRANCHISEE, OR UNDER COMMON CONTROL WITH FRANCHISEE IS A SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON, AND THAT FRANCHISEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY; (2) IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY; AND (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY. FRANCHISEE AGREES THAT FRANCHISEE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE TO CAROCO OF THE OCCURRENCE OF ANY EVENT WHICH RENDERS THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION INCORRECT.

(h) Franchisee covenants that during the Initial Term and any extension thereof, and any Renewal Term, it will at all times faithfully, honestly, and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Store and other franchised businesses established and operated by Franchisee under the system.

(i) Franchisee hereby acknowledges and agrees that the Store Location provided by Caroco does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Store or for any other purpose, but indicates only that Caroco believes the site complies with acceptable minimum criteria established by Caroco. Both Franchisee and Caroco acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Caroco’s choosing a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Caroco’s criteria could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond Caroco’s control. Caroco shall not be responsible for the failure of a Store Location to meet Franchisee’s expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Store at the site is based on its own independent investigation of the suitability of the site.

(j) Franchisee agrees that its Operating Principal shall at all times during the Initial Term and any Renewal Term reside within a certain distance of the Store Location. Franchisee agrees to provide required documentation to validate the residence of the Operating Principal when requested by Caroco. If this is Franchisee’s first Caroco franchise agreement (or if Franchisee is signing a renewal franchise agreement for a franchise agreement that was originally signed between March 29, 2018 and April 26, 2023), then at all times during the Initial Term or any Renewal Term, the Operating Principal must reside within thirty one (31) miles of the Store Location as driven on a roadway. If Franchisee signed its first Caroco franchise agreement between August 19, 2013 and March 28, 2018, then at all times during the Initial Term or any

Renewal Term, the Operating Principal must reside either (i) within thirty-one (31) miles of the Store Location as driven on a roadway or (ii) if residing at the same address where the Operating Principal lived as of March 27, 2023, the Operating Principal must live within forty-five (45) miles of Franchisee's original Caroco store location as driven on a roadway. In either event, for any subsequent franchised locations, the Operating Principal must live within thirty-one (31) miles of the Caroco location as driven on a roadway if Franchisee or Franchisee's Operating Principal are multi-unit operators.

(k) Franchisee represents and warrants to Caroco that the entire ownership of Franchisee is set forth on the Owners' Statement, attached hereto as Exhibit 2. Franchisee shall notify Caroco in writing within five (5) days of any change in the information set forth in the Owners' Statement. Franchisee shall obtain Caroco's prior approval to change the Operating Principal. Franchisee shall promptly provide such additional information as Caroco may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee. Franchisee shall promptly provide true and correct copies of all documents and contracts governing the rights, obligations and powers of Franchisee's Owners upon Caroco's request. Franchisee represents that all Owners have executed the personal guaranty. Franchisee represents and warrants that its sole officer is the Operating Principal.

(l) Franchisee acknowledges that in all of their dealings with Franchisee, Caroco's officers, directors, employees, and agents act only in a representative, and not in an individual capacity.

35. Covenant of Good Faith and Fair Dealing; Business Judgment.

No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Caroco and Franchisee agree that such 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 such a covenant, Franchisee acknowledges that (a) this Agreement grants Caroco the sole discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Caroco's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Caroco will use its judgment in exercising such sole discretion based on Caroco's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Caroco System generally; and (c) Caroco will have no liability to Franchisee for the exercise of its sole discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Caroco's judgment so exercised. If the exercise of Caroco's discretion or judgment as to any such matters is subsequently challenged, the parties to this Agreement expressly direct the trier of fact that Caroco's reliance on a business reason in the exercise of Caroco's discretion or judgment is to be viewed as a reasonable and proper exercise of its discretion or judgment, without regard to whether other reasons for Caroco's decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason. Examples of items that will promote or benefit the Caroco System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Caroco System.

36. Security Interest.

(a) Security Interest. By signing this Agreement, Franchisee does the following:

(i) grants to Caroco, a first priority security interest in the Collateral. The security interest Franchisee grants to Caroco in the Collateral secures Franchisee's payment and performance of all of Franchisee's obligations, claims, debts, duties, liabilities conditions and terms, expenses and future advances to Franchisee and those amounts which may be incurred by Caroco in connection with the administration or collection of any of Franchisee's obligations under or in connection with the Agreement;

(ii) agrees to sign and deliver to Caroco all other documents and take all other steps, acts and measures that may be necessary to ensure that Caroco is able to fully perfect a first priority security interest in the Collateral; and

(iii) consents to any notices given by Caroco or its affiliates to other creditors designed to perfect Caroco's security interest and to grant Caroco first priority. Franchisee agrees to authorize Caroco to file, in jurisdictions where this authorization will be given effect, a UCC-1 Financing Statement signed only by Caroco describing the Collateral in the same manner as described in this Agreement. Franchisee agrees to sign (if required by law) and deliver to Caroco for filing additional financing statements and any other documents necessary or desired by Caroco for Caroco to establish or maintain a valid security interest in the Collateral (free and clear of all other liens and claims whatsoever), including deposit with Caroco of any certificate of title issuable with respect to the Collateral and notation on that title of this security interest.

(b) Definition of Collateral. "Collateral" shall mean, to the extent they are owned by and not consigned to Franchisee, all assets, properties and rights, whether tangible or intangible, whether real, personal or mixed, used or usable in the operation of the Store, including but not limited to, the lease with Caroco's affiliate, furniture, fixtures, equipment, supplies, accounts, personal property, raw materials, packaging materials, parts, computer systems, licenses, authorizations, permits, approvals, contracts, receivables, inventory, and records.

(c) Power of Attorney. Franchisee irrevocably appoints Caroco as its true and lawful attorney-in-fact in Franchisee's name and stead and hereby authorize Caroco, upon any default under Franchisee's lease, Conditional Assignment and Assumption of Lease, or this Agreement, with or without taking possession of the Store Location or any other Collateral under the lease, to rent, lease, and operate the Store, Store Location or any other Collateral under the lease to any person, firm or corporation upon such terms and conditions as, in Caroco's discretion, Caroco may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as Caroco would have upon taking possession of the Store, Store Location, or any other Collateral under the lease pursuant to the provisions set forth in the lease. The power of attorney conferred upon Caroco pursuant to this Agreement is a power coupled with an interest and cannot be revoked, modified or altered without Caroco's prior written consent.

37. Miscellaneous.

(a) If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circum-

stances, other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(b) This Agreement and any signed addenda by the parties contain the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties (including by any franchise sellers) not embodied herein shall be of any force or effect. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and the obligations of Caroco are confined exclusively to those set forth in this Agreement. Caroco's agents or employees may not modify, add to, amend, rescind or waive this Agreement in any other manner, including by conduct manifesting agreement or by electronic signature, and Franchisee is hereby put on notice that any person purporting to amend or modify this Agreement other than by a written document signed by one of Caroco's authorized officers, is not authorized to do so. Franchisee understands and assumes the business risks inherent in this enterprise. Notwithstanding the foregoing, Caroco reserves the right to amend this Agreement if a Franchise Agreement change proposed by Caroco is agreed to by seventy-five percent (75%) of the then-current franchisees. Further, except for those permitted to be made unilaterally by Caroco, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto. The Franchise Agreement and any amendments shall be deemed to have been drafted by both parties and in no event will any adverse construction of such agreements be attributed to Caroco as the drafting party.

(c) The pronouns used in this Agreement shall be construed as masculine, feminine or neuter, as the context may require. Headings and captions are for reference only and in no way limit the terms of this Agreement. Invalidation of any one or more of the provisions of this Agreement shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

(d) All rights of Caroco under this Agreement or under law or at equity are separate and cumulative and may be pursued separately, successively or concurrently or not pursued without affecting or limiting any other right of Caroco and without affecting or impairing the liability of Franchisee.

(e) This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. One or more counterparts can be delivered by facsimile or .pdf file transmission. This Agreement may, but is not required to, be executed using electronic signatures. Each party agrees that any such electronic signature of the parties are intended to authenticate this writing and to have the same force and effect as manual signatures.

(f) Franchisee acknowledges that Caroco has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Caroco and franchisees other than Franchisee may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

(g) If Caroco's performance of any part of this Agreement is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, pandemic, labor disputes, act of God or any other causes beyond the control of Caroco,

Caroco shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

(h) All of Franchisee's, Operating Principal's, and Owners' obligations which expressly or by their nature survive the expiration, non-renewal, or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration, non-renewal, or termination and until they are satisfied in full or by their nature expire. Examples include, but are not limited to, indemnification, payment, covenants not to compete, and confidentiality covenants.

(i) The last signature applied to this Agreement shall be the signature of Caroco's officer. The Agreement shall not be binding on Caroco until signed by Caroco.

(j) Caroco shall have the right to delegate Caroco's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

(k) If Franchisee is an existing Caroco franchisee, Franchisee hereby represents and certifies that, with respect to all Caroco Stores operated by Franchisee, Franchisee's affiliates, Operating Principal, Owners, or Guarantors: (a) Franchisee is in compliance, and has been in compliance for the twelve (12) months prior to Franchisee's execution of this Agreement, with all laws, rules, regulations, and other legal and governmental requirements concerning or relating to labor, wage and hour, employment and immigration; and (b) Franchisee, intentionally or through Franchisee's negligence, has not understated or inaccurately reported the sales, or otherwise misstated any reports or bookkeeping information Franchisee is required to report to Caroco, at any of Franchisee's franchised stores for the twelve (12) months prior to the execution of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

FRANCHISOR:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity]

_____, Witness

By: _____

Print Name: _____

Title: President

GUARANTORS:

Print Name: _____, Witness

Print Name: _____, Witness

Print Name: _____, Witness

EXHIBIT 1

OPTIONAL CAROCO FRANCHISE SYSTEM DRUG TESTING AGREEMENT

THIS OPTIONAL CAROCO FRANCHISE SYSTEM DRUG TESTING AGREEMENT (“Agreement”) is made by and between FAMILY FARE, LLC (“Franchisor”) and _____ (“Franchisee”) effective on the date set forth below.

RECITALS

A. Franchisor believes it is in the best interest of the brand and the franchise system that Franchisee has the option to participate in a cooperative drug testing program (the “Program”) in which Franchisor provides Franchisee with the guidance and equipment necessary to implement an employee drug testing policy, and that the cost of drug testing equipment and use of physicians or testing laboratories (collectively the “Materials”) will be reduced by bulk purchase made by Franchisor on behalf of participating franchisees.

B. Franchisee desires to participate in the Program and for employees of the franchised business to sign the then current Drug Testing Consent Agreement (the “Consent Form”) subjecting them to periodic drug testing as deemed necessary from time to time by Franchisor or Franchisee.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, Franchisee agrees as follows:

1. **Effective Date.** The Effective Date will be the date on which Franchisee signs this Agreement acknowledging its desire to participate in the Program. The Program may be modified and/or discontinued at any time by Franchisor.
2. **Optional Participation.** Franchisee has chosen to participate in the Program and agrees to be bound by the provisions of the Agreement.
3. **Employee Consent Form.** All employees and managers employed by the Franchisee will be required to sign the Consent Form prior to employment.
4. **Program Requirements.** At intervals chosen at the discretion of the Franchisee or Franchisor, but not more than once during any calendar month, Franchisee will require employees of the franchised business to submit to drug testing in accordance with the provisions of the Consent Form, and agrees the results will be disclosed to Franchisor by the Franchisee or any physician or testing laboratory.
5. **Cost of Implementation.** Franchisee will pay to Franchisor 50% of all costs associated with the Program for Franchisee’s franchised business, including, but not limited to the costs of the Materials and implementation of a drug test. Franchisee will pay all amounts due by the end of any calendar month immediately preceding the month in which drug testing was given to the employee(s) of the franchised business.

Franchisee elects to (initial election):

_____ Participate in the Program

_____ Decline participation in the Program

Franchisee acknowledges Franchisee can change the foregoing election at any time with thirty (30) days prior written notice to Franchisor.

Effective this _____ day of _____, 20_____.

FRANCHISOR:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President

_____, Witness

FRANCHISEE:

[Print Name of Business Entity]

_____, Witness

By: _____

Print Name: _____

Title: President

Print Store Name: _____

Attachment A to Exhibit 1

This page intentionally left blank
FAMILY FARE, LLC

SUBSTANCE ABUSE POLICY
To Support Drug Testing at the Caroco Sites and to Protect the Interests of the Caroco Franchisees

EFFECTIVE: June 1, 2011
REVISED: February 6, 2014
REVISED: September 10, 2020

FAMILY FARE, LLC

On behalf of its Independent Store FRANCHISEES

This policy was prepared by
Coe Management Group, LLC
and complies with all State and Federal laws
pertaining to Substance Abuse Management

April 8, 2011

SUBSTANCE ABUSE POLICY
TABLE OF CONTENTS

PURPOSE

SCOPE AND APPLICATION

DEFINITION OF SUBSTANCE ABUSE

APPLICANTS

- A. SCOPE AND APPLICATION OF SECTION IV
- B. APPLICANT DRUG TESTING
- C. CONTINGENT EMPLOYMENT
- D. POSTING
- E. APPLICATION FORM
- F. RELEASE
- G. METHOD OF DRUG SCREENING TEST: URINE SAMPLE COLLECTION PROCEDURE
- H. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS AVAILABLE
- I. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS NOT AVAILABLE

FRANCHISEE'S EMPLOYEES ON THE FRANCHISEES CORPORATE PAYROLLS

- A. SCOPE AND APPLICATION OF SECTION V
- B. PROHIBITION FOR ALL OF FRANCHISEE'S EMPLOYEES
- C. SEARCHES
- D. DRUG SCREENING CRITERIA
- E. ALCOHOL SCREENING CRITERIA
- F. TESTING PROCEDURE
- G. TRANSPORTATION OF IMPAIRED FRANCHISEE'S EMPLOYEES
- H. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS AVAILABLE
- I. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS NOT AVAILABLE
- J. FAILURE OF A FRANCHISEE'S EMPLOYEE TO COOPERATE
- K. EFFECT OF A POSITIVE TEST AFTER REFERRAL
- L. NOTIFICATION OF CONVICTIONS FOR DRUG RELATED CRIMES AND FRANCHISEE'S EMPLOYEE SANCTIONS

SEVERABILITY AND EFFECT

RESERVATIONS

CONFIDENTIALITY

NOTIFICATION TO FRANCHISEE'S EMPLOYEES OF POLICY

- APPENDIX A: CONSENT FOR DRUG AND/OR ALCOHOL SCREENING
- APPENDIX B: MEDICATION INFORMATION FORM
- APPENDIX C: SUBSTANCE INVESTIGATIVE REPORT
- APPENDIX D: ILLEGAL DRUGS AND THRESHOLD VALUES
- SUMMARY OF SUBSTANCE ABUSE POLICY-STATEMENT OF POLICY/FRANCHISEES' EMPLOYEE ACKNOWLEDGEMENT FORM

FAMILY FARE, LLC
For and On Behalf of the Independent FRANCHISEES of Caroco Stores

SUBSTANCE ABUSE POLICY

I. PURPOSE

FAMILY FARE, LLC's Independent FRANCHISEES are concerned about the detrimental effects which illegal drugs and alcohol abuse have upon the productivity and safety of its employees. In addition, people with drug or alcohol problems have decreased productivity because of absenteeism and turnover and adversely affect Store FRANCHISEES' ability to compete effectively.

In light of these concerns, and in compliance with applicable state and federal laws and regulations, FAMILY FARE, LLC's FRANCHISEES intend to maintain a workplace free of the illegal use of drugs and the abuse of alcohol. However, no part of this Substance Abuse Policy (the "Policy"), nor any of its procedures, is intended to affect FAMILY FARE, LLC'S FRANCHISEES right to manage its workplace or to discipline its employees on the Franchisee's Corporate Payrolls. Nor is it a guarantee of employment, continued employment or, except as specifically provided in "the Policy", of terms or conditions of employment. The Policy is intended to help provide a better and safer work environment for all FRANCHISEES' employees of Independent FRANCHISEES on the various Independent FRANCHISEES' Corporate Payrolls.

Also, let it be known that for further purposes of this Substance Abuse Policy, FAMILY FARE, LLC's Independent FRANCHISEES will be referred to as "THE COMPANIES".

II. SCOPE AND APPLICATION

This Policy covers all Independent FRANCHISEES' employees of THE COMPANIES and applies to all Companies' property, which for purposes of this Policy, includes grounds and parking lots, leased space, company vehicles, and personal vehicles used for Companies' purposes. The Policy applies to any FRANCHISEES' employee on Companies' time at any location. This Policy supersedes all previous policies with respect to substance abuse to the extent they are inconsistent.

For purposes of this policy, the Designated Companies' Official referred to herein shall be:
*A DESIGNATED OFFICIAL AVAILABLE TO RECEIVE AND REVIEW, COORDINATE AND
DISSEMINATE RESULTS AND TESTS*

III. DEFINITION OF SUBSTANCE ABUSE

Substance abuse is defined as: (1) reporting to work or working with illegal drugs present in the body or while affected by alcohol, (2) chemical dependency on alcohol or other drugs where job performance or employee safety is adversely affected, or (3) the use of illegal drugs. The term "illegal drugs" as used in this Policy includes, but is not limited to, marijuana, cocaine, heroin, opiates, amphetamines and similar drugs whose possession and use are prohibited under state or federal law in this country, as well as prescription drugs unless validly prescribed by the FRANCHISEES' employee's physician and used in the prescribed manner. So-called "designer drugs", "look alikes", synthetic drugs and similar substances are also considered illegal drugs for purposes of this Policy, even if they are not specifically prohibited by state or federal law. This Policy is also designed to cover other substances which may be abused, whether available legally over-the-counter (such as cough syrup or drugs obtained with valid prescription), or substances which are not intended for human consumption (such as glue).

It should be noted that CBD oil can contain trace amounts of THC (the psychoactive compound in marijuana). Although the use of CBD should not show up in a drug test, these products are not regulated by the FDA, therefore labeling of the product may not be accurate. Use of CBD oil is at your own risk. A positive test for marijuana will not be considered negative due to CBD use.

IV. APPLICANTS

A. SCOPE AND APPLICATION OF SECTION IV

This Section IV of the Policy applies only to all Independent FRANCHISEES' applicants for employment

with THE COMPANIES, unless otherwise stated. For purpose of this Policy an “applicant” is defined as any person seeking employment with THE COMPANIES to whom an offer of employment has been made. All offers of employment are subject to the terms and conditions of this Policy.

B. APPLICANT DRUG TESTING

All applicants must undergo a pre-employment drug screening test. Failure to cooperate in such a test will be considered a withdrawal of THE COMPANIES’ offer of employment.

C. CONTINGENT EMPLOYMENT

Any offer or acceptance of employment is contingent upon the applicant successfully completing his or her drug screening test. No applicant shall be required to submit to a drug test until after the applicant has been offered a job. Employment will be denied when the test results are positive for illegal drugs or for the presence of prescription drugs (such as barbiturates, amphetamines, opiates, etc.) unless the applicant has a current prescription, a valid medical reason for using such drugs, and is using such drugs in the prescribed manner. No one shall be permitted to begin work until the results of the test have been obtained.

D. POSTING

The following poster will be displayed where it may be easily seen by FRANSHISEES’ employees and persons seeking employment:

APPLICANTS OFFERED EMPLOYMENT WILL BE REQUIRED TO UNDERGO A DRUG SCREENING TEST

E. APPLICATION FORM

The employment application form should include the following language: Employment with THE COMPANIES is contingent upon the successful completion of a drug screening test to be administered after an offer of employment is made. Successful completion of the test means that the person tested negative for illegal drugs or substance abuse.

F. RELEASE

Before taking the drug screening test, applicants must sign a CONSENT FOR DRUG AND/OR ALCOHOL SCREENING (APPENDIX A). Failure to sign the form or cooperate in the test procedure as requested will be deemed a withdrawal of the individual’s offer of employment.

G. METHOD OF DRUG SCREENING TEST: URINE/ORAL FLUID SAMPLE COLLECTION PROCEDURE

The drug screening test shall consist of laboratory analysis of an applicant’s urine/oral fluid. Procedures established by THE COMPANIES designated testing laboratory, Designated Company Official, and those procedures set forth in Section V below (as applicable) shall be followed for collecting the urine/oral fluid specimen. The collection of the urine/oral fluid specimen will be accomplished without observation unless the person supervising the collection process suspects that the sample may be tampered with or may not be genuine.

H. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS AVAILABLE (Note: If a Medical Review Officer is not used, skip to Section I below).

1. **NEGATIVE TEST RESULTS:** If the drug screening test result is negative, the laboratory will so advise the Designated Company Official. The applicant then is permitted to begin work. The laboratory will not refer negative test results to THE COMPANIES Medical Review Officer (MRO), unless otherwise requested to do so.
2. **ADULTERATED OR UNREADABLE SAMPLES:** If a drug screening test cannot be accurately performed because a urine/oral fluid sample is not authentic, or has been adulterated, contaminated or otherwise made impossible to analyze properly, the following procedures shall be used, unless otherwise dictated by applicable law:
 - a. If a urine/oral fluid sample is obviously not authentic (such as when an applicant substitutes cold tap water for urine), the laboratory will so inform THE COMPANIES. THE COMPANIES shall

inform the applicant that the sample is not acceptable and the offer of employment will be withdrawn.

- b. If the urine/oral fluid sample cannot be properly analyzed because of contamination or adulteration, or it has otherwise been made impossible to analyze properly, the laboratory will so inform THE COMPANIES. THE COMPANIES then shall inform the applicant that he or she cannot be determined to be qualified for work and is requested to discuss the test with the MRO. The MRO will ask the applicant to provide an explanation for the contaminated or adulterated sample.
 - i. If the MRO advises THE COMPANIES that the applicant failed to provide a satisfactory explanation, THE COMPANIES shall advise the applicant that the offer of employment has been withdrawn.
 - ii. If the MRO advises THE COMPANIES that the applicant provided a satisfactory explanation, the applicant will be permitted to repeat the drug screening test, in which a new urine/oral fluid sample will be collected and analyzed.

3. **POSITIVE TEST RESULTS:** In the event a drug screening test is positive (positive drug test results must be confirmed by the laboratory using GCMS), the following procedures should be followed:

- a. The laboratory will inform THE COMPANIES' MRO that the drug screening test is positive and will convey such details of the test as the MRO deems necessary. The MRO will consult with the applicant to determine whether there is a satisfactory explanation for the positive test result.
- b. If a satisfactory explanation is provided, the MRO will advise THE COMPANIES that the applicant's test was negative, and the applicant will be permitted to begin employment.
- c. If a satisfactory explanation is not provided, the MRO will so advise THE COMPANIES. THE COMPANIES will advise the applicant that the offer of employment has been withdrawn.

****NOTE:** A FRANCHISEES' employee who has received a positive drug test shall have the right to request re-testing of the sample which produced the positive result at the same or a different testing facility from the one utilized by THE COMPANIES. The employee shall have ninety (90) days from the date of testing in which to submit a request for re-testing. The request must be in writing, and the employee shall solely bear all costs associated with re-testing.

4. **CONFIDENTIALITY:** Because of the sensitive nature of drug screening tests, extreme caution should be exercised to maintain the confidentiality of the results. No statement or any other information concerning an applicant's drug screening results should be made available to management or other employees, except those having a need to know, nor to friends and members of the applicant's family or to any other person(s).

I. COMMUNICATION OF TEST RESULTS WHERE A MEDICAL REVIEW OFFICER IS NOT AVAILABLE

(Note: If a medical Review Officer is used, follow the procedure set forth in Section H above.)

1. **NEGATIVE TEST RESULTS:** If the drug screening test result is negative, the laboratory will so advise the Designated Companies' Official. The applicant then is permitted to begin work.
2. **ADULTERATED OR UNREADABLE SAMPLES:** If a drug screening test cannot be accurately performed because a urine/oral fluid sample is not authentic, or has been adulterated, contaminated or otherwise made impossible to analyze properly, the following procedure shall be followed unless otherwise dictated by applicable law:
 - a. If a urine/oral fluid sample is obviously not authentic (such as when an applicant substitutes cold tap water for urine), THE COMPANIES will so inform the applicant that the sample is not acceptable and that the offer of employment has been withdrawn.
 - b. If the urine/oral fluid sample cannot be properly analyzed because of contamination or adulteration, or it has been otherwise made impossible to analyze properly, the laboratory will so inform the Designated Company Official. THE COMPANIES will then inform the applicant he or

she cannot be determined to be qualified for work and is requested to meet with the Designated Company Official. In that meeting, the Designated Company Official will ask the applicant to provide an explanation for the contaminated or adulterated sample. This process will be repeated only one time.

- i. If the applicant fails to provide a satisfactory explanation, THE COMPANIES shall advise the applicant that the offer of employment has been withdrawn.
 - ii. If the applicant provides a satisfactory explanation, the applicant may be permitted to repeat the drug screening test, in which a new sample will be collected and analyzed.
3. **POSITIVE TEST RESULTS:** If a drug screening test is positive (positive drug test results must be confirmed by the laboratory using (GCMS), the following procedures should be followed:
 - a. The laboratory will inform the Designated Companies Official that the drug screening test is positive.
 - b. The Designated Companies Official will contact the applicant and direct the applicant to meet with the Designated Companies Official within 24 hours. If the applicant fails to meet within the said 24 hours, the Companies will advise the applicant that the offer of employment has been withdrawn. If the applicant meets with the Designated Companies Official, the applicant shall be required to fill out the Medication Information Form (Appendix B) and to provide such proof of valid prescriptions as the Companies may deem necessary including, for example, copies of prescriptions or medication packages showing legitimate prescription. The Designated Companies Official then will contact the laboratory and ask the laboratory whether the medications disclosed and proven by the applicant could explain the positive test result.
 - i. If the laboratory advises the Designated Companies Official that the medications disclosed and proven satisfactorily explain the positive test result, the applicant then is permitted to begin work.
 - ii. If the laboratory advises the Designated Companies Official that the medications disclosed and proven do not satisfactorily explain the positive test result, the Companies shall advise the applicant that the offer of employment has been withdrawn.
 - c. The Companies will keep the Medication Information Form and test result in a separate medical file.
4. **CONFIDENTIALITY:** Because of the sensitive nature of drug screening tests, extreme caution should be exercised to maintain the confidentiality of the results. No statement or any other information concerning an applicant's drug screening results should be made available to management or other employees, except those having a need to know, nor to friends and members of the applicant's family, or to any other person(s).

V. FRANCHISEES' EMPLOYEES

A. SCOPE AND APPLICATION OF SECTION V

This Section V of this Policy applies only to actual FRANCHISEES' employees of THE COMPANIES. Its policies and procedures are effective immediately for all current FRANCHISEES' employees of the various FRANCHISEES' Corporations, and for all former applicants once they have successfully completed the drug screening test of Section IV and started employment with THE COMPANIES.

B. PROHIBITIONS FOR ALL FRANCHISEES' EMPLOYEES

1. Except as provided in paragraph 3 below, the possession, use, distribution, transfer, manufacture or sale of alcohol, illegal drugs, or legal drugs without a valid prescription on Companies' property, in a Companies' vehicle, or on Companies' time is specifically prohibited. A FRANCHISEES' employee who violates this prohibition is subject to disciplinary action up to and including termination of employment. Any circumstances that indicate the violation of state, federal or local laws may be reported to appropriate law enforcement officials, and THE COMPANIES will cooperate in any

- criminal prosecutions
2. Reporting for duty or working with drugs present in the body (a) or while affected by drugs or alcohol is prohibited and will be handled under disciplinary procedures as management determines. This prohibition includes prescription drugs, unless the FRANCHISEES' employee has a current legal prescription and a valid medical reason for using such prescription drug and is using such drug in the prescribed manner.
 - a. Drugs present in the body means that the level of a drug found in an employee's blood, urine or other body fluid exceeds those levels determined by THE COMPANIES and its testing laboratory as a cut off level for a positive test. Affected is not limited to obvious impairment or physical or mental ability, such as slurred speech or difficulty in maintaining balance, but may be established by a professional opinion, a scientifically valid test or by management's observation.
 3. FRANCHISEES' Employees are encouraged not to consume alcohol in business settings, such as business meals and functions attended by executives and sales personnel, especially when guests or customers of THE COMPANIES are present. Employees are strongly discouraged from operating motor vehicles after consuming even a moderate amount of alcohol. Employees who violate the provisions of this paragraph are subject to disciplinary action depending upon considerations such as the nature of the offense, their present job assignments, their records with THE COMPANIES and the possible adverse consequences upon THE COMPANIES from their violations.
 4. In order to ensure that FRANCHISEES' employees can safely perform their jobs, THE COMPANIES are also concerned with prescription or over-the-counter drugs which might have an impact on job performance. FRANCHISEES' Employees using such drugs should notify their supervisors or department heads of such use immediately upon reporting to work. Failure to do so may be considered a violation of this Policy and is cause for disciplinary action. THE COMPANIES will not use this information in a manner that would violate the federal Americans with Disabilities Act.

C. SEARCHES

1. Normal industrial searches - Normal industrial search practices which are part of a general security program, such as locker inspections, gate inspections, etc., are not affected by this Policy and may be continued or implemented as provided by such policies.
2. Special drug searches - Where there is reason to believe that a FRANCHISEES' employee or group of FRANCHISEES' employees may possess substances which are prohibited by this Policy, the FRANCHISEES' employee or FRANCHISEES' employees may be required, as a condition of continued employment, to submit to a reasonable search of their clothing, personal lockers, purses, lunch boxes or other containers, desks or personal vehicles while on Companies property. Searches shall not be conducted unless approved by the Designated Company Official or designee.
3. Procedures for searches - The following guidelines shall be followed for all searches:
 - a. Searches shall be conducted under the direct supervision of a member of management with a second member of management present as a witness. Persons conducting the search shall be a person of the same gender as the person being searched.
 - b. The FRANCHISEES' employee shall be asked to consent to any search, asked to cooperate, given the opportunity to be present during the search, and informed that submission to the search is a condition of continued employment. Failure to cooperate shall result in immediate suspension without pay and is grounds for termination of employment.
 - c. Any suspected contraband should be taken and sealed in a container with the name, date and general description thereof. Management shall not make any determination or statement that the substance is an illegal drug. A receipt should be given for any property seized. A proper chain of custody should be maintained.
 - d. Seized property should be locked in a cabinet under the exclusive control of a designated member of management.
 - e. Local law enforcement agencies may be asked to identify or analyze any seized property, or to investigate further.
 - f. If seized property is found to not violate Company Policy, it shall be returned to the FRANCHISEES' employee.

D. DRUG SCREENING CRITERIA

THE COMPANIES will consider an employee for a drug screening test under the following circumstances:

1. ACCIDENT OR INCIDENT

- a. If a FRANCHISEES' employee is involved in an accident or incident which caused or reasonably could have caused personal injury or property damage, that employee will be considered for testing.
- b. The action or inaction of the FRANCHISEES' employee must have contributed to the incident or accident before the need for drug testing will be considered.

2. SAFETY SENSITIVE AREAS

- a. THE COMPANIES may, in its discretion, at any time administer drug testing to FRANCHISEES' employees who work in safety sensitive areas. Safety sensitive areas are those jobs and positions which involve a high degree of risk for injury to the employee or others, or property damage, if an accident occurs.
- b. Management shall determine which jobs, if any, are classified as safety sensitive. FRANCHISEES' Employees are encouraged to suggest to their supervisors those jobs which should be included in this category. THE COMPANIES shall notify employees in safety sensitive jobs of that determination in the following manner:
- c. Management has determined that due to the nature of our operation every FRANCHISEES' employee is determined to be in a safety sensitive job. Employment in those positions is contingent upon their agreeing to permit unscheduled drug screening tests when requested to do so. A FRANCHISEES' employee will not be required to sign a release of liability until requested to take a test.
- d. Drug tests of FRANCHISEES' employees in safety sensitive jobs may be conducted at any time by management, at its discretion. However, the method for selecting individual FRANCHISEES' employees for testing shall be based upon neutral criteria such as random selection.

3. EVIDENCE OF SUBSTANCE ABUSE

THE COMPANIES may also test employees on the basis of reasonable cause or suspicion that they are substance abusers or violating this Policy.

While it is impossible to list every factor which might lead to a decision to test a FRANCHISEES' employee, typical factors which may be considered include:

- excessive absenteeism or tardiness;
- unexplained significant deterioration in job performance;
- significant change in personality (repeated abusive behavior, insolence, insubordination, etc.);
- reliable reports from other employees;
- unexplained absences from normal worksites;
- unusual behavior which cannot be readily explained;
- changes in appearance and demeanor;
- excessive cravings for water or sweets;
- reddened eyes or dilated pupils;
- odor of alcohol or drugs;
- slurred speech; and
- difficulty in motor coordination.

4. RANDOM TESTING

At such time or times as THE COMPANIES may decide, THE COMPANIES may conduct a drug screening test of FRANCHISEES' employees selected at random. THE COMPANIES may or may not give advance notice of the date of any such test.

In selecting FRANCHISEES' employees for random testing, THE COMPANIES first will determine the number of FRANCHISEES' employees to be tested. THE COMPANIES or its designee will then draw names of FRANCHISEES' employees to be tested from a pool consisting of all FRANCHISEES' employees. The drawing of names shall be in a manner such that the identity of any FRANCHISEES' employee selected for testing is not known until the full number of FRANCHISEES' employees to be tested has been drawn

Any FRANCHISEES' employee who refuses to participate in a test, or who fails to participate in a test without an explanation satisfactory to management, is subject to disciplinary action including but not limited to termination. Any FRANCHISEES' employee who fails to participate in a test due to illness, vacation, excused absence, or some other reason satisfactory to management, shall be tested as soon thereafter as reasonably possible, and shall be subject to such further testing as THE COMPANIES may decide, in THE COMPANIES' sole discretion.

5. UNIVERSAL TESTING

At such time or times as THE COMPANIES may decide, THE COMPANIES may require all FRANCHISEES' employees to be drug tested. THE COMPANIES may or may not give advance notice of the date of any such test. Any FRANCHISEES' employee who refuses to participate in a test, or who fails to participate in a test without an explanation satisfactory to management, is subject to disciplinary action including but not limited to termination. Any FRANCHISEES' employee who fails to participate in a test due to illness, vacation, excused absence, or some other reason satisfactory to management, shall be tested as soon thereafter as reasonably possible, and shall be subject to such further testing as THE COMPANIES may decide, in THE COMPANIES' sole discretion.

E. ALCOHOL SCREENING CRITERIA

THE COMPANIES will consider a FRANCHISEES' employee for an alcohol screening test under the following circumstances and in the same manner as further described in Paragraph D above (Drug Screening Criteria):

1. Accident or Incident
2. Evidence of Substance Abuse
3. Random Selection

F. TESTING PROCEDURE

1. Before FRANCHISEES' employees are asked to submit to a drug or alcohol screening test for post-accident or reasonable cause testing, the concurrence of the Designated Company Official or designee shall be obtained. The FRANCHISEES' employee should be confronted in private with at least two members of management present. The FRANCHISEES' employee shall be told that in accordance with THE COMPANIES' Substance Abuse Policy, he or she is being requested to submit to an alcohol and/or drug screening test. Care should be taken to ensure that management states no conclusions as to whether the employee is a substance abuser. In the event an employee is injured, unconscious, or otherwise unable to sign a release of liability, the Designated Companies Official or designee shall be consulted on the proper course of action. The person making the request shall complete the TESTING REQUEST FORM (APPENDIX C).
2. The CONSENT FOR DRUG AND/OR ALCOHOL SCREENING (APPENDIX A) shall be completed by each FRANCHISEES' employee to be tested pursuant to any provision of this Policy. The FRANCHISEES' employee shall then be referred to the Designated Companies Official or designee, who will ensure that the appropriate examination or test is conducted.
3. Procedures established by THE COMPANIES designated testing laboratory and the Designated Companies Official shall be followed for collecting sample body fluids. Where tests are governed by federal or state law, procedures specified therein shall be followed. Urine/Oral Fluid specimens for laboratory analysis will be collected without observation unless the person supervising the collection suspects that the sample may be tampered with or may not be genuine. The threshold values set forth in Appendix D are adopted as the threshold levels for a positive test.

4. The FRANCHISEES' employee may be permitted to continue to work pending the results of the drug or alcohol screening test if in THE COMPANIES' sole discretion, the FRANCHISEES' employee's return to work will not endanger the employee, fellow employees or members of the public, or cause any other problem relating to THE COMPANY's ability to manage its workplace.

If a Franchisee determines that a FRANCHISEES' employee should not be permitted to return to work pending the results of the examination or test, s/he shall be suspended without pay until the results have been obtained.

5. If the Franchisee's employee refuses to cooperate or agree to the examination or drug or alcohol screening test, s/he shall be suspended pending final decision on termination of employment.

G. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS AVAILABLE

(Note: If a Medical Review Officer is not used, skip to Section H below.)

1. **NEGATIVE TEST RESULTS:** If the drug screening test result is negative, the laboratory will so advise the Designated Company Official, who will notify the employee of the test result. The laboratory will not refer negative test results to THE COMPANIES' Medical Review Officer (MRO), unless otherwise requested to do so. If a FRANCHISEES' employee has been suspended pending the results of the drug screening test, the FRANCHISEES' employee may, in THE COMPANIES' sole discretion, be reinstated with back pay and benefits.
2. **ADULTERATED OR UNREADABLE SAMPLES:** A drug screening test which cannot be accurately performed because a urine sample is not authentic, or has been adulterated, contaminated or otherwise made impossible to analyze properly, shall be considered evidence of a FRANCHISEES' employee's failure to cooperate with THE COMPANIES in administering this Policy. (See Section IV H.2 for a description of such samples.) The Medical Review Officer will discuss the test with the employee and request an explanation. If the employee provides a satisfactory explanation, a new drug or alcohol screening test may be performed in THE COMPANIES' discretion. If the FRANCHISEES' employee does not provide a satisfactory explanation, he or she is subject to disciplinary action up to and including termination of employment.
3. **POSITIVE TEST RESULTS:** In the event a drug screening test is positive (positive results must be confirmed by the laboratory using GCMS), the following procedures should be followed:

The laboratory will inform THE COMPANIES' MRO that the drug screening test is positive, and will convey such details of the test as the MRO deems necessary. The MRO will consult with the FRANCHISEES' employee to determine whether there is a satisfactory explanation for the positive test result.

H. COMMUNICATION OF TEST RESULTS WHEN A MEDICAL REVIEW OFFICER IS NOT AVAILABLE

(Note: If a Medical Review Officer is used, follow the procedure set forth in Section G above.)

1. **NEGATIVE TEST RESULTS:** If the drug screening test result is negative, the laboratory will so advise the Designated Companies Official. The FRANCHISEES' employee then is permitted to return to work.
2. **ADULTERATED OR UNREADABLE SAMPLES:** A drug screening test which cannot be accurately performed because a urine/oral fluid sample is not authentic, or has been adulterated, contaminated or otherwise made impossible to analyze properly, shall be considered evidence of a FRANCHISEES' employee's failure to cooperate with THE COMPANIES in administering this Policy. (See Section IV H.2 for a description of such samples.). The FRANCHISEES' employee shall meet with the two members of management and shall be asked to provide an explanation. If the FRANCHISEES' employee provides a satisfactory explanation, a new drug or alcohol screening test may be performed in THE COMPANIES' discretion. If the FRANCHISEES' employee does not provide a satisfactory explanation, he or she is subject to disciplinary action up to and including termination of employment.
3. **POSITIVE TEST RESULTS:** If a drug screening test is positive (positive drug test results must be confirmed by the laboratory using GCMS), the following procedures should be followed:

- a. The laboratory will inform the Designated Companies Official that the drug screening test is positive.
- b. Designated Companies Official will contact the employee and direct the FRANCHISEES' employee to meet with the Designated Companies Official within 24 hours. If the FRANCHISEES' employee fails to meet within the said 24 hours, THE COMPANIES will advise the FRANCHISEES' employee that the test will be treated as a positive test, unless a longer period is necessary and agreed to by the Designated Companies Official. If the FRANCHISEES' employee meets with the Designated Companies Official, the FRANCHISEES' employee shall be required to fill out the Medication Information Form (Appendix B) and to provide proof of valid prescriptions as THE COMPANIES may deem necessary including, for example, copies of prescriptions or medication packages showing legitimate prescriptions. The Designated Companies Official then will contact the laboratory and ask the laboratory whether the medications disclosed and proven by the employee could explain the positive test result.
 - If the laboratory advises the Designated Companies official that the medications disclosed and proven do not satisfactorily explain the positive test result, THE COMPANIES shall advise the FRANCHISEES' employee that s/he tested positive.
 - THE COMPANIES will keep the Medication Information Form and test result in a separate medical file and shall not use the Medication Information Form in a manner that violates the federal Americans with Disabilities Act.
- c. A confidential written memorandum of the discussion with the FRANCHISEES' employee should be prepared and signed by the management representative(s) present.
- d. Upon request, a FRANCHISEES' employee shall be given access to and a copy of the results of his or her drug or alcohol test conducted pursuant to this Policy, when THE COMPANIES has possession of a copy of the same. Where drug test results are retained by the laboratory analyzing the specimen, the laboratory shall have sole discretion in deciding whether to release the results to the tested individual.

I. FAILURE OF A FRANCHISEES' EMPLOYEE TO COOPERATE

FRANCHISEES' employee compliance with THE COMPANIES Substance Abuse Policy is a condition of employment. Failure or refusal of any FRANCHISEES' employee to fully cooperate and participate in the program, sign any required document or submit to a drug or alcohol screening test will be grounds for termination of employment, unless a compelling, satisfactory reason is provided.

VI. SEVERABILITY AND EFFECT

If any part of this Policy is determined to be void or enforceable under state or federal law, the remainder of the Policy will remain in full force and effect to the extent possible.

VII. RESERVATIONS

No part of this Policy, nor any of its procedures, is intended to affect THE COMPANIES' right to manage its workplace or to discipline its FRANCHISEES' employees on the various Independent FRANCHISEES Corporate Payrolls. Nor is it a guarantee of employment, continued employment, or of any terms or conditions of employment except as specifically provided herein. This Policy does not create an express or implied contract between THE COMPANIES and any FRANCHISEES' employee. Because it is impossible to anticipate every situation which may arise under this Policy, the Designated Companies Official should be contacted to resolve any situation not addressed herein. This contract should be made before action is initiated, if at all practicable. The Designated Companies Official is responsible for the overall implementation of this Policy.

THE COMPANIES reserve the right to interpret, change, modify, amend, or rescind this Policy in whole or in part. Exceptions to this Policy may be granted in unusual or extenuating circumstances, but only with the concurrence of the Designated Companies Official.

VIII. CONFIDENTIALITY

All information involving medical examinations of an individual FRANCHISEES' employee or applicant shall be treated as confidential medical information. All such information will be accessible only to those Companies Officials and designated medical or professional persons as have been approved on a valid need to know basis. It will not be provided to any other party without the FRANCHISEES' employee's written consent, except pursuant to administrative or legal procedure or process. Any FRANCHISEES' employee who willfully discloses such information in violation of Companies policy will be subject to discipline.

IX. NOTIFICATION TO FRANCHISEES' EMPLOYEES OF POLICY

A summary of THE COMPANIES' Substance Abuse Policy shall be provided to all FRANCHISEES' employees by the Independent Franchisee.

CONSENT FOR DRUG AND/OR ALCOHOL SCREENING

Name of Franchisee’s Employee (Please Print)

LAST NAME FIRST NAME MIDDLE INITIAL

I have reviewed the Summary of the Substance Abuse Policy of my Franchisee’s Corporation and I understand their commitment to providing and maintaining a safe and healthful working environment for all Franchisee’s Corporate employees. In that same spirit, I may be asked to submit to a drug or alcohol screen test, and I will submit to the same.

I hereby authorize the release of the results of the test to the management of the Companies and its designated medical or professional representatives.

Nothing in this consent form is to be construed as a contract between the parties.

I HAVE READ THE FOREGOING CONSENT AND KNOW THE CONTENTS THEREOF AND SIGN THE SAME OF MY OWN FREE WILL.

FRANCHISEES Employee/Applicant Signature Date

Witness Date

MEDICATION INFORMATION FORM

Name of Franchisee’s Employee/Applicant (Please Print)

LAST NAME FIRST NAME MIDDLE NAME

=====

I understand that I have been provided the opportunity to list any medications, prescription or otherwise, which might affect the results of my drug or alcohol screening test. I have taken the following drugs or medications within the last 30 days:

- | | DRUG NAME | AMOUNT | DATE(s) USED |
|--------------------------|---|--------|--------------|
| <input type="checkbox"/> | Allergy Medicine | | |
| <input type="checkbox"/> | Anti-Malarial Drugs | | |
| <input type="checkbox"/> | Asthma or Wheezing Medicine | | |
| <input type="checkbox"/> | CBD Oil | | |
| <input type="checkbox"/> | Cold, Cough, Sinus Medicine | | |
| <input type="checkbox"/> | Depression Medicine | | |
| <input type="checkbox"/> | Diet Pills | | |
| <input type="checkbox"/> | Heart Medication | | |
| <input type="checkbox"/> | Mood Elevators | | |
| <input type="checkbox"/> | Muscle Relaxers | | |
| <input type="checkbox"/> | Nausea, Vomiting or Diarrhea Medicine | | |
| <input type="checkbox"/> | Pain Relief Medicine | | |
| <input type="checkbox"/> | Seizure Medicine | | |
| <input type="checkbox"/> | Sleeping Pills | | |
| <input type="checkbox"/> | Stomach, Colon, or Digestive Medicine | | |
| <input type="checkbox"/> | Tranquilizers (Nerve Medicine) | | |
| <input type="checkbox"/> | Local Anesthesia | | |
| <input type="checkbox"/> | Other Prescription Medicine | | |
| <input type="checkbox"/> | Other Non-Prescription Drugs or Medications | | |

Franchisee’s Employee/Applicant Signature Date

Witness Date

TESTING REQUEST FORM
 SUBSTANCE INVESTIGATIVE REPORT

This form is to be used to document the reasons for requesting that a Franchisee’s employee be asked to submit to a drug or alcohol screen test. Only those questions which apply need be answered. Additional pages, if necessary, should be attached along with any other relevant documents.

Independent FRANCHISEES’ Employee’s Name _____ (Employee of Franchisee Corporation)

Facility _____ Shift _____

A. WAS THERE AN INCIDENT? YES _____ NO _____

1. Description of event _____

2. Time and date _____

3. Extent of injury to persons or property _____

4. Employee’s actions _____

B. IS THE EMPLOYEE IN A SAFETY SENSITIVE POSITIVE? YES _____ NO _____

C. OBSERVATION OF EMPLOYEE: (date: _____ time: _____)

1. WALKING: ()Falling ()Holding On ()Staggering
 ()Stumbling ()Swaying ()Unable to Walk ()Unsteady
2. STANDING: ()Feet wide apart ()Rigid ()Staggering
 ()Sagging at knees ()Swaying ()Unable to stand
3. SPEECH: ()Mute ()Incoherent ()Rambling ()Shouting
 ()Silent ()Slobbering ()Slow ()Slurred
 ()Whispering
4. DEMEANOR: ()Calm ()Cooperative ()Crying ()Excited
 ()Fighting ()Polite ()Sarcastic ()Silent ()Sleepy ()Talkative
5. ACTIONS: ()Calm ()Drowsy ()Erratic ()Fighting
 ()Hostile ()Hyperactive ()Profanity ()Threatening
 ()Resisting Communications
6. EYES: ()Bloodshot ()Closed ()Dilated ()Droopy
 ()Glassy ()Watery

- 7. FACE: Flushed Pale Sweaty
- 8. APPEARANCE/CLOTHING: Dirty Unruly Messy
 Bodily excrement stains on clothing Neat
 Having Odor Partially dressed
- 9. BREATH: Alcohol odor Marijuana odor
 Faint Alcoholic odor Faint Marijuana odor
 No Alcoholic odor No Marijuana odor
- 10. MOVEMENTS: Fumbling Hyperactive Jerky
 Nervous Normal Slow
- 11. EATING/CHEWING: Candy Gum Mints Nothing
 Other _____

D. ATTENDANCE

- 1. Number of Mondays or Fridays missed in the last two months: _____
- 2. Times tardy in last two months: _____
- 3. Times employee left early in last two months _____

E. PERFORMANCE LEVEL

Has there been a recent change in the employee's level of performance? YES _____ NO _____

If yes, describe _____

F. OTHER OBSERVATIONS: _____

2. OTHER FACTORS: _____

H. OTHER WITNESSES: _____

I acknowledge discussion of the above referenced policy violation.

FRANCHISEES' Employee/Applicant Signature

Date

Printed Name

Approved: _____

Approved: _____

FAMILY FARE, LLC
 On behalf of its FRANCHISEES
 ILLEGAL DRUGS AND THRESHOLD VALUES

Listed below are the illegal drugs for which the drug screening must test, and the threshold values to be used for the purpose of determining whether test results should be reported as positive.

The threshold values refer to how much of the drug must be present in the urine for the Drug Test to yield a positive result. Initial and Confirmatory refer to the initial drug screening and the automatic confirmatory test which will be performed should the initial test prove positive.

<u>DRUG</u>	<u>INITIAL</u>	<u>CONFIRMATORY</u>
1. Barbiturates.....	300	150
2. Benzodiazepine.....	300	150
3. Cannabinoids (Marijuana).....	50	15
4. Cocaine.....	300	150
5. Methadone.....	300	150
6. Phencyclidine (PCP).....	25	25
7. Opiates.....	300	300
8. Amphetamines.....	1000	500
9. Methamphetamine.....	1000	500
10. Propoxyphene.....	300	300
11. Alcohol		

ng/ml=nanograms per milliliter

**SUMMARY OF SUBSTANCE ABUSE POLICY
STATEMENT OF POLICY**

As affiliated Independent Franchisee Companies, we are concerned about the adverse effects that drugs and alcohol can have upon our FRANCHISEES' employees' safety and productivity. Alcoholism and the illegal use of drugs lead to increased accidents and adversely affect his of her job performance.

It is the Companies policy to identify and help those employees with substance abuse problems and to encourage them to seek help on their own. Applicants identified as having substance abuse problems will be denied employment and encouraged to seek help. However, the possession, use, transfer, manufacture or sale of alcohol, illegal drugs, or legal drugs without a valid prescription on Companies property or on Companies time will result in disciplinary action, up to and including termination.

TESTING OF APPLICANTS: All applicants who have been offered employment with COMPANIES (Franchisee Corporations) will be required to undergo a drug screening test as part of the hiring process. COMPANIES (Franchisee Corporations) will withdraw an offer of employment made to any applicant whose drug screen test reveals the presence of illegal drugs or prescription drugs without a valid prescription.

TESTING OF FRANCHISEES EMPLOYEES: Reporting for duty or working with drugs present in the body or while affected by alcohol will be handled as a disciplinary matter as COMPANIES determine. Drug testing may be required under the following circumstances:

- When a FRANCHISEES' employee is involved in an accident or incident.
 - For FRANCHISEES' employees who work in safety sensitive positions and are so notified, at such times as management determines.
 - When COMPANIES (FRANCHISEES Corporations) have reasonable cause and suspicion.
 - When a FRANCHISEES' employee requests a test (if approved by Independent Franchisee).
 - When COMPANIES (FRANCHISEES Corporations) selects employees on a random basis for a drug screening test.
 - At such time as COMPANIES (FRANCHISEES Corporations) may decide to require all employees to be drug tested.
- Alcohol testing will be required under the following circumstances:
- When a Franchisee's employee is involved in an accident or incident.
 - When COMPANIES (FRANCHISEES Corporations) have reasonable cause and suspicion.

No FRANCHISEES' employee will be requested to submit to a drug or alcohol screening test unless specific authorization for such a test has been granted by a Companies Official. The COMPANIES (FRANCHISEES Corporations) intend to utilize the most accurate and reliable testing method available. Failure or refusal by a FRANCHISEES' employee to cooperate with the program or to submit to such a test when requested will be grounds for termination of employment.

CONFIDENTIALITY: All information concerning medical examinations, drug or alcohol testing results of an individual Franchisee's employee will be treated as confidential information.

OFFICIAL SUBSTANCE ABUSE POLICY: This document is only a summary of COMPANIES (FRANCHISEES Corporations) Official Substance Abuse Policy. The Official copy is available to all COMPANIES (Franchisee Corporations) employees for their review and should be consulted with respect to any specific questions. Neither this Summary, nor the official Policy is intended to affect The COMPANIES (FRANCHISEES Corporations) right to manage its workplace, discipline its employees, guarantee employment, or guarantee terms or conditions of employment. No contract for employment, either expressed or implied, is created by this summary.

FRANCHISEES' EMPLOYEE ACKNOWLEDGEMENT FORM

I, _____, hereby acknowledge that I have reviewed the Summary of the Substance Abuse Policy of COMPANIES (FRANCHISEES Corporations) , that the same has been explained to me, and that I have received a copy of the Summary of the Policy. I further understand that I am entitled to receive a copy of the Official Policy upon my request and that I should refer to the Official Policy for any specific questions I may have with regard to the Substance Abuse Policy of the COMPANIES (FRANCHISEES Corporations). I further acknowledge the following:

- I have been notified that the unlawful manufacture, distribution, dispensation, possession or use of alcohol, drugs or other controlled substances is prohibited in COMPANIES ESTABLISHMENTS (FRANCHISEES Corporations). I understand that violations of these prohibitions will subject me to disciplinary action under the policy, up to and including termination.
- That as a condition of continued employment, I will abide by COMPANIES' (FRANCHISEES Corporations) substance abuse Policy.
- I understand and agree to the above terms and conditions of employment. I understand that the above in no way creates an obligation or contract of employment and that I, as well as COMPANIES (FRANCHISEES Corporations), have the right to end the employment relationship at any time.

FRANCHISEES' EMPLOYEE NAME: _____
(please print)
Social Security #: _____ Date: _____

FRANCHISEES' EMPLOYEE SIGNATURE: _____

Company Witness: _____

EXHIBIT 2

OWNERS' STATEMENT

1. **Entity.** Franchisee certifies that Franchisee is a corporation or limited liability company formed on _____ under the laws of the state of _____.

2. **Shareholders/Members.** The name and address of each shareholder or member of Franchisee is set forth below:

NAME	ADDRESS	NUMBER OF OR PERCENTAGE OF SHARES OR INTERESTS

3. **Other Owners.** The name, address, and ownership interest of each person, other than the shareholders/members set forth above, who directly or indirectly owns an interest in Franchisee.

NAME	ADDRESS	OWNERSHIP INTEREST

4. **Operating Principal.** Set forth below is the name and address of the Operating Principal, who is the sole officer and person with management authority and control over the entity and franchise operations.

NAME	ADDRESS

5. **Governing Documents.** Franchisee has attached copies of the Articles of Incorporation or Organization of Franchisee and certifies that they give control and management of the entity and Store solely to the Operating Principal.

This Owners' Statement is current and complete as of _____.

6. **Designated Contact (In the Event of Death or Disability):** The designated contact is _____.

Identification of a designated contact does not grant to the contact any right, title, or interest in the Franchise Agreement, the Store, or any Caroco franchise. Nor does the identification function as a transfer of any right, title, or interest in the Franchise Agreement, the Store, or any Caroco franchise to the contact before or after the death or incapacitation of the Operating Principal. Rather, the designation is for the limited purpose of identifying a person Caroco should contact to address the Operating Principal's death or incapacitation. **NOTHING IN THIS AGREEMENT MAY BE CONSTRUED AS CREATING ANY FRANCHISE OR FRANCHISE RELATIONSHIP WITH ANY DESIGNATED CONTACT OR ANY OWNER OF A CORPORATE FRANCHISEE.**

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

SHAREHOLDERS, MEMBERS, AND OWNERS:

Print Name: _____, Witness

Print Name: _____, Witness

Print Name: _____, Witness

OPERATING PRINCIPAL:

Print Name: _____, Witness

EXHIBIT 3

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (“Assignment”) is made, entered into and effective as of the effective date of the Lease (as defined hereinbelow), by, between and among FAMILY FARE, LLC (“Caroco”), and _____ (“Franchisee”).

RECITALS

Caroco entered into that certain Franchise Agreement (“Franchise Agreement”) dated as of _____ with the Franchisee, pursuant to which the Franchisee plans to own and operate a Caroco retail convenience store (“Store”) located at _____ (“Store Location”).

In addition, pursuant to that certain Lease Agreement (“Lease”), the Franchisee has leased the Store premises from M. M. Fowler, Inc. (“Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to Caroco.

AGREEMENT

Caroco and the Franchisee agree as follows:

1. **Recitals**. The recitals are true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the recitals.
2. **Incorporation of Terms**. Terms not otherwise defined in this Assignment have the meanings ascribed to such terms in the Lease.
3. **Indemnification of Franchisor**. Franchisee agrees to indemnify and hold Caroco; Caroco’s predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment**. Franchisee hereby grants to Caroco a security interest in and to the Lease, all of the furniture, fixtures, equipment, inventory and supplies located in the Store Location to the extent they are owned by and not consigned to Franchisee, and the franchise relating to the Store, and all of Franchisee’s rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease or the Franchise Agreement, or, in the event Caroco makes any payment to the Lessor as a result of

Franchisee's breach of the Lease, then such payment by Caroco, or such breach or default under the Lease by Franchisee, shall at Caroco's option be deemed to be an immediate default under the Franchise Agreement, and Caroco shall be entitled to the possession of the Store Location and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of Caroco under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to Caroco. In addition, the rights of Caroco to assume all obligations under the Lease provided in this Assignment are totally optional on the part of Caroco, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Caroco to perfect or document the interests and assignments granted herein.

5. **No Subordination.** Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Caroco's written consent, other than the lien created by this Assignment, the Franchise Agreement, or the Lessor's lien under the Lease or state law. Franchisee will not terminate, modify, or amend any of the provisions or terms of the Lease without the prior written consent of Caroco. Any attempt at termination, modification, or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies.** In any case of default by Franchisee under the terms of the Lease or under the Franchise Agreement, Caroco shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Store Location, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Store Location, together with all furniture, fixtures, inventory, books, records, papers and accounts of Franchisee;

(c) to exclude Franchisee, its agents or employees from the Store Location;

(d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Store and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to Caroco to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter; to cancel or terminate any unauthorized agreements or subleases entered into by Franchisee, for any cause or ground which would entitle Caroco to cancel the same;

(e) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Store Location or the Store that may seem judicious, in the sole discretion of Caroco; and

(f) to insure and reinsure the same for all risks incidental to Caroco's possession, operation and management thereof; and/or

(g) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee's default under the Lease.

7. **Power of Attorney.** Franchisee does hereby appoint irrevocably Caroco as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Store Location, to rent, lease, manage and operate the Store Location to any party upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as Caroco would have upon taking possession of the Store Location pursuant to the provisions set forth in the Lease. The power of attorney conferred upon Caroco pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of Caroco.

8. **Election of Remedies.** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to Caroco and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between Caroco and Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to Caroco, all of which remedies are enforceable concurrently or successively. No exercise by Caroco or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by Caroco will be construed as a waiver of any of its rights and remedies and no waiver by Caroco of any such rights and remedies shall be construed as a waiver by Caroco of any future rights and remedies.

9. **Binding Agreements.** This Assignment and all provisions hereof shall be binding upon Caroco and Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the word "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

12. **Notice, Governing Law, and Dispute Resolution Provisions.** The notice, governing law, and dispute resolution provisions of the Franchise Agreement shall govern this Assignment.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the day and year first above written.

CAROCO:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President _____, Witness

Lessor hereby consents, agrees with, approves of and joins in with this CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR:

M. M. FOWLER, INC.

By: _____, Witness

M. LEE BARNES, JR., President

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

EXHIBIT 4

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT, LEASE, AND OTHER AGREEMENTS

In consideration of the execution of the agreements listed below (collectively, and together with any revisions, modifications, and amendments thereto, the "Agreements"), the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreements, to be paid, kept and performed by _____ ("Franchisee").

The Agreements include the following:

- The Franchise Agreement between Franchisee and FAMILY FARE, LLC;
- The Lease between Franchisee and M. M. Fowler, Inc.;
- The Caroco Franchise Drug Testing Agreement, as applicable;
- The Conditional Assignment and Assumption of Lease between Franchisee and FAMILY FARE, LLC;
- The Consignment Agreement and Commission Agreement between Franchisee and M. M. Fowler, Inc.;
- The Car Wash Addendum between Franchisee and M. M. Fowler, Inc., as applicable;
- The Games of Skill Addendum between Franchisee and M. M. Fowler, Inc., as applicable; and
- Any other agreement between Franchisee and FAMILY FARE, LLC or M. M. Fowler, Inc.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreements, including but not limited to any dispute resolution, confidentiality, non-solicit, non-compete, and indemnification provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of their heirs, successors, and assigns executed agreements containing the identical terms and conditions of the Agreements.

The undersigned's liability under this Personal Guaranty shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreements upon demand if Franchisee fails or refuses punctually to do so. FAMILY FARE, LLC or M. M. Fowler, Inc., as applicable, may proceed against the undersigned and Franchisee jointly and severally, or FAMILY FARE, LLC or M. M. Fowler, Inc., as applicable, may, at their option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against the guarantors or Franchisee. This Personal Guaranty is enforceable against the respective administrators, executors, heirs, successors, and assigns of each guarantor, and the death of any guarantor will not terminate the liability of such guarantor or limit the liability of other guarantors hereunder.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon FAMILY FARE, LLC's or M. M. Fowler, Inc.'s pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreements, or the amendment or extension of the Agreements with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FAMILY FARE, LLC or M. M. Fowler, Inc., as applicable, may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the terms of the Agreements; and (4) this Personal Guaranty shall apply in all modifications to the Agreements of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligations hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreements or agreed to by the Franchisee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of FAMILY FARE, LLC's and M. M. Fowler, Inc.'s successors and assigns.

[SIGNATURE PAGE FOLLOWS]

PERSONAL GUARANTORS:

Print Name: _____, Witness
Address: _____

Print Name: _____, Witness
Address: _____

Print Name: _____, Witness
Address: _____

EXHIBIT 5

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement ("Agreement") is made and entered into as of _____ ("Effective Date") by and between FAMILY FARE, LLC, a North Carolina limited liability company ("Franchisor"), and _____ ("Associate"), who resides at _____ . All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. Franchisor is engaged in the business of franchising convenience stores which engage in the sale of food, Energy (as defined below), and other products to the public ("Franchised Business"). The Franchised Businesses are operated under the trademark "CAROCO" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to Franchisor's Confidential Information and such Confidential Information as may be further developed from time to time by Franchisor ("System");

C. Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to Franchisor;

D. Associate desires to become involved with _____ ("Franchisee"), a franchisee of Franchisor that operates a Franchised Business at _____, in the capacity of an owner, shareholder, member, guarantor, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner, shareholder, member, guarantor, officer, partner, director, or agent of the Franchised Business, and will become privileged as to certain Confidential Information.

E. Associate and Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with Franchisor and other franchisees of Franchisor. Associate agrees to the terms of this Agreement as partial consideration for Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means the following:

(i) a retail convenience store, whether or not selling petroleum or other Energy, that sells food, drinks, and other products typically sold in conveniences stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers; or in the event the foregoing is considered too broad then,

(ii) a retail convenience store that sells petroleum or other Energy, food, drinks, and other products typically sold in conveniences stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers.

(c) “Confidential Information” means the information, not generally known to the public, whether in print, electronic or other form, relating to the Franchised Business and its operations and includes, without limitation, trade secrets; information that Caroco or its affiliates designates as confidential; Brand Standards Manual and the information therein; knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business; all records pertaining to customers, vendors, and other service providers of, and/or related in any way to, the Franchised Business, including, without limitation, price lists, customer lists, mailing and marketing lists; names, addresses, phone numbers, e-mail addresses, customer purchase records, vendor history; Franchised Business purchase records; information relating to the merchandising of the Franchised Business; business strategy information; marketing, sales, promotional, vendor, and merchandising strategies, data, and materials; financial information; recipes; databases; training materials; knowledge of operations of the franchise system; and other proprietary information.

(d) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee, as amended or renewed from time to time.

(e) “Energy” shall have the meaning defined in the Franchise Agreement.

(f) “Store Location” shall mean the approved location of Franchisee’s Franchised Business.

(g) “Protected Territory” shall mean:

(i) An area which is within 3-miles measured as driven on a roadway of the location of any Caroco business owned by Franchisor or its affiliates or any Caroco franchisees, including the Store Location, as of the first date of the Restrictive Period; or

(ii) only if the foregoing is determined by a court of law to be too broad, an area which is within 3-miles measured as driven on a roadway of the Store Location; or

(iii) only if the foregoing is determined by a court of law to be too broad, at the location of any Caroco business owned by Franchisor or its affiliates or franchisees, including the Store Location, as of the first date of the Restrictive Period; or

(iv) only if the foregoing is determined by a court of law to be too broad, at the Store Location.

(h) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(i) "Term" shall mean the period from the execution of this Agreement until the first date of the Restrictive Period.

2. Confidential Information. Associate and Franchisor acknowledge that the Confidential Information that are developed and utilized in connection with the operation of the Franchised Business are unique and the exclusive property of Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates. Associate further acknowledges that Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisor or the Franchised Business, any of the Confidential Information of Franchisor or its affiliates.

4. In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) Own, manage, engage in, be employed by, advise, make loans to, become or be a lessor or landowner to, or become lessee of, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for a Competitive Business; or

(ii) Offer or grant franchises or licenses for any Competitive Business; or

(iii) Perform any other act injurious or prejudicial to the goodwill associated with the Marks and the Caroco System.

5. Post-Term Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Protected Territory, engage in any of the following:

(i) Engage in any Competitive Business as franchisee or licensee; or

(ii) Franchise or license any Competitive Business to any other person or third party; or

(iii) Own, manage, operate or have any operational or management authority in any Competitive Business; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this section so long as Associate does not own themselves or through its spouse or partner more than one percent (1%) of the securities of such corporation; or

(iv) Engage in any Competitive Business as an employee, consultant, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information of Franchisor.

6. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Associate agrees that Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. In the event of any violation of the provisions of this Agreement, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Associate and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

8. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and Franchisor and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law; Jurisdiction and Venue.

(a) If Associate is an owner or guarantor of Franchisee, then the dispute resolution and choice of law provisions in the Franchise Agreement shall apply to this Agreement.

(b) If Associate is not an owner or guarantor of Franchisee, then the following terms apply: This Agreement will be construed in accordance with, and all disputes between the parties (whether in contract, tort, or otherwise) arising out of or relating to this Agreement, any breach of this Agreement, or the relationship between the parties, will be governed by, the laws of the State of North Carolina without recourse to North Carolina (or any other) choice of law or conflicts of laws principles. The parties agree that any action brought by a party against the other arising out of or related to this Agreement, any breach of this Agreement, or the relationship between the parties, must be brought in a state court of competent jurisdiction located in the city of Franchisor's then-current principal place of business (currently, Durham, North Carolina). Associate consents to personal jurisdiction and venue in this jurisdiction and waives, and agrees not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of *forum non conveniens*).

12. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13. Attorneys' Fees. Franchisor shall be entitled to reimbursement from the Associate for all expenses reasonably incurred (including attorneys' fees) in which it prevails in any action brought by Franchisor to enforce the terms of this Agreement.

14. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined, and that such meaning has been explained to Associate.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

FRANCHISOR:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President

_____, Witness

ASSOCIATE:

_____, Witness

EXHIBIT 6

NONDISCLOSURE AND NON-SOLICITATION AGREEMENT

This Nondisclosure and Non-Solicitation Agreement ("Agreement") is made and entered into as of _____ ("Effective Date") by and between FAMILY FARE, LLC, a North Carolina limited liability company ("Franchisor"), and _____ ("Associate"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. Franchisor is engaged in the business of franchising convenience stores which engage in the sale of food, Energy (as defined below), and other products to the public ("Franchised Business"). The Franchised Businesses are operated under the trademark "CAROCO" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to Franchisor's Confidential Information and such Confidential Information as may be further developed from time to time by Franchisor ("System");

C. Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to Franchisor;

D. Associate desires to become involved with _____ ("Franchisee"), a franchisee of Franchisor that operates a Franchised Business at _____, in the capacity of an owner, shareholder, member, guarantor, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner, shareholder, member, guarantor, officer, partner, director, or agent of the Franchised Business, and will become privileged as to certain Confidential Information.

E. Associate and Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to non-solicitation by Associate with Franchisor and other franchisees of Franchisor. Associate agrees to the terms of this Agreement as partial consideration for Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means the following:

(i) a retail convenience store, whether or not selling petroleum or other Energy, that sells food, drinks, and other products typically sold in convenience stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers; or in the event the foregoing is considered too broad then,

(ii) a retail convenience store that sells petroleum or other Energy, food, drinks, and other products typically sold in convenience stores such as cigarettes, tobacco, vaping products, candy, soft drinks, beer, wine, lottery tickets, energy drinks, and sweet and salty immediate consumption snacks to consumers.

(c) “Confidential Information” means the information, not generally known to the public, whether in print, electronic or other form, relating to the Franchised Business and its operations and includes, without limitation, trade secrets; information that Caroco or its affiliates designates as confidential; Brand Standards Manual and the information therein; knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business; all records pertaining to customers, vendors, and other service providers of, and/or related in any way to, the Franchised Business, including, without limitation, price lists, customer lists, mailing and marketing lists; names, addresses, phone numbers, e-mail addresses, customer purchase records, vendor history; Franchised Business purchase records; information relating to the merchandising of the Franchised Business; business strategy information; marketing, sales, promotional, vendor, and merchandising strategies, data, and materials; financial information; recipes; databases; training materials; knowledge of operations of the franchise system; and other proprietary information.

(d) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee, as amended or renewed from time to time.

(e) “Energy” shall have the meaning defined in the Franchise Agreement.

(f) “Store Location” shall mean the approved location of Franchisee’s Franchised Business.

(g) “Protected Territory” shall mean:

(i) An area which is within 3-miles measured as driven on a roadway of the location of any Caroco business owned by Franchisor or its affiliates or any Caroco franchisees, including the Store Location, as of the first date of the Restrictive Period; or

(ii) only if the foregoing is determined by a court of law to be too broad, an area which is within 3-miles measured as driven on a roadway of the Store Location; or

(iii) only if the foregoing is determined by a court of law to be too broad, at the location of any Caroco business owned by Franchisor or its affiliates or franchisees, including the Store Location, as of the first date of the Restrictive Period; or

(iv) only if the foregoing is determined by a court of law to be too broad, at the Store Location.

(h) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(i) "Term" shall mean the period from the execution of this Agreement until the first date of the Restrictive Period.

2. Confidential Information. Associate and Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates. Associate further acknowledges that Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisor or the Franchised Business, any of the Confidential Information of Franchisor or its affiliates.

4. In-Term Non-Solicitation Covenant. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to supply the Franchised Business with supplies, products, equipment, merchandise, or services for use in or retail sale in the Franchised Business.

5. Post-Term Non-Solicitation Covenant. Associate covenants and agrees that for the Restrictive Period Associate shall not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity, within the Protected Territory, solicit, divert, or attempt to solicit or divert to any Competitive Business any vendor with whom Associate or Franchisee had any business relationship as of the first day of the Restrictive Period or within one (1) year preceding the first date of the Restrictive Period.

6. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Associate agrees that Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. In the event of any violation of the provisions of this Agreement, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Associate and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

8. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and Franchisor and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law; Jurisdiction and Venue.

(a) If Associate is an owner or guarantor of Franchisee, then the dispute resolution and choice of law provisions in the Franchise Agreement shall apply to this Agreement.

(b) If Associate is not an owner or guarantor of Franchisee, then the following terms apply: This Agreement will be construed in accordance with, and all disputes between the parties (whether in contract, tort, or otherwise) arising out of or relating to this Agreement, any breach of this Agreement, or the relationship between the parties, will be governed by, the laws of the State of North Carolina without recourse to North Carolina (or any other) choice of law or conflicts of laws principles. The parties agree that any action brought by a party against the other arising out of or related to this Agreement, any breach of this Agreement, or the relationship between the parties, must be brought in a state court of competent jurisdiction located in the city of Franchisor's then-current principal place of business (currently, Durham, North Carolina). Associate consents to personal jurisdiction and venue in this jurisdiction and waives, and agrees not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of *forum non conveniens*).

12. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or

pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13. Attorneys' Fees. Franchisor shall be entitled to reimbursement from the Associate for all expenses reasonably incurred (including attorneys' fees) in which it prevails in any action brought by Franchisor to enforce the terms of this Agreement.

14. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined, and that such meaning has been explained to Associate.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

FRANCHISOR:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President

_____, Witness

ASSOCIATE:

_____, Witness

EXHIBIT B-1

STORE DIRECTORY/LISTING OF CURRENT FRANCHISEES

All locations are unit franchises

Entity Name	Operating Principal Name	Location	City	State	Zip	Phone #
Tasnina Inc.	Taslim Ahmed	3700 Fayetteville St.	Durham	NC	27707	919-530-1120

EXHIBIT B-2

LISTING OF CERTAIN PAST FRANCHISEES

There are no franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this FDD.

EXHIBIT C

FINANCIAL STATEMENTS

FAMILY FARE, LLC
Audited Financial Statements

December 31, 2024, 2023, and 2022

FAMILY FARE, LLC

Contents

	Page(s)
Independent Auditor's Report	3-4
Financial Statements	
Balance Sheets	5
Statements of Operations, Comprehensive Income and Member's Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8-12



B. DANE BYERS, CPA, PLLC

Independent Auditor's Report

To the Member
Family Fare, LLC
Durham, North Carolina

Opinion

I have audited the accompanying financial statements of Family Fare, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 the related statements of operations, comprehensive income and member's equity and cash flow for the years then ended and the related notes to the financial statements.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations, comprehensive income and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of December 31, 2022 and for the year then ended was audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated March 1, 2023.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Certified Public Accountant
Accredited in Business Valuation
Certified in Financial Forensics

3121 TW Alexander Dr Ste 124-47
Morrisville, NC 27560
(919) 830-3883

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing my audit in accordance with generally accepted auditing standards, I:

Exercise professional judgement 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 the Company'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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

B. Dane Byers CPA, PLLC

B. Dane Byers, CPA, PLLC

April 11, 2025

+

FAMILY FARE, LLC
BALANCE SHEETS
December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 533,421	\$ 771,958	\$ 1,421,320
Accounts receivable	2,073,784	1,943,760	1,968,421
Interest receivable	136,354	33,403	-
Investments, at fair value	6,728,031	4,644,167	-
Franchise notes receivable	<u>170,379</u>	<u>260,661</u>	<u>86,233</u>
Total current assets	<u>9,641,969</u>	<u>7,653,949</u>	<u>4,475,974</u>
Other Assets			
Learning Management System, net	-	4,515	22,583
Franchise notes receivable, long-term	<u>61,500</u>	<u>198,706</u>	<u>86,639</u>
Total other assets	<u>61,500</u>	<u>203,221</u>	<u>109,222</u>
Total assets	<u>\$ 9,703,469</u>	<u>\$ 7,857,170</u>	<u>\$ 4,585,196</u>
Liabilities and Member's Equity			
Current Liabilities			
Accounts payable	\$ 2,093,262	\$ 2,024,107	\$ 1,909,368
Deferred revenue	739,400	665,150	233,300
Agency obligations	<u>10,502</u>	<u>19,502</u>	<u>39,502</u>
Total current liabilities	<u>2,842,864</u>	<u>2,708,759</u>	<u>2,182,170</u>
Deferred revenue, long-term	<u>1,802,250</u>	<u>1,894,650</u>	<u>367,750</u>
Member's equity	3,047,324	3,259,595	2,035,276
Accumulated other comprehensive income	<u>11,031</u>	<u>4,166</u>	<u>-</u>
Total liabilities and member's equity and accumulated other comprehensive income	<u>\$ 9,703,469</u>	<u>\$ 7,857,170</u>	<u>\$ 4,585,196</u>

See accompanying notes to financial statements.

-5-

FAMILY FARE, LLC
STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND MEMBER'S EQUITY
For the years ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Royalty income	\$ 21,947,080	\$ 21,101,301	\$ 19,827,088
Transfer fees	184,450	87,100	48,700
Franchise fees	738,150	475,750	250,800
Other income	<u>21,808</u>	<u>7,564</u>	<u>9,208</u>
	<u>22,891,488</u>	<u>21,671,715</u>	<u>20,135,886</u>
Expenses			
Management fees	21,288,668	20,468,262	19,232,275
Selling, general and administrative	<u>111,805</u>	<u>109,953</u>	<u>101,339</u>
	<u>21,402,473</u>	<u>20,578,215</u>	<u>19,333,614</u>
Net Income From Operations	1,489,015	1,093,500	802,272
Financial income (expense)			
Interest and dividend income	<u>208,714</u>	<u>130,819</u>	<u>-</u>
Net Income	1,787,729	1,224,319	802,272
Other Comprehensive Income			
Unrealized gains on investments in available-for-sale securities	<u>6,865</u>	<u>4,166</u>	<u>-</u>
Net Comprehensive Income	<u>\$ 1,794,594</u>	<u>\$ 1,228,485</u>	<u>\$ 802,272</u>
Member's Equity and Accumulated Comprehensive Income			
Member's equity, beginning	\$ 3,259,595	\$ 3,259,595	\$ 2,035,276
Net income	<u>1,787,729</u>	<u>1,224,319</u>	<u>802,272</u>
Member's equity, ending	<u>\$ 5,047,324</u>	<u>\$ 4,483,914</u>	<u>\$ 2,837,548</u>
Accumulated comprehensive income, beginning	\$ 4,166	\$ -	\$ -
Unrealized gain on investments	<u>6,865</u>	<u>4,166</u>	<u>-</u>
Accumulated comprehensive income, ending	<u>\$ 11,031</u>	<u>\$ 4,166</u>	<u>\$ -</u>

See accompanying notes to financial statements.

FAMILY FARE, LLC
STATEMENT OF CASH FLOWS
For the years ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities			
Net income	\$ 1,787,729	\$ 1,224,319	\$ 802,272
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization	4,515	18,068	18,068
Changes in assets liabilities:			
Accounts receivable	(232,975)	(8,742)	(178,343)
Franchise notes receivable	227,488	(286,495)	(56,234)
Accounts payable	69,155	114,739	172,553
Deferred revenue	(8,150)	1,948,750	(20,800)
Agency obligations	(9,300)	(20,000)	(15,700)
Net cash provided by operating activities	<u>1,838,462</u>	<u>2,990,639</u>	<u>721,816</u>
Cash Flows From Financing Activities			
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities			
Purchases of equity securities	<u>(2,076,999)</u>	<u>(4,640,001)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(2,076,999)</u>	<u>(4,640,001)</u>	<u>-</u>
Net increase (decrease)	(238,537)	(1,649,362)	721,816
Cash and cash equivalents, beginning of year	<u>771,958</u>	<u>2,421,320</u>	<u>1,699,504</u>
Cash and cash equivalents, end of year	<u>\$ 533,421</u>	<u>\$ 771,958</u>	<u>\$ 2,421,320</u>
Supplemental Information			
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

FAMILY FARE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Family Fare, LLC (the Company) is a limited liability company organized on June 14, 2013 in the state of North Carolina. The Company is engaged in the business of franchising Family Fare convenience stores and providing services to its franchisees. There were one hundred-six, one hundred-three, and one hundred-two franchise locations in operation at the end of 2024, 2023 and 2022, respectively.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Company has elected to be treated as a partnership for federal and state income tax purposes. All income and deductions of the Company flow through to the member to be taxed at the member level. Accordingly, the Company does not provide for income taxes in its financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification 740, *Income Taxes*, no provision or liability for uncertain tax positions has been included in these financial statements because the Company does not believe there are any material uncertain tax positions. The Company's tax returns will remain open for examination by federal and state taxing authorities for three years after their due dates.

Accounts and Franchise Notes Receivable

Receivables are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its franchisees to make required payments. Management considers the following factors when determining the collectability of balances: credit-worthiness, past transaction history, current economic industry trends, economic conditions, and changes in payment terms. If the financial condition of the Company's franchisees' balances were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to administrative expenses and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. No allowance for doubtful accounts or notes receivable was considered necessary at December 31, 2024, 2023 and 2022.

FAMILY FARE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

Note 1 - Nature of Business and Summary of Significant Accounting Policies - (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values defined as their quoted market price in the statement of financial position. Unrealized gains and losses are reported in accumulated comprehensive income.

Fair Value Measurements

The Company measures investments at fair value on a recurring basis throughout the period in accordance with FASB ASC 820, Fair Value Measurements. The codification requires management to report the fair values of applicable assets according to three hierarchical levels: Level I – Quoted Prices in Active Markets for Identical Assets, Level II – Significant Other Observable Inputs, and Level III – Significant Unobservable Inputs are as follows at December 31, 2024:

	Level I	Level II	Level III
Equity securities and ETFs	\$ -	\$ -	\$ 6,728,031
	Cost	Unrealized Gain / (Loss)	Fair Value
Equity securities and ETFs	\$ 6,717,000	\$ 11,031	\$ 6,728,031

Advertising Expense

The Company expenses the production costs of advertising the first time the advertising takes place. There was no advertising expense for the years ended December 31, 2024, 2023 and 2022.

Revenue Recognition from Contracts and Franchise Agreements with Customers

The Company's revenue consists primarily of (1) initial franchise fees from the sale of local franchise rights related to certain proprietary and property rights in and to the "Family Fare" name, trademarks and service marks; (2) sales-based royalties and revenues allocated to goods and services distinct from the franchise right; and (3) transfer fees on the sales of existing store franchises paid by former license-holders.

Revenue from the initial franchise agreements is recognized evenly over the original term of the agreement of five years. The sales-based royalty revenue is recognized monthly as the goods and services are delivered. The transfer fees revenue is generally recognized on the date of sale between the predecessor and successor franchisees, but may be limited to the amount that will not result in a significant reversal of revenue in future periods.

FAMILY FARE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

Note 1 - Nature of Business and Summary of Significant Accounting Policies - (Continued)

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's contracts have obligations that are fulfilled at a single point in time and over a period of time.

Performance Obligations Satisfied at a Point in Time

The Company receives revenue related to initial training and conveyance of use of certain intangible assets. Revenue is not recognized until the start of the exclusive franchise period.

Performance Obligations Satisfied Over a Period of Time

The Company receives revenue related to ongoing franchise agreements which provide exclusive use rights of certain intangible assets and licenses over a 5 year period, with the value of each item provided considered to be equal in each period. Revenues for these services are recognized ratably over the franchise period.

Total revenue recognized for performance obligations satisfied at a point in time (royalties and transfer fees) totalled \$22,131,530, \$21,188,401 and \$19,875,788 for the years ended December 31, 2024, 2023, and 2022, respectively. Total revenue recognized for performance obligations satisfied over a period of time totalled \$738,150, \$475,750, and \$250,800 for the years ended December 31, 2024, 2023, and 2022, respectively.

General

The Company assesses certain economic factors, and the potential for significant changes in those economic factors, and its impact on the nature, amount, timing, and uncertainty of revenue and cash flows. The viability of the Company's revenue is dependent on the overall strength of the economy in the Triangle region of North Carolina, and its ability to collect on those agreements.

FAMILY FARE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

Note 1 - Nature of Business and Summary of Significant Accounting Policies - (Continued)

Deferred Revenue

Deferred revenue represents amounts from initial franchise agreements that have been received in advance of being earned. Actual cash collections were \$730,000, \$2,424,500, and \$230,000 for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 2 - Franchise Notes Receivable

At December 31, 2024, 2023 and 2022, franchise notes receivables consist of seventeen, twenty one and four agreements, respectively, with franchisees with outstanding balances of \$231,879, \$459,367 and \$172,872, respectively. These promissory notes have stated interest rates ranging from 0.0% to 6.0%. Future maturities are as follows:

2025	\$	170,379
2026		56,547
2027		4,953
2028		-
2029 & thereafter		-
	\$	231,879

Note 3 - Other Assets

In October 2017, the Company entered into a master service agreement with the understanding that the vendor would provide for the design and development of interactive online content and training to the Company's franchisees. The Company incurred costs on the Learning Management System (LMS) beginning in 2017. The LMS became operational on April 1, 2019 at a total cost of \$90,338, which is being amortized over five years. Accumulated amortization was \$90,338, \$85,823 and \$67,755 at December 31, 2024, 2023 and 2022, respectively.

Note 4 - Related Party Transactions

The Company is affiliated with M. M. Fowler, Inc. (M. M. Fowler) by virtue of having the same equity owners. M. M. Fowler is in the business of marketing and selling motor fuels and the ownership of investment properties, including convenience stores in North Carolina and Virginia.

All of the Company's accounts receivable for the years presented were paid by M. M. Fowler for sales-based royalty revenue. The management fees and most of the accounts payable listed in the accompanying financial statements were paid to M. M. Fowler.

Note 5 - Concentration of Risk

The Company had time and demand deposits with one financial institution in excess of Federal Deposit Insurance Corporation limits at various times throughout the years ended December 31, 2024, 2023 and 2022 and by \$152,323 at December 31, 2024 and \$2,274,820 at December 31, 2022. In 2023, the Company entered into a bank arrangement which provides multiple accounts for the purpose of applying the FDIC limitations.

FAMILY FARE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

Note 5 - Concentration of Risk (Continued)

All but three of the Family Fare convenience stores are in the state of North Carolina, accordingly the Company's viability is dependent on the strength of the overall economy in North Carolina, particular in the area of central North Carolina.

The Company extends credit to its franchisees, who are mostly local residents.

Note 6 - Contingencies

The Company is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a materially adverse effect on the financial condition or results of operations of the Company.

Note 7 - Beginning Balances for Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections results in billed accounts receivables and deferred revenue on each balance sheet. These balances were as follows at December 31:

	<u>2020</u>
Accounts receivable	<u>\$ 1,402,093</u>
Deferred revenue	<u>\$ 761,170</u>

Note 8 - Subsequent Events

The Company has evaluated subsequent events through April 11, 2025, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

EXHIBIT D

FEDERAL AND STATE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses, and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. 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 the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Pennsylvania Avenue at Sixth Street, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA:
Commissioner of Financial Protection &
Innovation
Department of Financial Protection and
Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

HAWAII:
Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
F. Chet Taylor, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):
Kwame Raoul
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:
Marie Castetter, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

MARYLAND (Registered Agent):
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:
Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory
Authority)
New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of
Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

RHODE ISLAND:
Division of Securities
1511 Pontiac Ave
John O. Pastore Complex, Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:
Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, SD 57501
Telephone: (605) 773-3563

VIRGINIA (Registered Agent):
Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail
Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON:
Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN:
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT E

REQUIRED COMPUTER AND POS SOFTWARE AND HARDWARE

Our affiliate will provide you with a back office computer with a laser printer. The PC will need to be loaded with PDI software which will be installed by our affiliate. The minimum recommended requirements are as listed below.

HARDWARE DESCRIPTION	EXISTING PC MINIMUM	NEW PC ACQUISITION MINIMUM
Operating System	Windows 7 Professional – 32 bit	Windows 11 Professional
Processor/Speed	Intel Core i3	Intel Core i5
Memory	4 GB RAM	16 GB RAM
Hard Disk Drive	250 GB	250 GB
CD Rom Drive	16X DVD+/-RW SATA	None.
Serial Ports	2	1
Graphics	Integrated w/Single HDMI/VGA	Integrated w/Single HDMI/VGA/Display Port
Ethernet Adapter	10/100/1000 Gigabit Networking Card	10/100/1000 Gigabit Networking Card
Keyboard	USB KB – English	USB KB – English
Mouse	USB Optical	USB Optical
Monitor	15” SVGA Color	15” SVGA Color

EXHIBIT F

**STATE SPECIFIC ADDENDUM TO
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one of the following riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “Applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by FAMILY FARE, LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

- Virginia

FRANCHISOR:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President

FRANCHISEE:

[Print Name of Business Entity]

By: _____
Print Name: _____
Title: President

VIRGINIA

The Disclosure Document and Franchise Agreement are revised to include the following:

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 do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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 involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, 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.

Each provision of this Virginia addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Virginia law are met independently without reference to this addendum. Each provision of this Virginia addendum shall be enforceable only to the extent required by applicable Virginia franchise law.

FRANCHISOR:

FRANCHISEE:

FAMILY FARE, LLC

[Print Name of Business Entity]

By: _____
M. LEE BARNES, JR., President

By: _____
Print Name: _____
Title: President

EXHIBIT G

LEASE

THIS LEASE, made and entered into as of _____, ("Effective Date") by and between M. M. FOWLER, INC., 4220 Neal Road, Durham, North Carolina 27705, party of the first part ("Landlord"); and _____, a _____ having a registered office address at _____, party of the second part ("Tenant") and the undersigned guarantors ("Guarantors");

WITNESSETH:

1. **Premises.** Landlord, for and in consideration of the rents, covenants, agreements, and stipulations hereinafter mentioned, reserved and contained, to be paid, kept and performed by Tenant, has leased and rented, by these presents does lease and rent, to the said Tenant, and said Tenant hereby agrees to lease and take upon the terms and conditions which hereinafter appear, the following described property, to-wit:

Being that certain store building designated as _____ ("Store") and the fixtures and equipment located therein ("M. M. Fowler Equipment"), subject to the terms and conditions of this lease.

2. **Term.** The term of this lease shall be for five (5) years beginning on _____, and ending on _____, unless sooner terminated as hereafter provided. Additionally, Tenant can terminate this Agreement without cause by first giving prior written notice to Landlord of Tenant's intention to terminate ("Early Termination Notice"). The effective date of the termination initiated by Tenant shall be on the date established by Landlord, which date shall be between fifteen (15) days and one hundred twenty (120) days after the date Landlord receives Tenant's written notice. If Tenant does not provide the Early Termination Notice prior to abandoning, vacating, or ceasing to operate the Store, or abandons, vacates, or ceases to operate the Store prior to the effective date of termination established by Landlord, the rent amount Tenant shall pay for the remainder of the term of the lease shall be equal to the greater of Three Thousand Dollars (\$3,000) or double the rent specified in paragraph 3 below.

3. **Rent.** Tenant agrees to pay to Landlord rental in monthly installments, in advance, without notice or invoice from Landlord, and without offset, the sum of \$ _____ per month ("Base Rent") commencing on the first day of the term of this lease and a like amount on such day each and every month thereafter. Additionally, should Tenant's Gross Sales exceed \$ _____ in any month, then Tenant will pay an additional rent in the amount equal to _____ % on the amount of Tenant's Gross Sales in the month that exceeds \$ _____ for that month ("Additional Rent"). Gross Sales is defined for purposes of calculating the Additional Rent as Gross Sales as defined in Tenant's franchise agreement ("Franchise Agreement") plus the gross shortage amount in retail dollar inventory. On each anniversary of the Effective Date, Landlord shall have the right to increase the rent by an amount up to or equal to the percentage increase in the Consumer Price Index (hereafter defined) from the Effective Date to the adjustment date multiplied by the rent. Any unused adjustment shall be deferred and applied at Landlord's option to the rent in future adjustment periods. "Consumer Price Index" means the "Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items (1982-84 = 100)" published by the United States Department of Labor, Bureau of Labor Statistics. If publication of the Consumer Price Index is discontinued, a comparable

index or statistics on the purchasing power of the consumer prepared or published by a responsible financial periodical shall be selected by Landlord in substitution therefor. Additionally and without regards to the Consumer Price Index adjustment in the rent, if during the term of the lease Tenant and/or Tenant's franchisor require capital improvements to be made to the Premises, Landlord shall have the right to immediately increase the rent with thirty (30) days written notice by an amount determined by Landlord not exceeding the amortized value of the improvements over their useful life as determined by Landlord's depreciation schedule.

Any other sums of money or charges to be paid by Tenant pursuant to the provisions of any other sections of this lease shall be designated as additional rent. If Tenant shall fail to pay any rent within ten (10) days after the same is due, Tenant shall be obligated to pay a late payment charge equal to five percent (5%) for any monthly rent payment not paid when due.

4. Use of Store and M. M. Fowler Equipment. The Store and M. M. Fowler Equipment shall be used solely for the operation of a franchised Caroco convenience store and related services and for no other purpose. Tenant will only use (and will cause the Tenant Related Parties (defined in Section 40) to only use) the M. M. Fowler Equipment and signs as provided by Landlord and will not change or alter the locations of the M. M. Fowler Equipment and signs or use other signs, equipment or fixtures without the express written approval of Landlord. Tenant agrees to comply (and will cause the Tenant Related Parties to comply) with all local, state and federal laws, statutes, regulations, ordinances and rules of any applicable governmental entity with respect to the operation, use and possession of the Store and M. M. Fowler Equipment.

5. Utilities. Landlord shall pay for all utilities required for the use and operation of the Store, including telephone (excluding directory advertising) water, electricity and other utility charges. Landlord shall also be responsible for all wiring or other connections necessary for use of any utility service within the Store including, but not limited to, any type of security alarm system, computer outlets, cable connections and telephone systems. Landlord shall not be liable to Tenant or the Tenant Related Parties for any interruption of utility services to the Store and shall not be required to install, maintain or replace additional utility lines, conduits, pipes or wires to provide utilities to the Store.

6. Repairs to Store. Prior to execution of this lease, Tenant has inspected the Store and Tenant accepts the Store "as is". If the need for repair results from the negligence or willful act of Tenant, or any of the Tenant Related Parties, then such repairs shall be charged to and be paid for by Tenant. Tenant acknowledges and agrees that Landlord has no obligations to maintain the Store and Store Location in any condition or state of repair.

7. M. M. Fowler Equipment. Prior to execution of this lease, Tenant has inspected the M. M. Fowler Equipment and accepts the same "as is". Landlord may, at its option, remove or replace any of the M. M. Fowler Equipment or add new M. M. Fowler Equipment, including Computer Systems and equipment used to sell Energy (as defined below), and M. M. Fowler Equipment of a type and category other than as currently exists. "Computer Systems" shall mean any computer systems, hardware (including cash registers, mobile devices and tablets), software, communications equipment, electronics, point of sale systems, self-checkout systems, transaction systems, automated systems, robotics, applications, and technologies. Tenant agrees to use (and cause the Tenant Related Parties to use) at all times, as Landlord requires, all M. M. Fowler Equipment currently in the Store or that Landlord adds to the Store. If the need for repair or replacement of equipment results from the negligence or willful act of Tenant, or any of the Tenant Related Parties, then such repairs shall be charged to and be paid for by Tenant. Tenant and the Tenant Related Parties shall have no right to damages, compensation of any kind, or offset of rent during any time the M. M. Fowler Equipment is malfunctioning or non-operational regardless of the length of time involved or whether Landlord ultimately decides in Landlord's

absolute discretion to repair or replace the impacted M. M. Fowler Equipment at all. Tenant may not modify, alter, add to or discontinue use of the M. M. Fowler Equipment without first obtaining Landlord's written consent. Tenant acknowledges and agrees that Landlord has no obligations to maintain the M. M. Fowler Equipment in any condition or state of repair.

8. Common Facilities. The sidewalks, parking areas, planted areas, driveways, pathways, entrances and exits surrounding the Store are herein together referred to as the "Common Facilities". Tenant, the Tenant Related Parties, and Tenant's customers are hereby granted the right to use in common with others entitled to similar use, the Common Facilities for their intended purposes, subject to the fact that Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the Common Facilities. Landlord reserves the right to use, or grant others the rights to use, any portions of the Common Facilities for the offering or selling any other goods and services that it, in its sole discretion desires to offer or sell, including Energy, or any other use Landlord deems appropriate. Landlord reserves the right to take any actions necessary for these uses, including, but not limited to, the installation of car washes, air service, vacuum service, banking services, signs or billboards, telecommunications, electric charging stations or any other equipment needed to sell or provide Energy. Landlord further reserves the right to change the area, level, location and arrangement of the Common Facilities. "Energy" shall mean gasoline, kerosene, diesel, liquid propane, electricity, or any other chemical, material, energy, or substance that is now or in the future used to provide the heat or power for transporting people and objects along a roadway.

9. Maintenance of Common Facilities. Tenant shall (a) promptly remove and maintain the Common Facilities free from garbage and other refuse; (b) provide for general maintenance and upkeep of the grass and landscaping; and (c) promptly remove all snow, dirt and debris.

10. Improvements. During the term of this lease, Landlord may from time to time make such changes, improvements, additions or alterations to the fixtures, signage, décor, interior and exterior of the Store and the Common Facilities as it, in its sole discretion, may deem appropriate. Tenant agrees the remodel can involve any capital expenditure and there is no limit on the frequency or magnitude of the remodel. Tenant acknowledges that Landlord improvements may result in temporary closure of the Store during the remodel. Tenant and the Tenant Related Parties agree that neither Landlord nor Caroco will be liable for any loss or damage arising under or related to closure of the Store resulting from Landlord improvements. For any time period of closure resulting from Landlord's improvements, Tenant will not pay rent to Landlord. Except for the foregoing exceptions, closures resulting from Landlord improvements will not modify, alter, reduce, or terminate this Agreement or Tenant's lease or relieve Tenant or the Tenant Related Parties of any of their obligations contained therein.

11. Signs. Tenant and the Tenant Related Parties shall not paint or place (nor permit to be painted or placed) any sign or other advertising device, bill or billboard upon, in or about the Store (or the exterior of the building), the Common Facilities or any part thereof, without the prior written permission of Landlord.

12. Insects and Rodents. Tenant and the Tenant Related Parties covenant to do and pay for those things reasonably necessary or required by law to keep the Store free of roaches, rodents, insects and other pests.

13. Rubbish Removal. Tenant shall keep the Store clean, both inside and outside, at its own expense, and will remove all garbage and other refuse. Tenant agrees to keep all accumulated garbage and rubbish in covered containers to facilitate removal from said Store and to have the same removed regularly for deposit in the dumpster container within the Common Facilities.

14. Taxes. Landlord shall pay all ad valorem property taxes on the Store, Common Facilities and M. M. Fowler Equipment. Tenant shall be responsible for ad valorem taxes on its personal property.

15. Reservation. Landlord reserves from the lease of the Store the right to install within the Store, or within the Common Facilities, any type of equipment that it deems appropriate, including but not limited to Computer Systems, ATM banking equipment, vending machines, electric charging stations or other such equipment that may today or in the future be used to offer, sell, and provide Energy. Tenant consents to provide Landlord, its employees and contractors, the unobstructed right to enter and exit the Store for the installation, repair, or service of any such equipment.

16. Right of Entry and Access. Tenant agrees that Landlord, its agents, employees or any person authorized by Landlord, may enter the Store at all times, without notice, in person or remotely via communications technology, for the purposes of (i) obtaining an inventory of Store merchandise and Energy; (ii) inspection of Tenant's books, records and supporting documents; (iii) checking accuracy of cash deposits; (iv) inspection of and making necessary repairs to the Store and M. M. Fowler Equipment or (v) for any other reasonably necessary purpose.

17. Fire and Casualty Insurance. Landlord may maintain, at its sole cost and expense, fire and extended coverage insurance on improvements on the Store and Common Facilities.

18. Liability Insurance. Tenant shall, during the entire term hereof, keep in full force and effect general liability, including products liability, and property damage insurance with respect to the Store and the business operated by Tenant in the Store in which the combined single limit of such public liability and property damage shall be not less than \$1,000,000.00. The policy shall name Landlord, any person, firms or corporations designated by Landlord, and Tenant as insured and shall contain a clause that insurance carried by Tenant is primary to any liability insurance carried by Landlord. The insurance shall be in an insurance company approved by Landlord and a copy of the policy or a certificate of insurance shall be delivered to Landlord.

19. Waiver of Subrogation. Tenant's policies of casualty insurance with extended coverage and liability insurance carried by Tenant shall provide that the insurer waives any right of subrogation against Landlord in connection with or arising out of any claim or other risks covered by the insurance required to be carried under this lease. Tenant and the Tenant Related Parties hereby waive any rights they may have against Landlord or its agents and employees on account of any loss or damage which arises from any risk ordinarily covered by such insurance and neither Landlord nor its agents or employees shall be liable to Tenant or the Tenant Related Parties for any loss or damage caused by any risk covered by the insurance.

20. Indemnity. Tenant and the Tenant Related Parties will indemnify Landlord; Landlord's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns ("Landlord Indemnified Parties") and save them harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Store, or the occupancy or use by Tenant and or the Tenant Related Parties of the Store or any part thereof, or occasioned wholly or in part by any act or omission of Tenant and the Tenant Related Parties; provided, however, such indemnification shall not apply to any claim, action, damage, liability and expense that arises by reason of the negligence or willful act of Landlord Indemnified Parties. In case Landlord Indemnified Parties shall, without fault on their part, be made a party to any litigation commenced by or against Tenant or the Tenant Related Parties, then Tenant and the Tenant Related Parties shall protect and hold the Landlord

Indemnified Parties harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord Indemnified Parties in connection with such litigation.

21. Damage by Fire. If the Store or any portion thereof shall be damaged by fire or other casualty so as to render the Store or any portion thereof, in the opinion of Landlord, untenable, Landlord may repair the Store or if Landlord shall decline to make repairs Landlord may cancel and terminate this lease and Tenant and the Tenant Related Parties shall have no further claims or interest under this lease.

22. Condemnation. If any portion of the Store or Common Facilities shall be taken by the exercise of the power of eminent domain (or sold to the holder of such power pursuant to a threatened taking) Tenant and the Tenant Related Parties shall not be entitled to any part of the condemnation award or purchase price and Tenant and the Tenant Related Parties expressly waive any and all rights thereto; provided, however, nothing contained herein shall be construed to preclude Tenant or the Tenant Related Parties from prosecuting any claim directly against the condemning authority in a separate proceeding for loss of business, or depreciation to, damage to, or costs of removal of or for the value of personal property belonging to Tenant, the Tenant Related Parties, or Tenant's leasehold interest.

23. Assignment and Subletting. Without Landlord's prior written consent, Tenant shall not assign this lease or sublet any part of the Store. Any dissolution, merger, consolidation, or other reorganization of Tenant or any pledge of or any sale or other transfer of a controlling percentage of the corporate stock or membership interests of Tenant (whether in a single transaction or cumulatively) shall constitute an assignment of this lease for all purposes of this section and shall require written consent of Landlord. In the event Landlord shall consent to any assignment, the same shall be subject to all covenants, provisions, and conditions contained in this lease, all of which shall be assumed by any such assignee and/or successor by a written statement executed by Tenant and its assignee or successor, satisfactory to Landlord, and such assignment shall not relieve Tenant and the Tenant Related Parties of or from any of their obligations hereunder. Tenant and the Tenant Related Parties shall not enter into a management agreement with any third party in connection with the Store without providing Landlord with the relevant agreements and related documents and obtaining Landlord's prior approval, which may be withheld or conditioned in Landlord's sole discretion. Landlord reserves the rights, in its sole discretion, to require that Tenant and the Tenant Related Parties delete, revise, or insert provisions into such agreements as Landlord deems necessary to protect Landlord's rights under this lease.

24. Governmental Regulations. Tenant shall, at Tenant's sole cost and expense, comply with (and shall cause all Tenant Related Parties to comply with) all of the requirements of all county, municipal, state, federal and other applicable governmental authorities, now in force or which may hereafter be in force, pertaining to its use of the Store.

25. Hazardous Substances. Except as may be required in the normal course of Tenant's business and then only in strict compliance with the Regulations, Tenant and the Tenant Related Parties shall not generate, store, treat, dispose of, install, or otherwise use any Hazardous Substances on, in, or under, or in any way related to the Store and Common Facilities or cause or permit any such generation, storage, treatment, disposal, installation or other use with respect thereto. Tenant and the Tenant Related Parties shall fully indemnify and hold Landlord Indemnified Parties harmless for any liability, damage, cost or expense that Landlord Indemnified Parties might suffer from Tenant's or the Tenant Related Parties' failure to fully comply with the provisions of this Section and the Regulations. "Hazardous Substances" means and includes any of the substances, materials, elements or compounds that are contained in the list of hazardous substances adopted by the United States Congress or the EPA or any substances, materials,

elements or compounds affected by any other federal or state or local statute, law, ordinance, code, rule, regulation, order, or decree now or at any time hereafter in effect regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic, dangerous, restrictive or otherwise regulated waste, substance or material (the "Regulations"). Without limiting the generality of the foregoing, the indemnification provided herein shall specifically cover costs incurred as a result of any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid and settlements of claims) or loss, including attorneys' fees, consultant fees and expert fees as well as costs incurred in connection with any investigation of site conditions or any cleanup or removal or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence or suspected presence of Hazardous Substances on or under the Store. The provisions of this Section 25 shall survive the expiration, termination, or non-renewal of this lease.

26. Cross Default, Forfeiture, and Remedies for Default.

(a) Any default by Tenant under this lease shall be a default under any other agreement between (i) Landlord and Tenant, (ii) FAMILY FARE, LLC and Tenant, and (iii) any affiliate of Landlord and Tenant. Any default by Tenant under any other agreement between (i) Landlord and Tenant, (ii) FAMILY FARE, LLC and Tenant, and (iii) any affiliate of Landlord and Tenant shall be a default under this lease. A default by Tenant under any agreement, loan, franchise agreement, or security interest related to the Store is a default under this lease. By way of example and not as an exhaustive list, such other agreements may include, but are not limited to, the (1) Franchise Agreement, (2) Consignment and Commission Agreement, (3) Car Wash Addendum, (4) Game of Skill Addendum, (5) Caroco Drug Testing Agreement, (6) Initial Franchise Fee Promissory Note and Security Agreement, (7) Personal Guaranty, (8) Nondisclosure and Noncompete Agreement, (9) Conditional Assignment and Assumption Agreement, and (10) Agreement and Conditional Consent to Transfer. Upon occurrence of any default under this Section 26(a), Landlord shall have, in addition to all other rights and remedies provided by law, the right, without notice to Tenant to immediately cancel and terminate this lease and take possession of the Store, M. M. Fowler Equipment and the Common Facilities, peaceably or by force, and eject Tenant therefrom.

(b) Tenant covenants that if either (i) the Store at any time is deserted, abandoned or closed for more than twenty-four (24) consecutive hours; (ii) Tenant fails to continuously and uninterruptedly operate and conduct within the Store the business it is permitted to operate and conduct as a Caroco franchisee; or (iii) Tenant shall neglect to make any payment of rent when due, Landlord shall have, in addition to all other rights and remedies provided by law, the right, without notice to Tenant to immediately cancel and terminate this lease and take possession of the Store, M. M. Fowler Equipment and the Common Facilities, peaceably or by force, and eject Tenant therefrom.

(c) Tenant acknowledges and agrees that if the (i) Franchise Agreement between Tenant and FAMILY FARE, LLC or (ii) Consignment Agreement between Tenant and Landlord are terminated, expire, or are not renewed, for any reason, Landlord shall have, in addition to all other rights and remedies provided by law, the right, without notice to Tenant to immediately cancel and terminate this lease and take possession of the Store, M. M. Fowler Equipment and the Common Facilities, peaceably or by force, and eject Tenant therefrom.

(d) In the event that Tenant shall neglect to do and perform any other matter or thing agreed to be done and performed by it, other than those matters specified in Section 26 (a)–(c) above, and shall remain in default thereof for a period of ten (10) days after written notice from Landlord calling attention to such default, Landlord shall have, in addition to all other rights and remedies provided by law, the right, without notice to Tenant, to immediately cancel this lease

and take possession of the Store, M. M. Fowler Equipment and the Common Facilities peaceably or by force and eject Tenant therefrom.

(e) Included within the rights of Landlord, in addition to the rights in this Section 26 (a)–(d), is the right of Landlord to “lock up” the fuel and Energy dispensing equipment and “lock out” Tenant from the Store. Tenant acknowledges that in the event of a “lock up” or “lock out”, or if Landlord takes possession of the Store, there may be personal property belonging to Tenant located in the Store. Landlord may take possession of such personal property without liability of trespass or conversion and hold the same for release to Tenant. Tenant hereby waives any and all rights to notice and every other formality.

(f) Landlord may relet the Store, for the unexpired portion of the term, or any part thereof, and receive the rent therefor and apply it on the rent and other charges due hereunder, the rate and terms of such reletting to be such as Landlord deems expedient, and Landlord's action shall be final and binding upon Tenant, and Tenant agrees to pay promptly to Landlord on demand, at one time or from time to time, any difference between the rent and other charges payable hereunder and any smaller amounts collected by Landlord from Tenant or tenants to whom the Store may be relet as aforesaid.

(g) Landlord, in addition to any other remedies it may have, may recover from Tenant all damages it may incur by reason of such breach, including the costs of recovering the Store, reasonable attorneys' fees, and all indebtedness due it by Tenant, including the worth at the time of payment of the excess, if any, of the amount of all rent and other payments reserved in this lease for the remainder of the stated term over the then reasonable rental value of the Store for the remainder of the stated term, all of which amounts shall be immediately due and payable from Tenant to Landlord. In determining the reasonable rental value of the Store for the remainder of the stated term, the value of the actual rental obligations of the tenant, if any, to whom Landlord has relet the Store shall be considered the then reasonable rental value.

27. Right of Offset. Tenant hereby authorizes Landlord to offset any amount due under this lease during the term thereof or upon termination and cancellation against any amount due by Landlord to Tenant. Tenant consents to the right of offset by Landlord and waives any right to notice prior to Landlord's exercise of such right.

28. Surrender. Upon expiration or any termination of this lease, Tenant will (and cause the Tenant Related Parties to) peaceably surrender and deliver immediate possession of the Store, M. M. Fowler Equipment and Common Facilities to Landlord. Tenant agrees to surrender the Store, Common Facilities and M. M. Fowler Equipment located thereon in the same condition as they were at the time this lease was entered into, normal wear and tear excepted. If Tenant fails to surrender the Store in the required condition, Landlord may charge a cleaning fee equal to the value of the costs and expenses Landlord incurs to have the premises restored to the required condition. Upon any expiration, termination, or non-renewal, Tenant shall promptly remove any property belonging to Tenant and the Tenant Related Parties. In the event Tenant or the Tenant Related Parties do not remove their personal property, Landlord shall be entitled to remove such property to storage and shall not be liable to Tenant or the Tenant Related Parties for either the value of the property or the costs of storage. Termination of this lease shall not relieve Tenant or Tenant Related Parties of any liability for prior obligations, nor bar Landlord from pursuing any one or more legal or equitable remedies it may have against Tenant or Tenant Related Parties for damages or otherwise.

29. Security Interest and Lien. Landlord shall have, and Tenant hereby grants, a security interest in any goods, wares, equipment, inventory, furniture, fixtures and other personal property located in the Store and belonging to Tenant. The security interest is granted for the

purpose of securing the debts, obligations and liabilities due by Tenant to Landlord, however created, whether now or hereafter existing, whether due or not due, and of any source or nature. Upon Tenant's breach of this lease or failure to pay any indebtedness due Landlord, Landlord may, in addition to the remedies available under law, enter the Store and take possession of the above-mentioned personal property, without liability for trespass or conversion, and sell the same with or without notice at public or private sale and apply the proceeds therefrom, less any and all expenses, as a credit against any sums due by Tenant to Landlord, whether arising hereunder or otherwise. Tenant hereby agrees to the recording from time to time of financing statements (UCC-1) for the purpose of serving notice to third parties of the security interest herein granted.

30. Subordination. Tenant agrees to subordinate this lease to any institutional first mortgage, or underlying lease now or hereafter placed upon the land of which the Store are a part, and to all advances made or hereafter to be made upon the security thereto. Tenant will, on demand, at any time or times, execute and deliver to Landlord any and all instruments that may be necessary or proper to evidence the subordination. The word "mortgage" as used herein includes mortgages, deeds of trust or similar instruments and the words mortgage, or underlying lease shall include such modifications, consolidations, extensions, renewals, replacements or substitutes thereof. Provided, however, that if Tenant is not in default of this lease, its tenancy will not be disturbed but shall continue in full force and effect.

31. Exculpation. Anything contained in this lease to the contrary notwithstanding, Tenant and the Tenant Related Parties agree that they shall look solely to the building comprising the Store and the rentals therefrom for the collection of any judgment requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any terms and provisions of this lease to be observed and/or performed by Landlord; subject, however, to the prior rights of any holder of any mortgage covering the Store, and no other assets of Landlord shall be subject to levy, execution, or other judicial process for the satisfaction of Tenant's or the Tenant Related Parties' claims.

32. No Estate in Land. This contract shall create the relationship of landlord and tenant; no estate shall pass out of Landlord; and Tenant's interest is not assignable, except as provided under Section 23.

33. Attorney's Fees. In the event that at any time during the term of this lease Landlord shall institute any action or proceeding against any default hereunder, then and in that event, if Landlord shall be successful, Tenant agrees to pay reasonable attorneys' fees.

34. Sale of Store by Landlord. Upon (i) the date which Landlord sells, exchanges, or transfers to a non-affiliate the leased or owned real estate where the Store is located, (ii) the date that is, in Landlord's discretion, up to sixty (60) days prior to the expiration of Landlord's lease for the real estate in the event Landlord is subleasing the real estate to Tenant, (iii) the date upon which Landlord sells its non-real estate holdings defined as disposing of the majority of its operating tangible personal property and business goodwill, or the stockholders of Landlord elect to sell and transfer all of their capital stock to a non-affiliate, or (iv) the date that Landlord and its affiliates' merchandising, promotions, or pricing standards established by the Franchise Agreement are deemed illegal or invalid at any time, Landlord shall have the right to either (y) assign this lease or (z) immediately terminate this lease. Landlord shall not be obligated to give prior notice to Tenant of its election of either option. Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this lease arising out of any act, occurrence or omission relating to the Store or this lease occurring after such assignment or termination. Tenant and the Tenant Related Parties waive all claims for liability or damages of any type (whether direct, indirect, incidental, or consequential) on account of the assignment or termination of this lease pursuant to this Section 34.

35. Holding Over. If Tenant remains in possession of the Store after expiration of the term hereof with Landlord's acquiescence and without any express agreement of the parties, Tenant shall be a tenant at the rental rate that is the greater of Three Thousand Dollars (\$3,000) per month or double rental rate in effect at the end of this lease, and there shall be no renewal of this lease by operation of law.

36. Rights Cumulative. All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative but not restrictive on those given by law.

37. Notices. Any notice required herein to be given by any party shall be in writing and such notice may be made by (i) personal delivery, (ii) first-class or certified mail with return receipt requested, or (iii) a nationally recognized express carrier. If delivered, notice shall be delivered in person to the individual designated or left with an authorized representative. If mailed, notice shall be deemed to have been given two (2) days after the notice is duly posted in the U.S. mail. If notice is sent via nationally recognized express carrier, notice shall be deemed to have been given the day after it was sent. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery. Notices to Landlord shall be addressed to Landlord at 4220 Neal Road, Durham, North Carolina 27705, ATTN: M. L. BARNES, JR. Notices to Tenant shall be addressed at (1) the address for the Store or (2) to such other address as Tenant by written notice forwards to Landlord. At Landlord's election, Landlord may alternatively send notice to Tenant via email to the email address on file with Landlord, which notice shall be deemed received when sent by Landlord. Notice given in accordance with this paragraph shall be deemed sufficient notice required by law.

38. Waiver of Rights. Neither failure of Landlord to exercise any power given Landlord hereunder, nor failure to insist upon strict compliance by Tenant of its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof.

39. Time of Essence. Time is of the essence of this lease.

40. Definitions. "Tenant Related Parties" shall mean Tenant, any affiliate of Tenant, any permitted assignee of Tenant, and each of their respective direct or indirect partners, officers, shareholders, directors, members, trustees, beneficiaries, servants, employees, principals, contractors, licensees, agents, invitees, concessionaires, or representatives. The terms "Landlord" and "Tenant" shall include male, female, and neuter gender, singular and plural, corporation, partnership or individual, as may fit the particular parties.

41. Guaranty. As additional consideration to induce Landlord to enter into this lease with Tenant, the Guarantors hereby agree as follows: (a) to unconditionally guarantee to Landlord the full and punctual performance by Tenant of all terms, covenants and conditions which are to be performed by Tenant under this lease; (b) to waive notice of any breach or default by Tenant; (c) to promptly perform any term, covenant or condition not performed by Tenant; and (d) to pay all expenses, including, without limitation, reasonable attorney's fees and costs, paid or incurred by Landlord to enforce its rights under this Guaranty or against Tenant. This Guaranty shall be direct, unconditional, irrevocable and the primary obligation of the Guarantor(s), allowing Landlord to proceed directly against Guarantor(s) without first proceeding against Tenant, and the Guarantor(s) specifically waive any and all rights or defenses given at law or in equity. Additionally, all Guarantors shall execute a Personal Guaranty in a form acceptable to Landlord.

The obligation of the Guarantor(s) shall not be released or diminished by any subsequent modifications of this lease and shall survive the termination of this lease.

42. Sublease. If Landlord's interest in the Store and Common Facilities is by reason of an underlying lease, then this lease shall be construed as a sublease and if Landlord's lease terminates for any reason prior to the stated termination of this lease, then this lease shall terminate thirty (30) days prior to the expiration of Landlord's lease.

43. Entire Agreement. This lease and any signed addenda by the parties contain the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Tenant expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Landlord are confined exclusively to those set forth in this Agreement. Tenant understands and assumes the business risks inherent in this enterprise.

44. Recordation. The parties hereto agree not to record this lease and upon request by either party the other party will execute a "short form" lease in proper recordable form to be recorded in the office of the Register of Deeds within the County the Store is located.

45. Governing Law. This lease will be construed in accordance with, and all disputes between the parties (whether in contract, tort, or otherwise) arising out of or relating to this lease, any breach of this lease, or the relationship between the parties, will be governed by, the laws of the State of North Carolina without recourse to North Carolina (or any other) choice of law or conflicts of laws principles. The parties agree that any action brought by a party against the other arising out of or related to this lease, any breach of this lease, or the relationship between the parties, must be brought in a state court of competent jurisdiction located in the city of Landlord's then-current principal place of business (currently, Durham, North Carolina). Tenant consents to personal jurisdiction and venue in this jurisdiction and waives, and agrees not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of forum non conveniens).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have caused this lease to be executed in their respective names by their officers duly authorized, the day and year first above written.

LANDLORD:

M. M. FOWLER, INC.

By: _____

M. LEE BARNES, JR., President _____, Witness

TENANT:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

GUARANTORS:

Print Name: _____, Witness

Print Name: _____, Witness

Print Name: _____, Witness

EXHIBIT H

CONSIGNMENT AND COMMISSION AGREEMENT

This Consignment and Commission Agreement (“Agreement”), made as of _____ (“Effective Date”), by and between M. M. FOWLER, INC., a North Carolina corporation (“Consignor”), having a principal office at 4220 Neal Road, Durham, North Carolina 27705; and _____, a _____ (“Consignee”), having a business mailing address at _____, and the undersigned guarantors (“Guarantors”).

RECITALS:

1. FAMILY FARE, LLC (“Caroco”), and Consignee, as of even date herewith, entered into a Franchise Agreement for the Consignee to be licensed as a “Caroco” convenience store engaged in the sale of food, fuels and energies, and other products and services to the public (“Franchise Agreement”) for that certain store (“Store”) located at _____ (“Store Location”).

2. In accord with the Franchise Agreement, Consignor shall deliver to the Store Location prior to opening and upon consignment an initial inventory adequate to provide customers with a type, quantity, quality and variety consistent with the Caroco merchandising program and thereafter replenish such inventory as required from time to time at the discretion and direction of the Consignor.

NOW, THEREFORE, the parties do hereby agree as follows:

1. Consignment Inventory.

Consignor shall deliver to the Store Location prior to Consignee opening for business an initial store inventory of merchandise, food, products (including Core Products (defined below)), lottery tickets, and Energy (as defined in Section 3(a)(ii)) adequate to provide customers with a type, quantity, quality and variety consistent with the Caroco merchandising program and thereafter replenish such inventory as required from time to time at the sole discretion and direction of the Consignor (“Consignment Inventory”). The Consignment Inventory shall remain Consignor’s property until sold to Consignee’s customers, and title to the proceeds of the sales of the Consignment Inventory shall vest in and belong to Consignor until accounted for and remitted by Consignee to Consignor. “Core Products” shall mean the food, beverage, and non-food merchandise and inventory that Caroco designates as a Core Product and are identified by Caroco from time to time as Core Products. Caroco may add, delete, and/or otherwise modify the list of Core Products at any time in Caroco’s absolute discretion.

2. Proceeds of Sale of the Consignment Inventory.

All proceeds, including applicable collected sales or excise taxes, from the sale of the Consignment Inventory, games of skill (if applicable), and car wash services (if applicable) (collectively, the “Proceeds”), shall be deposited by Consignee on a daily basis within the next business day in a bank account designated by Consignor. In the event that Consignee fails to account, make settlement, remit or otherwise observe the procedures established for the deposit of Proceeds, Consignor shall have the right to immediately cancel and terminate this Agreement. Legal title of the Proceeds in possession and control of Consignee shall at all times be vested in

Consignor. Consignee shall in no event be entitled to borrow or use the Proceeds in any manner whatsoever and shall promptly remit the same to Consignor as provided herein.

3. Energy and Lottery Responsibilities.

(a) For purposes of this Agreement, the following definitions will apply:

(i) “Alternate Energy” shall mean electricity, or any other chemical, material, energy, or substance, other than Traditional Fuels, that is used now or in the future to provide the heat or power for transporting people and objects along a roadway, that Consignor provides to be sold at the premises of the Store Location.

(ii) “Energy” shall mean both Alternate Energy and Traditional Fuels.

(iii) “Traditional Fuels” shall mean gasoline, and, if applicable, diesel, liquid propane, and/or kerosene, that Consignor provides to be sold at the premises of the Store Location.

(b) Energy Equipment. Consignor, at its expense, has installed within the premises encompassing the Store Location fuel storage tanks, dispensers, lights, equipment, and other devices for the retail sale of Traditional Fuels (“Traditional Fuel Equipment”). Consignor reserves the right to install, at and within the premises encompassing the Store Location, at its expense, any equipment necessary for the sale of Alternate Energy (“Alternate Energy Equipment”). Traditional Fuel Equipment and Alternate Energy Equipment are together the “Energy Equipment.” Consignee has no leasehold or ownership interest in the Energy Equipment or the premises thereunder but has certain responsibilities related to the Energy Equipment, as outlined below, which responsibilities Consignee shall fulfill in consideration for the commission set forth below. Consignor may add, remove, or modify any and all Energy Equipment without incurring any liability to Consignee.

(c) Operation of Energy Equipment. Consignee must operate the Energy Equipment in compliance with all procedures that Consignor establishes as part of Consignee’s operation of the Store. The Traditional Fuel Equipment shall be used solely for the sale, at retail, of Traditional Fuels. The Alternate Energy Equipment shall be used solely for the sale, at retail, of Alternate Energy. Consignee must use its best efforts to promote the retail sales of the Energy to customers during all hours the Store Location is open for business. Consignee must at all times use the trade names, trademarks and service marks that Consignor designates when Consignee sells the Energy.

(d) Consignee’s Responsibilities. Consignee acknowledges that it has been provided material information about the operations and safety of the Energy Equipment, including the shutting off and closing down of the fuel and Energy dispensers in the event of an emergency. All of Consignee’s employees shall receive material information about the operations and safety of the Energy Equipment. The services to be performed by Consignee shall include, but are not limited to, (i) the service of customers purchasing Energy from the Energy Equipment; (ii) collecting proceeds from the sale of Consignor’s Energy and promptly remitting such Proceeds in accordance with the terms of the Franchise Agreement and this Agreement; (iii) the taking and recording of meter readings for the fuel and Energy dispensers and measuring the fuel and Energy in the tanks as required and to submit reports to the Consignor and to third party(s) as required by Consignor; (iv) the changing of the posted prices of Energy in a timely manner following notification from Consignor and from the established protocols set forth by Consignor since

Consignor regulates and sets the price of the Energy; and (v) cleaning, caring for, and servicing the Energy sales area.

(e) Consignor's Responsibilities. Consignor will be responsible for all fuel and energy taxes, permits necessary to install or operate the Energy Equipment, and all labor and materials necessary to maintain and repair the Energy Equipment (unless occasioned by the negligence or willful misconduct of Consignee or Consignee's agents, representatives or employees). Consignor will have no liability for any failure to provide Energy to the customers of Consignee's Store, regardless of the reason for the failure, and Consignor may change, in its sole discretion, the brand and/or type of Energy offered for sale and sold at the Store Location.

(f) Recording of Energy Sales. Consignee must account to Consignor for the Energy and must record and report to Consignor all sales of the Energy and the receipt of all Proceeds of those sales. Sales by authorized credit and debit cards shall be processed through the authorized network engaged by Consignor. If the Proceeds from Consignee's sales of the Energy, as Consignee reports and deposits, are less than the recorded sales of Energy, the difference will be Consignee's sole responsibility.

4. Commission.

For its services in connection with the sale of the Consignment Inventory, Consignee shall receive the following:

(a) Sale of Consignment Inventory. For the sale of the Consignment Inventory, excluding Energy and lottery tickets, Consignee shall receive the Gross Profit from the sale of such merchandise, as defined and provided for in the Franchise Agreement, less the Continuing Royalty due Caroco.

(b) Sale of Traditional Fuel Inventory. Consignor will pay Consignee a commission in an amount equal to the number of gallons of Traditional Fuels Consignee sells during each accounting period as follows:

_____¢ for each gallon of gasoline
_____¢ for each gallon of kerosene
_____¢ for each gallon of diesel fuel
_____¢ for each gallon of liquid propane

For the avoidance of doubt, Consignor is only obligated to pay the amounts set forth above. Any revenue sharing with or commission paid to Consignee for the sale of Alternate Energy shall be done at Consignor's sole option and discretion and will be subject to Consignor's then-current policies, which Consignor may change at any time for any reason. Consignor reserves the right to end all revenue sharing or commissions paid for Alternate Energy at any time for any reason.

(c) Sale of Lottery Tickets. Consignee shall pay Fifty Percent (50%) of any rental fee charged by the state or servicing entity required to operate the lottery, and Consignor will pay the remaining Fifty Percent (50%). Consignee shall accept only cash in the sale of lottery tickets. Any transaction utilizing any other payment method is subject to a fee to Caroco of One Hundred Dollars (\$100) and revocation by Consignor of any commission that would have been due to Consignee had the payment not been improper. Consignee shall receive a commission of

Fifty Percent (50%) of Consignor's gross profit on the sale of lottery tickets. Notwithstanding the foregoing, if Consignor receives an award for selling a winning ticket, Consignor is not obligated to share the proceeds with Consignee.

The commission provided for herein shall be paid on a monthly accounting period as provided in the Franchise Agreement and Consignee authorizes Consignor to offset against any such amounts owed to Consignee the amounts owed to Caroco under the Franchise Agreement or otherwise and any amounts owed to Consignor.

5. Inventory and Losses.

(a) Inventory and Inspections. Consignee authorizes, consents, and grants to Consignor, or its representatives, the right to enter Consignee's Store Location and business premises, with or without notice, in person or remotely via communications technology, during reasonable business hours for the purposes of counting, inspecting, or removing the Consignment Inventory, inspecting Consignee's books, records and supporting documents, checking accuracy of cash deposits and for any other reasonably necessary purpose.

(b) Accounting. Consignor shall retain title to the Consignment Inventory and the Proceeds from the sales of the Consignment Inventory until accounted for and remitted by Consignee to Consignor. The accounting for the sales of the Consignment Inventory shall be determined monthly contemporaneous with the determination of the compensation and commission due Consignee.

(c) Losses. Consignee shall be accountable and responsible to Consignor for the difference between the reported sales of the consigned Energy and lottery tickets and the Proceeds delivered to Consignor from such sales. For all other items of Consignment Inventory, the "Inventory True-Up Percentage" is two percent (2%) of the retail sales during a designated accounting period. Consignee will be required to pay to Consignor the amount of the retail inventory shortage that exceeds the Inventory True-Up Percentage.

For any inventory overages for an accounting period exceeding the Inventory True-Up Percentage, Consignor will pay Consignee this overage up to the inventory shortage Consignee paid over the Inventory True-Up Percentage for the prior accounting period or such amount may be used to offset a shortage greater than the Inventory True-Up Percentage the following accounting period. The determination and responsibility for inventory shortages shall be calculated on the basis of the booked-in or inventory retail price charged to the Store during the period when the loss or shortage occurred.

6. Term.

The term of this Agreement shall commence on the date first above written and terminate the earlier of:

(a) On the date that either (i) Consignee receives notice that this Agreement is terminated due to a default in the performance of Consignee's obligations under this Agreement or the Franchise Agreement, (ii) the termination, expiration or non-renewal of the Franchise Agreement is effective, or (iii) the termination, expiration or non-renewal of the Lease Agreement between Consignee and Consignor is effective, or

(b) Immediately, if in the decision of Consignor, in its sole discretion, that its rights in the Consignment Inventory are, or may become, impaired or in jeopardy, to whatever degree.

Upon termination of this Agreement, Consignor shall no longer deliver Consignment Inventory to the Store Location or pay Consignee commissions under this Agreement, but the remaining provisions of this Agreement shall remain enforceable in accordance with their terms, and Consignee shall still be liable to Consignor for all amounts owed to Consignor under the terms of this Agreement. Consignor's ownership interest in the Consignment Inventory and any Proceeds therefrom shall not be changed or affected by the termination of this Agreement and Consignor shall retain all rights and remedies in order to repossess the Consignment Inventory. Consignor shall have the right to enter the Store Location and business premises of Consignee and to remove the Consignment Inventory.

7. Indemnification.

Consignee agrees to defend Consignor and indemnify and hold the Consignor; Consignor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns (collectively, "Consignor Indemnified Parties") harmless from and against any and all claims, demands, causes of action, losses, costs, damages or expenses (including reasonable attorneys' fees and expenses) incurred by the Consignor Indemnified Parties which are attributable, directly or indirectly, in whole or in part, to Consignee's actions or failures to act under this Agreement or the breach of this Agreement by Consignee.

8. Guaranty.

As additional consideration to induce Consignor to enter into this Agreement with Consignee, the Guarantor(s) executing this Agreement hereby agrees as follows: (a) to unconditionally guarantee to Consignor the full and punctual performance by Consignee of all terms, covenants and conditions which are to be performed by Consignee under this Agreement and any amendments or addenda to it; (b) to waive notice of any breach or default by Consignee; (c) to promptly perform any term, covenant or condition not performed by Consignee; and (d) to pay all expenses, including, without limitation, reasonable attorney's fees and costs, paid or incurred by Consignor to enforce its rights under this Guaranty or against the Consignee. This guaranty shall be direct, unconditional, irrevocable and the primary obligation of the Guarantor(s), allowing Consignor to proceed directly against Guarantor(s) without first proceeding against Consignee, and the Guarantor(s) specifically waive any and all rights or defenses given at law or in equity. Additionally, all Guarantors shall execute a Personal Guaranty in a form acceptable to Consignor. The obligations of the Guarantor(s) shall not be released or diminished by any subsequent modification of this Agreement and shall survive the termination of this Agreement.

9. Notices.

Any notice required herein to be given by any party shall be in writing and such notice may be made by (i) personal delivery, (ii) first-class or certified mail with return receipt requested, or (iii) a nationally recognized express carrier. If delivered, notice shall be delivered in person to the individual designated or left with an authorized representative. If mailed, notice shall be deemed to have been given two (2) days after the notice is duly posted in the U.S. mail. If notice is sent via nationally recognized express carrier, notice shall be deemed to have been given the day after it was sent. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery. Notices to Consignor shall be addressed to Consignor at 4220 Neal Road, Durham, North Carolina 27705, ATTN: M. L. BARNES, JR. Notices to Consignee shall be addressed at (1) the address of the

Store Location from the date of the Store opening, or (2) to such other address as Consignee by written notice forwards to Consignor. At Consignor's election, Consignor may alternatively send notice to Consignee via email to the email address on file with Consignor, which notice shall be deemed received when sent by Consignor. Notice given in accordance with this paragraph shall be deemed sufficient notice required by law.

10. Miscellaneous.

This Agreement may not be assigned by Consignee without the written consent of Consignor; it may not be changed, amended, modified or discharged except in writing signed by all parties hereto; may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument; and invalidation of any one or more of the provisions of this Agreement shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Consignee authorizes Consignor to prepare and file any UCC-1 financing and continuation statements without any separate or additional consent of Consignee. If Consignor's performance of any part of this Agreement is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, pandemic, labor disputes, act of God or any other causes beyond the control of Consignor, Consignor shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

11. Governing Law.

(a) Mediation. Except for the Exceptional Claims and Lease Claims brought by Consignor or its affiliates as discussed below, if a claim arises among Consignor, Consignee, Guarantors, or any of their affiliates, and if the dispute cannot be settled through informal negotiation, the parties agree to submit such claim to non-binding mediation for resolution prior to pursuing litigation as provided for below. The mediation shall be conducted either through an individual mediator or a mediator appointed by a mediation service organization or body, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties, and, failing such agreement within a reasonable period of time after a party has notified the other(s) of its desire to seek mediation of any claim (not to exceed sixty (60) days), by the American Arbitration Association (or any successor organization) in accordance with the procedures and rules set forth under North Carolina law for court ordered mediated settlement conferences and the expenses of the appointed mediator shall be shared equally by each party. If the parties are unable to resolve the claim within sixty (60) days after delivery of written notice of the desire to seek mediation, then a party may bring an action in a state court having jurisdiction in accordance with Section 11(b) below. The venue for any mediation required hereunder shall be the city of Consignor's then-current principal place of business (currently, Durham, North Carolina). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Each party shall bear its own costs of mediation.

(b) Governing Law, Jurisdiction, and Venue. The parties each agree the State of North Carolina has a deep and well-developed history of business decisional law. For this reason, Consignor, Consignee, Guarantors, and their affiliates, each agree that except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050, et seq.) as amended, this Agreement will be construed in accordance with, and all disputes between Consignor, Consignee, Guarantors, or their affiliates, (whether in contract, tort, or otherwise) arising out of or relating to this Agreement, any breach of this Agreement, the rights or obligations of the parties, the relationship between the parties, or the Store or the Consignment Inventory, lottery tickets, Energy, or Energy Equipment, will be governed by, the law of the State of North Carolina without recourse to North Carolina (or any other) choice of law or conflicts of law

principles. The parties agree that any such action brought by a party against the other and not resolved pursuant to Section 11(a) above, must be brought in a state court of competent jurisdiction located in the city of Consignor's then-current principal place of business (currently, Durham, North Carolina). Consignee, Guarantors, and Consignee's affiliates consent to personal jurisdiction and venue in this jurisdiction and waive, and agree not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of forum non conveniens). Any and all claims and actions arising out of or relating to this Agreement, any breach of this Agreement, the rights or obligations of the parties, the relationship between the parties, or the Store or the Consignment Inventory, lottery tickets, Energy, or Energy Equipment, brought by Consignee, Guarantors, or any of Consignee's affiliates against Consignor or its affiliates, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

(c) JURY TRIAL AND CLASS ACTION WAIVER. CONSIGNOR AND CONSIGNEE (AND CONSIGNEE'S GUARANTORS, IF APPLICABLE), AND THEIR AFFILIATES, IRREVOCABLY WAIVE TRIAL BY JURY IN ANY CLAIM, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY CONSIGNOR AND CONSIGNEE (AND CONSIGNEE'S GUARANTORS, IF APPLICABLE), AND THEIR AFFILIATES. NOTHING IN THIS PARAGRAPH SHALL AFFECT THE APPLICATION OF SECTIONS 11(a) AND (b). NEITHER CONSIGNEE (AND CONSIGNEE'S GUARANTORS, IF APPLICABLE), CONSIGNOR, NOR THEIR AFFILIATES, SHALL SEEK TO LITIGATE AGAINST EACH OTHER, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, OR THE RELATIONSHIP BETWEEN THE PARTIES. NO LITIGATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN CONSIGNEE (AND CONSIGNEE'S GUARANTORS, IF APPLICABLE) AND CONSIGNOR, AND THEIR AFFILIATES, AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, CONSIGNEE OR CONSIGNOR, UNLESS BOTH CONSIGNEE AND CONSIGNOR CONSENT IN WRITING. CONSIGNOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. CONSIGNEE (AND CONSIGNEE'S GUARANTORS AND AFFILIATES, IF APPLICABLE) AGREE AND ACKNOWLEDGE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, THE RIGHTS OR OBLIGATIONS OF THE PARTIES, THE RELATIONSHIP BETWEEN THE PARTIES, OR THE STORE OR THE CONSIGNMENT INVENTORY, LOTTERY TICKETS, ENERGY, OR ENERGY EQUIPMENT, WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

(d) WAIVER OF CERTAIN DAMAGES. EXCEPT WITH RESPECT TO CONSIGNEE'S AND GUARANTORS' OBLIGATIONS TO INDEMNIFY THE CONSIGNOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT AND THE EXCEPTIONAL CLAIMS CONSIGNOR MAY BRING, CONSIGNOR AND CONSIGNEE (AND CONSIGNEE'S GUARANTORS AND AFFILIATES, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, CONSIGNOR SHALL, ITS AFFILIATES, AND ITS REPRESENTATIVES NOT

BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO THE STORE, CONSIGNMENT INVENTORY, LOTTERY TICKETS, ENERGY, OR ENERGY EQUIPMENT, GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION THEREOF) PROVIDED BY CONSIGNOR, CONSIGNOR'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY CONSIGNOR OR THEM.

(e) Remedies Cumulative. All rights and remedies conferred upon the parties by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

(f) Consent. Whenever Consignor's consent or approval is required under this Agreement, unless the provision specifically indicates otherwise, Consignor shall have the right to withhold approval at Consignor's option. Consignor may withhold any and all consents or approvals required by this Agreement if Consignee is in breach or default of this Agreement. Consignor's consent and approvals are not effective unless given in writing and signed by a duly authorized representative. In no event may Consignee make any claim for money damages based upon any claim that Consignor unreasonably withheld or delayed any consent or approval to any proposed act by Consignee under the terms of this Agreement. Consignee also shall not claim damages by way of set-off, counterclaim, or defense for withholding of Consignor's consent.

(g) Relief in Equity. Consignee agrees that neither termination of this Agreement, nor an action at law, nor both, would be an adequate remedy for the following (the "Exceptional Claims"): (i) Claims by any of the Consignor Indemnified Parties for indemnification; (ii) any monies owed to Consignor or its affiliates by Consignee, (iii) a cross default under any other agreement between Consignee and Consignor's affiliates, (iv) or the obligations of Consignee, Guarantors, their affiliates, and such other persons upon and after termination of this Agreement, (v) Consignee's defaults under Sections 2, 3(c), 3(d), 3(f) of this Agreement, or (vi) Consignee's default under any lease with Consignor or Consignor's exercise of any rights to enforce the terms of a lease with Consignee. The parties therefore agree that in the event of any such Exceptional Claim, in addition to all other remedies provided elsewhere in this Agreement or by law, Consignor shall be entitled to immediate relief in equity from a judge (including a receiving or enforcing a temporary restraining order, temporary or preliminary injunction, or permanent mandatory or prohibitory injunction) without first seeking mediation to restrain the continuation of the action constituting the Exceptional Claim or to compel compliance with such provisions of this Agreement.

(h) Lease Claims. Notwithstanding anything in this Section 11 or Agreement to the contrary, nothing shall require Consignor to first mediate any dispute or claim between Consignor, Consignee as tenant, Guarantors, or their affiliates (whether in contract, tort, or otherwise) arising out of or relating to the lease between Consignor and Consignee as tenant, any breach of such lease, the rights and obligations of the parties under the lease, or the relationship between the parties under the lease (the "Lease Claims").

[Signature Page Follows]

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

CONSIGNOR:

M. M. FOWLER, INC.

By: _____
M. LEE BARNES, JR., President _____, Witness

CONSIGNEE:

[Print Name of Business Entity] _____, Witness

By: _____
Print Name: _____
Title: President

GUARANTORS:

Print Name: _____, Witness

Print Name: _____, Witness

Print Name: _____, Witness

EXHIBIT I

CAR WASH ADDENDUM TO FRANCHISE AGREEMENT

THIS CAR WASH ADDENDUM (“Addendum”), made as of _____, (“Effective Date”) by and between M. M. FOWLER, INC., a North Carolina corporation (“M. M. Fowler”), having a principal office at 4220 Neal Road, Durham, North Carolina 27705; FAMILY FARE, LLC, a North Carolina limited liability company (“Caroco”) having a principal office at 4220 Neal Road, Durham, North Carolina 27705; and _____, a _____ (“Franchisee”), having a business mailing address at _____.

RECITALS:

1. Caroco and Franchisee, as of even date herewith, entered into a Franchise Agreement for Franchisee to be licensed as a “Caroco” convenience store engaged in the sale of food, petroleum and other products to the public (“Franchise Agreement”) for that certain store (“Store”) located at _____ (“Store Location”).
2. The Store premises contain a car wash facility and equipment (“Car Wash”) owned by M. M. Fowler or a third-party.
3. M. M. Fowler desires that Franchisee promotes the Car Wash and perform certain services related to the Car Wash, and Franchisee desires to perform such services in exchange for the consideration set forth in this Addendum.

NOW, THEREFORE, the parties do hereby agree as follows:

1. Franchisee agrees to supervise the operation of the Car Wash in compliance will all procedures established from time to time by M. M. Fowler as a service incidental to the Store and to use its best efforts to promote the use of the Car Wash during all hours the Store is open for business.
2. Car Wash services shall be made available to customers at retail prices established by M. M. Fowler, in its sole discretion, which retail prices may be adjusted from time to time. Title to the proceeds of the Car Wash sales shall at all times be vested in and belong to M. M. Fowler and the use and control thereof by Franchisee shall be as trustee for the use and benefit of M. M. Fowler and not otherwise. The sales of the Car Wash services shall not be included in the “Gross Sales” of the Store, as that term is defined in the Franchise Agreement but shall instead be included in “M. M. Fowler’s Revenue,” as that term is defined in the Franchise Agreement. Franchisee shall account to M. M. Fowler for the Car Wash services and record, report the receipt and sale of, and deposit all proceeds from all sales of the Car Wash services as instructed by M. M. Fowler. Franchisee shall be accountable and responsible to M. M. Fowler for the difference between the reported sales of the Car Wash and the proceeds delivered to M. M. Fowler from such sales.
3. Franchisee will not be responsible for the costs of maintenance and repair of the Car Wash and for the cost of all detergent, wax and other products necessary for the operation of the Car Wash; provided, Franchisee will be responsible for maintaining appropriate levels of chemicals necessary for the Car Wash, changing the posted prices of the Car Wash services, selling Car Wash services to customers, providing Car Wash authorization codes to customers,

changing money for customers to allow them to use the Car Wash, reporting to M. M. Fowler any malfunctions with the Car Wash, and conducting other functions M. M. Fowler requires in the promotion and use of the Car Wash.

4. M. M. Fowler shall be responsible for all utilities used in connection with the Car Wash, all taxes relating to the Car Wash, and all labor materials necessary for the maintenance and repair of the Car Wash, unless occasioned by the negligence or willful conduct of Franchisee or its agents, representatives, or employees.

5. As compensation for the services performed and the promotion and supervision of the Car Wash by Franchisee, M. M. Fowler shall pay Franchisee a monthly commission payment, which commission payment shall be calculated as twelve percent (12%) of monthly gross Car Wash sales in dollars (minus any customer refunds). The commission provided for herein shall be paid on a monthly accounting period as provided in the Franchise Agreement and Franchisee authorizes M. M. Fowler to offset against any such amounts owed to Franchisee any amounts owed to Caroco under the Franchise Agreement or otherwise and any amounts owed to M. M. Fowler.

6. M. M. Fowler shall have no liability for failure for any reason to make the Car Wash available to customers of the Store. M. M. Fowler, in its sole discretion, and at any time and for any reason, may discontinue the Car Wash or remove the Car Wash. M. M. Fowler shall not pay Franchisee, or be liable to Franchisee for, any commissions or other payments for such time as the Car Wash is discontinued or removed.

7. The term of this Addendum shall commence on the date first above written and terminate:

(a) On the date that either (i) Franchisee receives notice that this Addendum is terminated due to a default in the performance of Franchisee's obligations under this Addendum or the Franchise Agreement, (ii) the termination, expiration or non-renewal of the Franchise Agreement is effective, or (iii) the termination, expiration or non-renewal of the Lease Agreement between M. M. Fowler and Franchisee is effective, or

(b) Immediately, if in the decision of M. M. Fowler, in its sole discretion, that its rights in the Car Wash are, or may become, impaired or in jeopardy, to whatever degree.

8. This Addendum may not be assigned by Franchisee without the written consent of M. M. Fowler; it may not be changed, amended, modified or discharged except in writing signed by all parties hereto; may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument; and invalidation of any one or more of the provisions of this Addendum shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Franchisee authorizes M. M. Fowler to prepare and file any UCC-1 financing and continuation statements without any separate or additional consent of Franchisee.

9. This Addendum shall be considered part of the Franchise Agreement and the choice of law and dispute resolution terms of the Franchise Agreement will apply. All defined terms not otherwise herein defined shall have the meaning assigned to them in the Franchise Agreement.

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

CAROCO:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President _____, Witness

M. M. FOWLER:

M. M. FOWLER, INC.

By: _____
M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

EXHIBIT J

GAMES OF SKILL ADDENDUM TO FRANCHISE AGREEMENT

THIS GAMES OF SKILL ADDENDUM (“Addendum”), made as of _____, (“Effective Date”) by and between M. M. FOWLER, INC., a North Carolina corporation (“M. M. Fowler”), having a principal office at 4220 Neal Road, Durham, North Carolina 27705; FAMILY FARE, LLC, a North Carolina limited liability company (“Caroco”) having a principal office at 4220 Neal Road, Durham, North Carolina 27705, and _____, a _____ (“Franchisee”), having a business mailing address at _____.

RECITALS:

1. Caroco and Franchisee, as of even date herewith, entered into a Franchise Agreement for the Franchisee to be licensed as a “Caroco” convenience store engaged in the sale of food, petroleum and other products to the public (“Franchise Agreement”) for that certain store (“Store”) located at _____ (“Store Location”).

2. Franchisee desires to offer games of skill machines (“Games”) at the Store and M. M. Fowler is willing to allow Franchisee to offer Games in exchange for the consideration set forth in this Addendum.

NOW, THEREFORE, the parties do hereby agree as follows:

1. M. M. Fowler will contract with one or more approved vendors (“Supplier”) who shall provide Games to the Store Location, which Games will be installed by Supplier. Franchisee shall at all times maintain the Games in the manner installed by Supplier as approved by Caroco. Supplier will be responsible for the costs of maintenance and repair of the Games. Franchisee shall permit Supplier to enter the Store Location to fulfill Supplier’s maintenance and operational obligations. Franchisee shall not move or attempt to move the Games from the Store Location.

2. Franchisee agrees to supervise the operation of the Games in compliance with (a) all laws, rules, and regulations applying to Games and (b) all procedures and requirements established from time to time by M. M. Fowler or Supplier. Franchisee agrees to maintain records as M. M. Fowler or Supplier requires for the use of, winnings paid out from, and proceeds of the Games.

3. Title to the Net Proceeds (defined below) of the Games shall at all times be vested in and belong to M. M. Fowler and the use and control thereof by Franchisee shall be as trustee for the use and benefit of M. M. Fowler and not otherwise. Franchisee shall receive a commission for supervising the operation of the Games equal to fifty percent (50%) of Net Proceeds (defined below). “Net Proceeds” means the proceeds that M. M. Fowler receives after all payouts to game winners and all additional expenses for the Games have been paid including payment of all taxes or duties due from the operation of the Games.

4. The proceeds of the Games shall not be included in the “Gross Sales” of the Store, as that term is defined in the Franchise Agreement but shall instead be included in “M. M. Fowler’s Revenue,” as that term is defined in the Franchise Agreement. Franchisee shall account to M. M. Fowler for the Games proceeds and payouts to winning customers. Franchisee shall record, report the receipt and sale of, and deposit all proceeds from the Games as instructed by M. M.

Fowler. Franchisee shall be accountable and responsible to M. M. Fowler for the difference between the reported sales of the Games and the proceeds delivered to M. M. Fowler from such sales.

5. Franchisee shall be solely responsible for paying out the winnings from the Games to the winning customers in cash. Any transaction utilizing any other payment method is subject to a fee to M. M. Fowler of One Hundred Dollars (\$100) and revocation by M. M. Fowler of any commission that would have been due to Franchisee had the payment not been improper. Any risk of loss associated with paying out the winnings from the Games at the Store is solely borne by the Franchisee. M. M. Fowler shall have no liability for failure for any reason to make the Games or winning payout amount available to customers of the Store.

6. Franchisee agrees to indemnify and hold harmless M. M. Fowler; M. M. Fowler's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns of all fines and penalties for violations of any federal, state or local laws, ordinances or regulations relating to any alleged impermissible activity, including, but not limited to, unauthorized or illegal sale of games of skill. Franchisee shall orally report to M. M. Fowler within twenty-four (24) hours the receipt of any notice of violation.

7. The Franchise Agreement is hereby amended to add the following:

Franchisee shall be in default and Caroco may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the earlier of Franchisee's receipt of notice of termination from Caroco, same day if hand delivered, or two (2) days after mailing of such notice by Caroco, upon the occurrence of any of the following events:

(a) Franchisee knowingly or intentionally maintains false books or records or submits any false records, statement, or report to Caroco relating to the Games.

(b) Franchisee knowingly or intentionally distributes winnings payouts or the proceeds from the Games in a manner contrary to M. M. Fowler's or Supplier's instructions, procedures, or communications.

(c) Franchisee intentionally misuses or damages the Games.

(d) Without prior written approval from Caroco, Franchisee advertises the Games outside of the Store Location.

8. The term of this Addendum shall commence on the date first above written and terminate:

(a) On the date that either (i) Franchisee receives notice that this Addendum is terminated due to a default in the performance of Franchisee's obligations under this Addendum or the Franchise Agreement, (ii) the termination, expiration or non-renewal of the Franchise Agreement, or (iii) the termination, expiration or non-renewal of the Lease Agreement between M. M. Fowler and Franchisee, or

(b) Immediately, if M. M. Fowler, in its sole discretion, decides for any reason to discontinue the Games at the Store.

9. Upon termination of this Addendum or upon any notice from M. M. Fowler, Franchisee shall cease to operate the Games and shall prevent any customers from using the Games. M. M. Fowler shall not pay Franchisee, or be liable to Franchisee for, any payments for such time as the Games are discontinued or removed.

10. This Addendum may not be assigned by Franchisee without the written consent of M. M. Fowler; it may not be changed, amended, modified or discharged except in writing signed by all parties hereto; may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument; and invalidation of any one or more of the provisions of this Addendum shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Franchisee authorizes M. M. Fowler to prepare and file any UCC-1 financing and continuation statements without any separate or additional consent of Franchisee.

11. This Addendum shall be considered part of the Franchise Agreement and the choice of law and dispute resolution terms of the Franchise Agreement will apply. All defined terms not otherwise herein defined shall have the meaning assigned to them in the Franchise Agreement.

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

CAROCO:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President _____, Witness

M. M. FOWLER:

M. M. FOWLER, INC.

By: _____
M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

EXHIBIT K

INITIAL FRANCHISE FEE PROMISSORY NOTE AND SECURITY AGREEMENT

\$ _____

_____ (Date)

FOR VALUE RECEIVED, the undersigned, _____, a _____ (“Franchisee”), promises to pay to the order of FAMILY FARE, LLC, (“Franchisor”) whose address is 4220 Neal Road, Durham NC 27705, the principal sum of _____ DOLLARS (\$_____.00), together with interest thereon from date at the rate of _____ percent (_____%) per annum and the principal and interest shall be due and payable as follows:

In twenty-four (24) equal monthly installments of \$_____ commencing on a day thirty (30) days from the date hereof and a like amount on such day each and every successive month thereafter until all unpaid principal and accrued interest are paid in full.

1. Application of Payments.

Each payment made by Franchisee hereunder shall, unless otherwise provided, be applied first to the payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

2. Prepayment.

This Note may be prepaid in full or in part, without penalty or premium. In the event of prepayment in part, Franchisee shall apply such prepayment first to the payment of accrued interest, then to the unpaid principal balance.

3. Default.

Upon the occurrence of one or more defaults as defined below, Franchisor shall have the option of declaring immediately due and payable the entire principal balance outstanding hereunder, together with all accrued but unpaid interest thereon. Any one of the following shall be a default:

(a) Franchisee shall default in any payment of principal or interest and such default shall continue for a period of ten (10) days;

(b) Franchisee shall default under the terms of the Caroco Franchise Agreement entered into by and between Franchisor and Franchisee (“Franchise Agreement”); or

(c) Franchisee shall default in the payment of any other obligation due Franchisor.

The holder of this Note may exercise this option to accelerate at any time during any such default, regardless of any prior forbearance, and the acceptance of one or more installments from any person thereafter shall not constitute a waiver of this option.

4. Default Rate.

Subsequent to the occurrence of a default hereunder and if Franchisor has accelerated the due date of the principal hereof because of such default until the total principal and accrued interest shall have been fully paid, interest on the unpaid principal balance hereof shall accrue at the default rate equal to the lesser of (i) the maximum rate allowable at law or (ii) eighteen percent (18%) per annum.

5. Security Interest and Lien.

Franchisee hereby grants to Franchisor a lien on and security interest in any goods, wares, equipment, inventory, fixtures and other personal property used by and belonging to the Franchisee in the operation of a Caroco convenience store. The security interest is granted for the purpose of securing the obligations due hereunder and any other debt, obligation and liability due by Franchisee to Franchisor, however created, wherever now or hereafter existing, whether due or not due and of any source or nature. Upon Franchisee's failure to pay this Note or failure to pay any indebtedness due Franchisor, Franchisor may, in addition to the remedies available under law, take possession of the above-mentioned property without liability for trespass or conversion and may sell the same with or without notice at public or private sale and apply the proceeds therefrom less any and all expenses, as a credit against any sums due by Franchisee to Franchisor whether arising hereunder or otherwise. Franchisee agrees to the recording from time to time of financing statements (UCC-1) for the purpose of serving notice to third parties of the security interest herein granted.

6. Right of Offset.

In the event of default, Franchisor may offset the amount due hereunder against any amount due by Franchisor to Franchisee. Franchisee authorizes Franchisor and waives any right to prior notices of Franchisor's exercise of such right of offset and Franchisor's right to apply all funds due Franchisee by Franchisor to pay what Franchisee owes under the terms of this Note.

7. Guaranty.

To induce Franchisor to accept this Note and because of the direct benefit to the Guarantor(s), the Guarantor(s) executing this Note hereby agree as follows: (a) to unconditionally guarantee to Franchisor the full and punctual performance by Franchisee of all terms, covenants and conditions which are to be performed by Franchisee under this Note; (b) to waive notice of any breach or default by Franchisee; (c) to promptly perform any term, covenant or condition not performed by Franchisee; and (d) to pay all expenses, including, without limitation, reasonable attorney's fees and costs, paid or incurred by Franchisor to enforce its rights under this Guaranty or against the Franchisee. This Guaranty shall be direct, unconditional, irrevocable and the primary obligation of the Guarantor(s), allowing Franchisor to proceed directly against Guarantor(s) without first proceeding against Franchisee, and the Guarantor(s) specifically waive any and all rights or defenses given at law or in equity. The obligation of the Guarantor(s) shall not be released or diminished by any subsequent modification of this Note.

8. Costs and Expenses.

Franchisee agrees to pay immediately upon Franchisor's demand therefor all reasonable costs and expenses incurred at any time by Franchisor, including, without limitation, reasonable attorneys' fees, in connection with collecting the indebtedness due hereunder. Without limiting other situations in which Franchisor may properly incur such reimbursable costs and expenses, Franchisor's reasonable costs and expenses incurred in each of the following circumstances shall be included within this obligation: (a) if after any default described in paragraph 3 hereof, Franchisor employs an attorney to collect the indebtedness due hereunder or to enforce any of its rights or remedies under this Note; or (b) if Franchisor finds it necessary or desirable upon any such default to obtain the services or advice of his attorneys with regard to the collection of the indebtedness due hereunder or the enforcement of his rights or remedies regardless of whether an actual collection action is filed or the indebtedness accelerated. The term "reasonable attorneys' fees" shall include attorney's fees incurred by Franchisor, whether or not suit is brought, and if suit is brought, shall include attorney's fees at trial and on appeal. The amount of such reasonable attorneys' fees shall be determined on the basis of actual time expended and services actually performed by such attorneys at their customary hourly billing rates and shall not exceed the amount established by the statutory presumption contained in N.C.G.S. § 6-21.2.

9. Release.

In consideration for the value received, Franchisee, for itself, and its respective heirs, successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively referred to as "Franchisor Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or the Franchisor Parties, however characterized or described, from the beginning of time until the date of this Note.

10. Waiver.

All parties liable for payment of the indebtedness due hereunder, whether accommodation makers, sureties, endorsers, guarantors, or other parties, hereby waive presentment, demand, protest, notice of protest, nonpayment, dishonor and acceleration of maturity and agree the time for payment of this Note may be extended from time to time, that this Note may be renewed from time to time, and that any collateral that secures the payment of this Note may be released, all without notice to them and without affecting, in any manner, their liability for payment of this Note.

11. Rights Cumulative.

The rights and remedies of Franchisor as provided in this Note shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of Franchisor. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

12. Severability.

In the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part, or in any respect, or in the event any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in any of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

13. Governing Law.

The choice of law and dispute resolution terms of the Franchise Agreement will apply to this Note.

14. Captions and References.

The captions of the paragraphs in this Note are for the purposes of convenience only and are not intended to be part of this Note and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Franchisee and Guarantor(s) have caused this Promissory Note to be executed under seal, this the day and year first above written.

FRANCHISEE:

[Print Name of Business Entity]

_____, Witness

By: _____

Print Name: _____

Title: President

GUARANTORS:

Print Name: _____

_____, Witness

Print Name: _____

_____, Witness

Print Name: _____

_____, Witness

EXHIBIT L

SAMPLE FULL AND FINAL GENERAL RELEASES

Current Form; Subject to Change

This GENERAL RELEASE (“Release”) is made and executed by _____ a _____, (“Franchisee”) and the undersigned Guarantors, in their individual capacities as Guarantors of Franchisee, as of _____ (“Effective Date”).

WHEREAS, Franchisee entered into a franchise agreement dated _____ with FAMILY FARE, LLC (“Franchise Agreement”) and FAMILY FARE, LLC is now permitting Franchisee to [RENEW OR TRANSFER] the Franchise Agreement;

WHEREAS, Franchisee entered into a lease agreement dated _____ (“Lease”) with M. M. Fowler, Inc. and M. M. Fowler, Inc. is now permitting Franchisee to [RENEW OR TRANSFER] the Lease;

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, Franchisee and Guarantors agree as follows:

Franchisee and Guarantors, for themselves and each of their past and present parents, affiliates, and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, heirs, executors, administrators, successors, and assigns, and on behalf of any other party claiming an interest through them, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge FAMILY FARE, LLC and M. M. Fowler, Inc., and each of their predecessors, parents, affiliates, and subsidiaries, and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of time through the Effective Date (collectively, the “Claims”), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of any agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor’s intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor

acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Release and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Release.

This Release is and shall be and remain a full, complete and unconditional general release.

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

GUARANTORS:

Print Name: _____, Witness

Print Name: _____, Witness

Print Name: _____, Witness

[Signatures Continue on Following Page]

Acknowledged by:

FAMILY FARE, LLC

By: _____

_____, Witness

M. LEE BARNES, JR., President

M. M. FOWLER, INC.

By: _____

M. LEE BARNES, JR., President

_____, Witness

EXHIBIT M

ACH/EFT AGREEMENT



I (we) hereby authorize M. M. Fowler, Inc. (The Company) to initiate the entries to my (our) business checking account at the financial institution listed below (The Financial Institution), and, if necessary, initiate adjustments for any transaction credited/debited in error. This authority will remain in effect until The Company is notified by me (us) in writing to cancel it in such time as to afford The Company and The Financial Institution a reasonable opportunity to act on it.

Print Business Checking Account Name

Print Name of Financial Institution

Print Address of Financial Institution - Branch, City, State & Zip

Authorized Signature

Date

Title

Financial Institution Routing Number: _____

Business Checking Account Number: _____

These numbers are located on the bottom of your check as follows:

|: 123456789
Routing Number

|: 1234567890123 "
Account Number

Please attach a copy of a voided check to this ACH Authorization Form.

EXHIBIT N

REFERRAL PROGRAM PARTICIPATION AGREEMENT

Current Form (Subject to Change)

IN CONSIDERATION for participation in the Caroco Referral Program ("Program"), I hereby agree to these terms ("Agreement") as follows, effective as of _____:

Any prospective franchisee for whom I want to receive credit for participating in the Program must be identified to Caroco in writing no less than thirty (30) days prior to the prospective franchisee being approved for participation in the Program. Credit will only be awarded for referred prospective franchisees who are ultimately awarded a franchised location where Family Fare or Caroco did not previously have a franchisee operating the location.

While participating in the Program, any prospective franchisee referred by me must be employed by me and pre-identified to Caroco, approved by Caroco as a Program participant, and trained by me to a level satisfactory to Caroco.

Additionally, I agree to provide such other additional training as deemed necessary by Caroco to effectively prepare the prospective franchisee to be awarded a franchise.

If prospective franchisee is not awarded a franchise within _____ months after being identified as a Program participant, no compensation shall be due to me.

If deemed eligible under the Agreement, I will receive compensation of Five Thousand Dollars (\$5,000) paid in Five Hundred Dollar (\$500) intervals per month over a 10-month period upon execution of the prospective franchisee's franchise agreement or such other compensation as designated by Caroco with thirty (30) days prior written notice to me. In the event the prospective franchisee terminates the Franchise Agreement or has its Franchise Agreement terminated by us for any reason during the 10-month period, the payments will cease.

Caroco has the right to cancel my participation in the Program with thirty (30) days prior written notice. Caroco has the right to modify or cancel the Referral Program at any time.

FRANCHISEE:

[Print Name of Business Entity]

By: _____

Print Name: _____

Title: President

Print Store Name: _____

EXHIBIT O

SAMPLE AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

Current Form (Subject to Change)

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER (“Agreement”) is made among FAMILY FARE, LLC (“Franchisor”), _____ (“Seller”), and _____ (“Buyer”), and, if any, the undersigned Seller Guarantors, effective as of the Effective Date as defined on the signature pages hereto.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated _____ (“Seller Franchise Agreement”), governing the operation of the business (“Store”) located at _____ (“Store Location”);

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated _____, (as amended, the “Buyer Franchise Agreement”);

C. Seller has notified Franchisor that it has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Store (“Interests”) and, further, that Buyer has agreed to assume the obligations of the Seller Franchise Agreement with regard to the Store (collectively, the “Transfer”) and that \$ _____ (“Purchase Price”) will be paid to Seller by Buyer subject to the conditions for Franchisor’s approval of transfer set forth in the Seller Franchise Agreement, which Purchase Price constitutes any and all consideration paid to Seller by Buyer whether by cash, credit, check, electronic funds transfer, script, or barter.

D. Seller agrees to pay to Franchisor the transfer fee as provided for in the Seller’s Franchise Agreement (“Transfer Fee”), which will be deemed earned and payable to Franchisor upon execution of this Agreement.

E. Seller agrees to pay _____ as a transfer cleaning fee (“Transfer Cleaning Fee”). Franchisor shall return the transfer cleaning fee to Seller within one (1) year of the date of the transfer, less any amounts that are used by Franchisor to clean the Store.

F. Seller and Buyer agree that no payment or exchange outside of the Purchase Price set forth herein will take place to effectuate the transfer, and that the entire Purchase Price will be deemed earned and payable to Seller upon execution of this Agreement.

G. Seller and the guarantors of the obligations of Seller (“Seller Guarantors”) have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

H. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date.** The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

2. **Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the Seller Franchise Agreement, a copy of which has been provided to Buyer.

3. **Conditional Consent; Release of Guaranty.** The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Closing (defined below). Notwithstanding the foregoing, the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement, including without limitation the transfer damages, post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement (collectively, the "Surviving Provisions"), shall survive this Agreement and the termination of the Seller Franchise Agreement, and the Seller and the Seller Guarantors shall remain bound by the Surviving Provisions. Furthermore, Seller's and Seller Guarantors' right to the consent and release described in this Section are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

a. **Franchise Agreement.** The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Store will thereafter be governed by the Buyer Franchise Agreement;

b. **Payment of Amounts Due.** Seller will pay all amounts due and owing to Franchisor through the date of Closing;

c. **Transfer Fee.** Seller shall pay Transfer Fee as provided in the Seller Franchise Agreement and calculated by Franchisor;

d. **Transfer Cleaning Fee.** Seller shall pay a Transfer Cleaning Fee as well, in the amount of \$_____;

e. **Training.** Buyer shareholders shall satisfactorily complete the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

f. **Store Possession.** Prior to Closing and changing possession of the Store, Seller and Buyer shall obtain the written consent of Franchisor to change possession;

g. **Buyer Loans.** Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Store; and

h. Store Possession. Prior to Closing and changing possession of the Store, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. Waiver of Right of First Refusal. Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. Release of Franchisor. Seller, the Seller Guarantors and Buyer (“Releasing Parties”), and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor; Franchisor’s predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, (“Released Parties”), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties from the beginning of time through the date of Closing, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein. Further, the Releasing Parties covenant not to sue any of the Released Parties on any of the claims released by the preceding sentence and represent they have not assigned any such claims released by the preceding sentence to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Released Parties.

6. Termination of Seller Franchise Agreement and Guaranties. Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the transfer damages, post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. Acknowledgment. Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer’s purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer’s responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer’s purchase of the Interests from Seller.

8. Additional Documents. Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. Miscellaneous Provisions. The choice of law and dispute resolution terms of the Seller Franchise Agreement will apply. Buyer and Seller consent to personal jurisdiction and venue in the state court of competent jurisdiction located in the city of Franchisor's then-current principal place of business (currently, Durham, North Carolina) and waive, and agree not to assert, move or otherwise claim that the venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including any claim under the judicial doctrine of forum non conveniens). This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. Non-Disparagement. In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of the Released Parties or their respective current and former franchisees, any brands owned by or related to Franchisor, the system set forth in the then current Franchise Agreement, or any other service-marked or trademarked concept of Franchisor, or which would subject the brand of Franchisor or affiliates to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

[SIGNATURE PAGE FOLLOWS]

THUS signed by the parties shown below and made effective as of the Effective Date.

SELLER:

[Print Name of Business Entity]

_____, Witness

By: _____

Print Name: _____
Title: President

SELLER GUARANTORS:

Print Name: _____

_____, Witness

Print Name: _____

_____, Witness

Print Name: _____

_____, Witness

BUYER:

[Print Name of Business Entity]

_____, Witness

By: _____

Print Name: _____
Title: President

[Signatures Continue on the Following Page]

ACCEPTED BY FRANCHISOR:

FAMILY FARE, LLC

By: _____

M. LEE BARNES, JR., President

_____, Witness

Date*: _____

* This date is the Effective Date

EXHIBIT P

SAMPLE DISCLOSURE LETTER TO PROSPECTIVE TRANSFEREE

Current Form (Subject to Change)

SUBJECT: Purchase of Interest in Franchise for FAMILY FARE, LLC (“we,” “us,” or “our”)
_____ Store (Store No. _____) (“Store”) from
_____, (“Present Franchisee”).

Dear _____: Prospective Transferee(s) (“you” or “your”).

We understand that you are considering purchasing the interest of Present Franchisee in the franchise for the Store, and that you plan to pay the Present Franchisee, as a premium or “goodwill,” an amount in addition to the costs of the assets used in the business and the amounts owing directly to Caroco. In addition to the information concerning the Caroco system, which we have presented or will present to you, Caroco wants to be sure that, before you sign a Caroco Franchise Agreement (“Agreement”) for the Store and before you agree to purchase the Present Franchisee’s interest in the franchise, you understand and have carefully considered the following:

(1) You will be required to execute a new Agreement and lease in the form currently being offered by Caroco to prospective franchisees at the time of the transfer or, at Caroco’s sole option, you will be assigned and assume the existing Agreement executed by Present Franchisee, but containing the current franchise fee, initial investments, Caroco Charge, lease terms and all other financial terms. The term of your franchise agreement will equal the following unless otherwise agreed in writing by Caroco: (i) If Present Franchisee is in the initial term of the Agreement, the remainder of the Initial Term as defined in the Present Franchisee’s Agreement and the right to exercise the renewal term as provided for in the Agreement, or (ii) if the Present Franchisee is in their renewal term, the remainder of the Present Franchisee’s renewal term. Under no circumstances will your Agreement grant you additional term beyond the applicable Initial Term or renewal term, as the case may be, enjoyed by Present Franchisee.

(2) The Present Franchisee is not an agent or representative of Caroco in connection with the transaction with you, and any information, statistics or representations concerning the Store, the Agreement or operations there under made to you by the Present Franchisee are not to be considered as being made by, or imputed to, Caroco.

(3) No statements or representations made to you by the Present Franchisee as to the operations of the franchise business, including, but not limited to, expected sales volume, profitability or income, have been authorized by Caroco, and your relationship with Caroco will be governed solely by the terms of your Agreement.

(4) The amount you pay the Present Franchisee for the premium or “goodwill” will not be considered by Caroco as part of your investment in the franchise or an asset or operating expense of the franchise business. In this respect, the business will be considered the same as though the franchise were obtained directly from Caroco, in which case you would not have been charged anything for the premium or “goodwill.”

(5) In addition to meeting Caroco’s general qualifications, to qualify for a franchise, you must satisfactorily complete training as set out in the Agreement.

(6) Arrangements satisfactory to Caroco must be made by the Present Franchisee for the payment to Caroco of any amount due or to become due from the Present Franchisee, which may include the payment of the “goodwill” by you directly to Caroco to be credited to the open account for the Present Franchisee.

(7) Your premium or goodwill payment will have no effect on the right of Caroco to terminate your Agreement pursuant to its terms or renew your Agreement. Upon termination, we will have no obligation to compensate you for the purchase price you paid to the Present Franchisee.

(8) Your Agreement with Caroco will not become effective until the Present Franchisee voluntarily relinquishes possession of the Store to Caroco and executes Caroco's form of transfer agreement, which includes a release.

(9) Once your Agreement with Caroco becomes effective, the Present Franchisee will have no further interest or claim in or to the Store, the franchise, or any assets used or acquired in conjunction therewith.

(10) Economic conditions of the trade area, store conditions, location and other circumstances at such time as you or Caroco terminates your Agreement, or it expires, will determine the amount, if any, you may realize as a premium or goodwill should you decide to sell your interest in the franchise to another person, subject to the assignment conditions in your Agreement.

(11) Under the terms of the Agreement, if you initiate legal action against Caroco and do not prevail on the claim, you will pay the legal fees Caroco incurs to defend against the action.

In consideration of Caroco processing your application for a franchise for the captioned location, you have agreed to and hereby waive, as against Caroco; Caroco's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, and release them from, any claims or causes of action which you, your heirs, legal representatives, successors or assigns have, or which may arise at any time, whether: (i) based upon any representation made to you by anyone other than Caroco (specifically including the Present Franchisee), directly or indirectly concerning the Store Location or the Agreement or (ii) in connection with any premium or goodwill payment to the Present Franchisee. Please sign and return to Caroco the enclosed copy of this Disclosure Letter to acknowledge that you have received and read it, that you understand its content, that no representations contrary hereto have been made to you by Caroco, or the Present Franchisee, and that you are executing same of your own free will and choice, intending to be legally bound.

Very truly yours,

FAMILY FARE, LLC

M. LEE BARNES, JR., President

[Prospective Transferee Signature on Following Page]

Print Name: _____
Prospective Transferee

Print Name: _____
Prospective Transferee

Print Name: _____
Prospective Transferee

Print Name: _____
Prospective Transferee

EXHIBIT Q

FIRST ADDENDUM TO TRANSFEREE FRANCHISE AGREEMENT*
(to be signed by a transferee concurrently with the Franchise Agreement)

***CURRENT FORM; SUBJECT TO CHANGE**

THIS FIRST ADDENDUM (“Addendum”) to the Franchise Agreement dated as of the Effective Date (“Agreement”) between FAMILY FARE, LLC (“Franchisor”) and _____ (“Franchisee”) is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. **Store Location.** The Store Location is: _____.
2. **Initial Term.** The first sentence of Section 2(a) of the Agreement shall be deleted and restated in its entirety as follows:

(a) **Initial Term.** Unless terminated earlier as provided for herein, the Initial term of this Agreement (the “Term” or “Initial Term”) and of the right, franchise and license herein granted shall be for a term that commences on the Effective Date the Store was originally franchised to a franchisee and terminates or expires the earliest of (i) _____, (ii) the date upon which Caroco’s affiliate sells, exchanges, or transfers to a non-affiliate the leased or owned real estate where the Store is located, (iii) the date that is, in Caroco’s affiliate’s discretion, up to ninety (90) days prior to the expiration of Caroco’s affiliate’s lease for the real estate in the event Caroco’s affiliate is subleasing the real estate to Franchisee, or (iv) the date upon which Caroco’s affiliate sells its non-real estate holdings, defined as disposing of the majority of its operating tangible personal property and business goodwill, or the stockholders of Caroco’s affiliate elect to sell and transfer all of their capital stock to a non-affiliate if, in either such event, Caroco elects, in Caroco’s sole discretion, to terminate this Agreement by paying Franchisee a termination payment equal to one (1) month’s worth of average monthly net revenue for the Store during the prior twelve (12) months less the Cost of Goods Sold, Continuing Royalties, Sales Tax, and the value of items not subject to Continuing Royalties (“Termination Payment”). Notwithstanding the foregoing, in the event the merchandising, promotions, or pricing standards established by this Agreement are deemed illegal or invalid at any time, Caroco shall have the right to unilaterally terminate this Agreement.

3. **Additional Term.** Sections 2(c) and 2(d) of the Agreement shall be amended (or not amended) as follows:

_____ [Check if the Franchisee has the right to a renewal term]: Sections 2(c) and 2(d) of the Agreement shall not be amended.

_____ [Check if the Franchisee has no right to a renewal term]: Sections 2(c) and 2(d) of the Agreement shall be deleted in their entirety and, notwithstanding anything in the Agreement to the contrary, Franchisee shall have no right to a Renewal Term.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISOR:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____
Print Name: _____
Title: President

EXHIBIT R

FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT*
(to be signed by a renewing franchisee concurrently with the Franchise Agreement)

***CURRENT FORM; SUBJECT TO CHANGE**

THIS FIRST ADDENDUM (“Addendum”) to the Franchise Agreement dated as of the Effective Date (“Agreement”) between FAMILY FARE, LLC (“Franchisor”) and _____ (“Franchisee”) is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. Store Location. Franchisor has previously approved the Store Location as required pursuant to the Agreement. The Store Location is: _____.

2. Commencement of Operations. Franchisor and Franchisee acknowledge that the Store has commenced operations as required pursuant to the Franchise Agreement.

3. Franchisor’s Development Assistance. Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor’s obligation to provide opening support services listed in the Agreement).

4. Additional Term. Sections 2(c) and 2(d) of the Agreement shall be deleted in their entirety and, notwithstanding anything in the Agreement to the contrary, Franchisee shall have no right to a Renewal Term.

5. Release. Franchisee, for itself, and its respective heirs, successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges Franchisor; Franchisor’s predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, (collectively referred to as “Franchisor Parties”) from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or the Franchisor Parties, however characterized or described, from the beginning of time until the date of this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISOR:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____

Print Name: _____
Title: President

EXHIBIT S

**RENEWAL OF CAROCO FRANCHISE
AND LEASE AMENDMENT***

(to be signed by a renewing franchisee in lieu of signing new franchise agreement in franchisor's discretion)

***CURRENT FORM; SUBJECT TO CHANGE**

THIS AMENDMENT ("Amendment") entered into the _____ day of _____, 20__, ("Effective Date") between FAMILY FARE, LLC, a North Carolina limited liability company ("Franchisor"); _____ as Franchisee and Tenant (collectively, "Franchisee"); and M. M. FOWLER, INC., a North Carolina corporation ("Landlord").

RECITALS:

A. Franchisor and Franchisee entered into a Caroco Franchise Agreement dated _____, wherein Franchisor granted to Franchisee a non-exclusive limited right, franchise and license to establish and operate a Caroco store at _____ ("Store"), with an Initial Term ending _____ ("Franchise Agreement").

B. Subject to compliance with the requirements set forth in the Franchise Agreement, the Franchise Agreement granted to Franchisee a single renewal term of five (5) years ("Renewal Term").

C. Franchisor and Franchisee have mutually agreed and consented to waive the conditions for the renewal as provided under Section 2(c)(v) and (vi) of the Franchise Agreement and Franchisee desires to exercise its right to renew the Franchise Agreement for the Renewal Term with an expiration on _____ by executing this Amendment to extend the term of the existing Franchise Agreement for the Renewal Term.

D. Simultaneously with the execution of the Franchise Agreement, Landlord and Franchisee as tenant entered into a lease agreement for the Store for a term expiring _____ ("Lease").

E. Landlord and Franchisee, as tenant, have agreed to extend the term of the Lease for an additional five (5) years with an expiration dated _____.

NOW, THEREFORE, in consideration of the mutual covenants of the parties herein contained and other good and valuable consideration, the receipt and sufficiency are hereby acknowledged, the parties agree as follows:

1. **Extension of Franchise Agreement.** The Franchise Agreement is hereby extended for one additional consecutive period of five (5) years from _____, through _____, and during such Renewal Term, all terms and conditions of the Franchise Agreement shall remain in effect, excepting therefrom Sections 2(c) and 2(d) which shall be deleted in their entirety.

2. **Waiver of Conditions.** Franchisor and Franchisee mutually agree and waive the conditions for the exercise and granting of the Renewal Term as provided in Section 2(c)(v) and (vi) of the Franchise Agreement.

3. **Extension of Lease.** The Lease dated _____, for the Store, including all fixtures and equipment located therein, is amended by extending the term for five (5) years beginning _____, and ending _____.

4. **Release.** Pursuant to the extension right granted Franchisee and Section 2(c)(vii) of the Franchise Agreement, Franchisee and Guarantor and their employees, officers, directors, members, shareholders and other representatives hereby fully and forever discharge Franchisor and Landlord; Franchisor's and Landlord's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, ("Released Parties"), from any and all claims, demands, actions and damages of every kind and nature, whether known or unknown, which they may have against the Released Parties as of the Effective Date of this Amendment, or which may thereafter be discovered, accrued or sustained, in connection with, as a result of, or in any way arising from any relations or transactions with the Released Parties through the Effective Date of this Amendment, including but not limited to, any claims arising from or under (i) the Franchise Agreement, (ii) Lease, (iii) any disclosure obligations under applicable law, and/or (iv) otherwise related in any way to the business relationship between Franchisee and the Released Parties.

5. **Ratification.** Except as expressly amended herein, the terms, provisions and covenants of the Franchise Agreement and Lease shall remain in full force and effect and are ratified and confirmed.

[Signatures are on the Following Page]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed in their respective names, by their officers duly authorized, and the Guarantor has joined in this Amendment, evidencing his/her consent, all as of the day and year first above written.

FRANCHISOR:

FAMILY FARE, LLC

By: _____
M. LEE BARNES, JR., President _____, Witness

LANDLORD:

M. M. FOWLER, INC.

By: _____
M. LEE BARNES, JR., President _____, Witness

FRANCHISEE:

[Print Name of Business Entity] _____, Witness

By: _____
Print Name: _____
Title: President

TENANT:

[Print Name of Business Entity] _____, Witness

By: _____
Print Name: _____
Title: President

EXHIBIT T

LIMITED POWER OF ATTORNEY

This LIMITED POWER OF ATTORNEY is given by _____, a _____ (“Franchisee”) organized under the state of _____ to FAMILY FARE, LLC, a North Carolina limited liability company (“Caroco”).

RECITALS

- A. Franchisee entered into that certain Franchise Agreement dated as of _____ with Caroco (“Franchise Agreement”), pursuant to which Franchisee will own and operate a Caroco retail convenience store (“Store”) located at _____ (“Store Location”).
- B. Sections 20(d), (i), and (j) of the Franchise Agreement grant Caroco the right, but not the obligation, to step in and operate the Store at the Store Location upon Franchisee’s or its Operating Principal’s death or incapacitation or upon Franchisee’s default.
- C. If Caroco elects to step in to operate the Store, Caroco needs to be able to conduct regular payroll and human resource operations on Franchisee’s behalf during the Step-In Period.
- D. The date upon which Caroco exercises its step-in right pursuant to the terms of the Franchise Agreement shall be the “Effective Date” of this LIMITED POWER OF ATTORNEY and the date upon which Caroco ceases to operate the Store pursuant to the terms of the Franchise Agreement shall be the “Termination Date.” The period between the Effective Date and the Termination Date is the “Step-In Period.”

GRANT OF AUTHORITY

Franchisee hereby nominates, constitutes, and appoints Caroco to be Franchisee’s true and lawful attorney in fact for Franchisee, and in Franchisee’s name, place, and stead, and on Franchisee’s behalf to sign and otherwise execute all necessary documents and instruments, including but not limited to checks and other payment authorizations, as may be required to cause the Franchisee to conduct payroll and human resources operations for the Store.

This LIMITED POWER OF ATTORNEY is limited to the authorization specified and shall be effective from the Effective Date during the Step-In Period until the Termination Date.

Any person, including Caroco, may rely upon the validity of this LIMITED POWER OF ATTORNEY or a copy of it unless that person knows it has terminated or is invalid.

[Signatures Follow]

IN WITNESS WHEREOF, the party hereto has set its hand and adopted as its own the word "Seal" typed to the right thereof, this the _____ day of _____, 20_____.

[Franchisee Name]

By: _____(SEAL)

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

On this _____ day of _____, 20_____, personally appeared before me, the said named _____ to me known and known to me to be the person described in and who executed the foregoing instrument and acknowledged that he or she executed the same and being duly sworn by me, made an oath that the statements in the foregoing instrument are true.

Notary Public

Print Name: _____

My Commission Expires: _____

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
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Not Registered

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 U

RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FAMILY FARE, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to you to receive this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FAMILY FARE, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

□	□	□		
M. LEE BARNES, JR. FAMILY FARE, LLC 4220 Neal Road, Durham, NC 27705 (919) 309-2925	VITHALBHAI CHAKLASIA VKay Realty 312 Northlands Drive Cary, NC 27519 (919) 621-3135		_____	_____
			_____	_____
			_____	_____
			_____	_____

Issuance date: April 27, 2025

FAMILY FARE, LLC authorizes the state agencies identified on Exhibit D to receive service of process. FAMILY FARE, LLC's registered agent address in North Carolina is 4220 Neal Road, Durham, NC 27705.

I have received a disclosure document dated April 27, 2025, that included the following: Exhibit A – Caroco Franchise Agreement with Exhibits; Exhibit B-1 – Store Directory/Listing of Current Franchisees; Exhibit B-2 – Listing of Certain Past Franchisees; Exhibit C – Financial Statements; Exhibit D – Federal and State Regulators and Agents for Service of Process; Exhibit E – Required Computer and POS Software and Hardware; Exhibit F – State Specific Addendum to Franchise Agreement and Franchise Disclosure Document; Exhibit G – Lease; Exhibit H – Consignment and Commission Agreement; Exhibit I – Car Wash Addendum; Exhibit J – Games of Skill Addendum; Exhibit K – Initial Franchise Fee Promissory Note and Security Agreement; Exhibit L – Sample General Release Agreement; Exhibit M – ACH/EFT Transfer Agreement; Exhibit N – Referral Program Participation Agreement; Exhibit O – Sample Agreement and Conditional Consent to Transfer; Exhibit P – Sample Disclosure Letter to Prospective Transferee; Exhibit Q – Addendum to Transferee Franchise Agreement; Exhibit R – First Addendum to Renewal Franchise Agreement Executed with New Franchise Agreement; Exhibit S – Renewal of Caroco Franchise and Lease Amendment; (To Be Signed by a Renewing Franchisee In Lieu of Signing New Franchise Agreement in Franchisor's Discretion); Exhibit T – Limited Power of Attorney; Exhibit U –Receipt

Date

Prospective Franchisee Signature

Printed name

Individually and as an officer, owner, and Operating Principal of _____, a corporation or limited liability company organized under the laws of _____.

Please sign this copy of the receipt, date your signature, and return it to FAMILY FARE, LLC, Franchise Administration Department, 4220 Neal Road, Durham, NC 27705.

RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FAMILY FARE, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FAMILY FARE, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M. LEE BARNES, JR. FAMILY FARE, LLC 4220 Neal Road, Durham, NC 27705 (919) 309-2925	VITHALBHAI CHAKLASIA VKay Realty 312 Northlands Drive Cary, NC 27519 (919) 621-3135	_____ _____ _____ _____

Issuance date: April 27, 2025

FAMILY FARE, LLC authorizes the state agencies identified on Exhibit D to receive service of process. FAMILY FARE, LLC's registered agent address in North Carolina is 4220 Neal Road, Durham, NC 27705.

I have received a disclosure document dated April 27, 2025, that included the following: Exhibit A – Caroco Franchise Agreement with Exhibits; Exhibit B-1 – Store Directory/Listing of Current Franchisees; Exhibit B-2 – Listing of Certain Past Franchisees; Exhibit C – Financial Statements; Exhibit D – Federal and State Regulators and Agents for Service of Process; Exhibit E – Required Computer and POS Software and Hardware; Exhibit F – State Specific Addendum to Franchise Agreement and Franchise Disclosure Document; Exhibit G – Lease; Exhibit H – Consignment and Commission Agreement; Exhibit I – Car Wash Addendum; Exhibit J – Games of Skill Addendum; Exhibit K – Initial Franchise Fee Promissory Note and Security Agreement; Exhibit L – Sample General Release Agreement; Exhibit M – ACH/EFT Transfer Agreement; Exhibit N – Referral Program Participation Agreement; Exhibit O – Sample Agreement and Conditional Consent to Transfer; Exhibit P – Sample Disclosure Letter to Prospective Transferee; Exhibit Q – Addendum to Transferee Franchise Agreement; Exhibit R – First Addendum to Renewal Franchise Agreement Executed with New Franchise Agreement; Exhibit S – Renewal of Caroco Franchise and Lease Amendment; (To Be Signed by a Renewing Franchisee In Lieu of Signing New Franchise Agreement in Franchisor's Discretion); Exhibit T – Limited Power of Attorney; Exhibit U – Receipt

Date

Prospective Franchisee Signature

Printed name

Individually and as an officer, owner, and Operating Principal of _____, a corporation or limited liability company organized under the laws of _____.

Please sign this copy of the receipt, date your signature, and return it to FAMILY FARE, LLC, Franchise Administration Department, 4220 Neal Road, Durham, NC 27705.