

FRANCHISE DISCLOSURE DOCUMENT



**Sandhu Restaurant Group
of Virginia LLC**
a Virginia limited liability company
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Barrio Burrito Bar businesses operate restaurants that serve grilled burritos, quesadillas, tacos, nachos, salads, and other food and beverage products and related services ("Barrio Burrito Bar Business(es)").

The total investment necessary to begin operation of a Barrio Burrito Bar franchised business is between \$431,620 and \$773,200. This includes between \$36,000 and \$37,500 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of a franchise operating up to three Barrio Burrito Bar franchised businesses ("Multi-3" or "Multi-3 Franchise") is between \$1,344,860 and \$2,369,600. This includes between \$50,000 and \$72,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a franchise operating up to four Barrio Burrito Bar franchised businesses ("Multi-4" or "Multi-4 Franchise") is between \$1,788,980 and \$3,155,300. This includes between \$62,500 and \$92,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a franchise operating up to five Barrio Burrito Bar franchised businesses ("Multi-5" or "Multi-5 Franchise") is between \$2,233,100 and \$3,941,000. This includes between \$75,000 and \$112,500 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Surinder Singh Sandhu at 9516-C Lee Highway, Fairfax, Virginia 22031 and (443) 433-8020.

The terms of your contract will govern your franchise relationship. Do not 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, such as 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.

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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 D.
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 B 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 Barrio Burrito Bar 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 Barrio Burrito Bar franchisee?	Item 20 or Exhibit D 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 A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. 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 Virginia rather than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Unregistered Trademark.** The primary logo that you will use in your business is not federally registered. If the franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
6. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “SRG,” “we,” “us” and “our” means Sandhu Restaurant Group of Virginia LLC, the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from Sandhu.

The Franchisor and its Parent and Affiliates

We are a Virginia limited liability company formed on February 6, 2024. We operate under our corporate name. Our principal business address is 9516-C Lee Highway, Fairfax, Virginia 22031. We represent BBU as an independent contractor to: (i) offer to sell, develop, and support the Barrio Burrito Bar franchises in a specified territory and (ii) implement and support the System, as defined below, in such territory, pursuant to terms of a Master Franchise Agreement by and between us and BBU, dated February 14, 2024 and a separate one between us and BBU dated March 9, 2024 (collectively, the “Master Franchise Agreements”). Our territory is each county and each city in the Commonwealth of Virginia, and each county and each city in the State of Maryland. We do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our predecessor is Sandhu Restaurant Group of Maryland (“SRG Maryland”) SRG Maryland is a Maryland limited liability company formed on March 4, 2024 with a principal business address of 324 Highland Drive, Edgewater, Maryland, 21037. On or about September 24, 2024 SRG Maryland transferred to us all of its rights, title, and interest in and to the Master Franchise Agreement governing the rights to represent BBU in the State of Maryland. SRG Maryland never offered or sold franchises anywhere. SRG Maryland does not offer franchises in any other line of business. SRG Maryland does not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our agent for service of process in Maryland is Surinder Singh Sandhu, 324 Highland Drive, Edgewater, Maryland, 21037. In Virginia, our agent for service of process is Surinder Singh Sandhu 9516-C Lee Highway, Fairfax, Virginia 22031. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Master Franchisor

BurritoBar USA, Inc. (“BBU”) is a Delaware corporation formed on October 30, 2017. BBU operates under its corporate name and the name Barrio Burrito Bar. BBU’s principal business address is 1120 Finch Avenue West, Ste. 301, Toronto, Ontario M3J 3H7. BBU offers franchises (“Barrio Burrito Bar Franchise(s)” or “Franchise(s)”) for Barrio Burrito Bar Businesses. BBU has offered franchises for the same business that is offered under this Franchise Disclosure Document since 2021; however, from that date until the issuance date of this Franchise Disclosure Document, BBU operated under the name “Burrito Bar” and offered franchises for businesses operated under that name. BBU began offering master franchises to be operated under the “Burrito Bar” name in 2017, and BBU will offer master franchises under the name “Barrio Burrito Bar” under a separate Franchise Disclosure Document. BBU currently has one Barrio Burrito Bar master franchisee in Michigan who also operates three outlets similar to the business described in this Franchise Disclosure Document, as well as nine additional master franchisees who will begin operations in 2024 in the following states: Florida, Illinois, Iowa, Maryland, Nebraska, Ohio, Tennessee, Texas and Virginia. All existing Barrio Burrito Bar master franchises and single unit businesses will rebrand to the name Barrio Burrito Bar within approximately one year. BBU does not conduct, and have

never conducted, a business of the type described in this Franchise Disclosure Document. BBU does not have any parents or predecessors.

BBU's affiliate, BarBurrito Restaurants, Inc. ("**BBR**"), shares BBU's principal address. BBR is also the franchisor of BarBurrito restaurants in Canada. BarBurrito businesses operate restaurants similar to Barrio Burrito Bar Businesses. BBR has offered franchises in Canada for BarBurrito restaurants since 2005 and master franchises since 2016. BBR does not conduct any other business and does not offer franchises in any other line of business. As of April 30, 2024, BBR had 316 Canadian franchised locations and three Canadian master franchises. BBR does not operate any BarBurrito restaurants and BBR does not conduct the type of business described in this Franchise Disclosure Document.

BBU's affiliate, 2741346 Ontario, Inc., is an Ontario corporation with a principal address of 1120 Finch Avenue West, Ste. 301, Toronto, Ontario M3J 3H7. This affiliate has operated one BarBurrito restaurant since February 2020, which is also used as a training facility for BBR's franchisees. BBU may also utilize this restaurant as a training facility for franchisees in the United States. 2741346 Ontario, Inc. does not offer franchises in any line of business.

BBU's affiliate, BarNaan Franchising, Inc. ("**BFI**") is an Ontario corporation with a principal address of 1120 Finch Avenue West, Ste. 301, Toronto, Ontario M3J 3H7. BFI offers franchises in Canada for a restaurant that offers naan wraps and bowls and has done so since May 2024. BFI does not provide products or services to our franchisees.

Except for BBR, 2741346 Ontario, Inc. and BFI as described above, BBU does not have any affiliates that either offer franchises in any line of business or provide products or services to our franchisees.

BBU's agent for service of process in Delaware is USA Corporate Services Inc., 3500 S Dupont Hwy, Dover, DE 19901. BBU's agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, BBU has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which BBU has appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

Barrio Burrito Bar franchisees operate restaurants that serve grilled burritos, quesadillas, tacos, nachos, salads, and other food products and related services. The operating system includes recognizable design, décor, color scheme, recipes, uniform standards, specifications, rules and procedures of operation, techniques, philosophies, quality and uniformity of products and services offered, and procedures for inventory and management control ("**System**"). We and BBU grant franchises to operate Barrio Burrito Bar Businesses using the System and BBU's trade names, trademarks, service marks, emblems, logos, slogans, and copyrights ("**Marks**") as authorized by us from an approved location.

You must operate your Barrio Burrito Bar Business per our and BBU's requirements and standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("**Franchise Agreement**"). You may operate one Barrio Burrito Bar Business for each Franchise Agreement you sign.

We offer two different franchise packages depending on the number of Barrio Burrito Bar Businesses you wish to purchase: a single Barrio Burrito Bar Business or multiple franchises ("**Multi-Franchise**"). If you purchase a Multi-Franchise, you will sign the "**Multi-Franchise Addendum**" attached to this Disclosure Document in Exhibit G in addition to the Franchise Agreement for the right to open up to



three Barrio Burrito Bar Businesses (“Multi-3”), the right to open up to four Barrio Burrito Bar Businesses (“Multi-4”), or the right to open up to five Barrio Burrito Bar Businesses (“Multi-5”). There is no development territory or development schedule to open additional Barrio Burrito Bar Businesses. Prior to opening each additional Barrio Burrito Bar Business under the Multi-Franchise Addendum, you must sign our then-current Barrio Burrito Bar Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

Market and Competition

The primary market for the products and services offered by the Barrio Burrito Bar Business is the general public. The products and services offered by Barrio Burrito Bar Businesses are not seasonal. The restaurant market is well-developed and highly competitive and includes retail units, mobile food trucks, and kiosks selling various types of food. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many restaurant franchise systems have already established national and international brand recognition.

Industry-Specific Laws

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Barrio Burrito Bar Business, including those which: (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the location of the Barrio Burrito Bar Business; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of, and requirements for, public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the use of vending machines; (f) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (g) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free;” and (h) establish requirements concerning withholdings and employee reporting of taxes on tips. You must also obtain all necessary permits, licenses, and approvals to operate your Barrio Burrito Bar Business.

Many local or state jurisdictions require food service permits for those preparing, handling, and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain these permits. There may also be local ordinances and regulations governing food storage, preparation, and serving. You must obtain all required licenses, permits, and approvals to operate your Barrio Burrito Bar Business.

We recommend that you obtain a retail alcoholic beverage license under state and local law, regulations, and ordinances. You should understand that the sale of alcoholic beverages is heavily regulated by federal, state, and local laws, regulations, and ordinances. These laws, regulations, and ordinances may vary significantly between jurisdictions. You may also have liability imposed on you by Dram Shop Laws for injuries directly and indirectly related to the sale and consumption of alcoholic beverages.

The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit, or store any cardholder data. Franchisees must also be sure to comply with applicable federal and state laws regulating the privacy and security of sensitive consumer and employee information.

You should consult with a legal advisor about whether these and/or other requirements apply to your Barrio Burrito Bar Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

SRG

Manager and President: Surinder Singh Sandhu is our cofounder and has served as our Manager and President since our formation on March 4, 2024. Mr. Sandhu also is the cofounder and has served as Manager and President of SRG Virginia since its formation on February 6, 2024. From June 2001 to the present, Mr. Sandhu has acquired and operated multiple Subway franchise locations in Maryland. Mr. Sandhu is also currently the president of several other entities, including Sandhu Restaurant Group of Virginia LLC (since March 2024), Nishan Food, LLC (since 2010), Nishan Subway Inc. (since 2013), Indian Head Subway, Inc. (since 2010), Nanak Food Corporation (since 2015), Ramdas Food Corporation (since June 2023), and Mayo Liquor LLC (since 2012).

Vice President: Aekam Kaur Sadhu is our cofounder and has served as our Vice President since our formation on February 6, 2024. Ms. Sandhu also is the cofounder and has served as Vice President of SRG Virginia since its formation on February 6, 2024. Ms. Sandhu is currently also the Vice President of Sandhu Restaurant Group of Virginia LLC (since March 2024), the Vice President of JB Food LLC, a subway franchisee (since August 2023), and a caretaker with Dove Home Healthcare (since February 2021). Ms. Sandhu was not employed prior to February 2021. From January 2022 to May 2023, Ms. Sandhu was also a teaching assistant at American University. From August 2024 to the present, Ms. Sandhu works at Ernst & Young in Virginia as a risk consultant, and from June 2022 through August 2022, Ms. Sandhu was a business consulting intern there.

BBU

Founder and President: Alexander Shtein is BBU's Founder and has been BBU's President since October 2017 in Toronto, Ontario. He has also served as President of BBU's affiliate BBR in Toronto, Ontario, since August 2009.

Senior Vice President: Sameer Lalji has been Senior Vice President of BBU's affiliate BBR since February 2020 in Toronto, Ontario. Prior to that, he served as the Vice President of BBU's affiliate BBR in Toronto, Ontario, from February 2014 to February 2020.

Chief Development Officer: Jeff Young has been Chief Development Officer of BBU's affiliate BBR in Toronto, Ontario, since November 2022. Prior to that, he was Principal of Scale Franchise, an independent franchise broker, from January 2021 to November 2022 in Toronto, Ontario. Mr. Young was not employed from September 2020 to January 2021. He was President of Yogen Fruz Canada from November 2018 to September 2020 in Toronto, Ontario, and prior to that he was Chief Development Office for Monarch and Misfits from June 2016 to November 2018 in Toronto, Ontario.

ITEM 3 LITIGATION

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

Franchise Agreement

Initial Franchise Fee

The “Initial Franchise Fee” for a single Barrio Burrito Bar Business is twenty-five thousand dollars (\$25,000). The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your Barrio Burrito Bar Business and also offsets some of our franchise recruitment expenses. The Initial Franchise Fee is uniform, fully earned by us once paid, and is non-refundable under any circumstances.

We offer standard franchise packages and discounted multi-unit Franchise packages depending on the number of Barrio Burrito Bar Businesses you wish to:

Franchise Type	Number of Barrio Burrito Bar Businesses	“ <u>Initial Franchise Fee</u> ”
Single	1	\$25,000
Multi-3	Up to 3	\$50,000
Multi-4	Up to 4	\$62,500
Multi-5	Up to 5	\$75,000

If you purchase a Multi-Franchise, you will sign the Multi-Franchise Addendum. There is no development territory or development schedule to open additional Barrio Burrito Bar Businesses. To open additional Barrio Burrito Bar Businesses under a Multi-Franchise you will be required to sign the then-current franchise agreement, but you will not be required to pay an Initial Franchise Fee (all other fees will apply). The Initial Franchise Fee is payment for all our pre-opening assistance that we provide to allow you to open your Barrio Burrito Bar Business and offsets some of our franchisee recruitment expenses. The Initial Franchise Fee is uniform, payable when you sign your Franchise Agreement and is non-refundable.

During BBU’s fiscal year ended April 30, 2024, BBU collected Initial Franchise Fees ranging from \$17,500 as a reduced fee for a single Barrio Burrito Bar Business, to \$50,000 for three Barrio Burrito Bar Businesses.

The Initial Franchise Fee must be paid when you sign your Franchise Agreement.

Grand Opening

We require that you spend a minimum of \$6,000 on grand opening marketing services, which may be purchased from us, our affiliate, BBU or its affiliate, or third-party suppliers. If you elect to purchase these marketing services from us, BBU or us or its affiliate, we estimate that you will pay \$6,000 to \$7,500

for grand opening supplies, media placements, and marketing services. This payment is due prior to opening and is non-refundable under any circumstances.

Architectural Drawings

You must pay us (or BBU) \$5,000, which we (or BBU) will pay to a designated supplier to provide architectural drawings for the design of your Barrio Burrito Bar Business, which will then need to be stamped by a local architect that you hire.

Financial Assurances

Some states have imposed a financial assurance. Please refer to the State Addendum in Exhibit E to the Franchise Disclosure Document.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	6% of Gross Sales	Due on Tuesday of each week	The “ <u>Royalty</u> ” is based on “ <u>Gross Sales</u> ” during the previous week. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution	Currently 1.5% of your weekly Gross Sales	Same as Royalty	This “ <u>Brand Fund Contribution</u> ” is used for a system-wide “ <u>Brand Fund</u> ” for use in promoting and building the Barrio Burrito Bar brand. We and BBU reserve the right to increase the Brand Fund Contribution to up to 2.5% upon written notice to you. See Item 11 for more information..
Local Advertising Payment	If you fail to spend the required local advertising expenditure of 1.5% of monthly Gross Sales in a quarter, we will require you to pay us the difference between the amount you report spending on local advertising each month and your required local advertising expenditure (1.5% of Gross Sales)	Same as Royalty	If you fail to meet your required local advertising requirement on local advertising, you must pay the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund. We will review your local marketing expenditures on a quarterly basis to determine if the required local advertising expenditure was expended during the preceding three-month period.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Barrio Burrito Bar Loyalty and Gift Cards	Actual amount of gift card purchase	Same as Royalty	If a gift card is purchased from your Barrio Burrito Bar Business, you will pay us the amount paid for the gift card, and we will hold this amount in an account and reconcile the account when a gift card is redeemed. If redeemed at your Barrio Burrito Bar Business, you will be paid for the value redeemed.
Local and Regional Advertising Cooperatives	Established by cooperative members, between 1% and 1.5% of Gross Sales	Established by cooperative members	We and BBU currently do not have any cooperatives but reserve the right to require one to be established in the future. We anticipate that each Barrio Burrito Bar franchisee and each Barrio Burrito Bar Franchise that we own will have one vote for each Barrio Burrito Bar Franchise operated in the designated market. Each Barrio Burrito Bar Franchise we or BBU owns that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if established, the Brand Fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Training or Assistance Fees	The then-current fee (currently \$500 per additional person per day for initial training; \$500 per attendee per day for additional training; and \$250 per person per day for remedial training). We may require remedial training if you do not comply with our standards and specifications.	Within 10 days after invoicing	We provide initial training at no charge for up to two people. We may charge you for training additional persons, newly-hired personnel, remedial training courses, refresher training courses, remedial training, advanced training courses, and additional or special assistance or training you need or request. You are responsible for any expenses incurred by you or your employees in connection with attending training, including transportation, lodging, meals, wages, and other incidentals. If the training program is conducted at the premises of your Barrio Burrito Bar Business, then you must reimburse us for the expenses we or our representatives incur in providing the training.
Technology Fee	The then-current fee (not currently charged)	The first day of each month	This fee covers certain technologies used in the operation of your Barrio Burrito Bar Business. This fee may include fees paid to third-party vendors and it may be adjusted to reflect their price increases. You will also be responsible for any increase in fees that result from any third-party vendor price increases upgrades, modifications or additional software. We will not increase any portion of the Technology Fee paid to us for our services by more than 10% per year. We will provide written notice of any increase for our services. We do not control third-party vendors' prices, even for pass-through fees collected by us as part of the total Technology Fee.
Conference Fee ⁽³⁾	The then-current fee (currently estimated to be \$500 per person)	Upon receipt of written notice that such convention is being held	Your “ <u>Responsible Owner</u> ” or “ <u>Franchise Manager</u> ,” if any, must attend any national or regional conferences BBU holds. This fee defrays the cost of your attendance. It is due regardless of whether or not you attend. You will be responsible for any travel costs and expenses, including meals and accommodations, associated with the conference.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	Within ten days after invoicing	Payable if we inspect a new product, service, or proposed supplier nominated by you.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Food Safety Audit	Cost of audit (estimated to be approximately \$2,500)	As incurred	If you fail a food safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days. You will pay the third-party auditor directly upon invoicing or must reimburse us if we are invoiced.
Replacement of Franchise Operations Manual	\$500	On demand	Payable if your copy of the Franchise Operations Manual is lost, stolen, destroyed, or significantly damaged.
Customer Issue Resolution	The reasonable costs we incur for responding to a customer complaint (estimated to be between \$10 and \$50)	Within five days of receipt of invoice	Payable if a customer of your Barrio Burrito Bar Business contacts us or BBU with a complaint and we or BBU provide a gift card, refund, or other value to the customer as part of addressing the issue.
Payment Service Fee	Up to 4% of total charge	As incurred	We may charge this fee if you make a payment to us, our affiliate, BBU, or its affiliate by credit card.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us, our affiliate, BBU, or its affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal, and travel expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Sales by more than 2% or you fail to submit required reports.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Management Fee ⁽³⁾	\$500 per day, plus costs and expenses	As incurred	Payable if we manage your Barrio Burrito Bar Business after: (1) you cease to perform your responsibilities (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Responsible Owner or, if applicable, Franchise Manager within 30 days; (2) you are in material breach of this Franchise Agreement; (3) upon a crisis management event; (4) upon your abandonment of the Barrio Burrito Bar Business; (5) if we determine in our sole discretion that operational problems require that we operate your Franchised Business; or (6) if we determine that the operation of your business is in jeopardy.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Barrio Burrito Bar Franchise upon its termination, relocation or expiration.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting, or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Design Fee	\$5,000	During drawings phase	You will engage our designated designer to provide architectural drawings for your Barrio Burrito Bar Business, which will then be stamped by a local architect in your state. If you relocate your Barrio Burrito Bar Business, you will pay an additional Design Fee for each additional location.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us and BBU, if applicable, for any expenses or losses, including professional fees, that we or our representatives, BBU, or its representatives incur related in any way to your Barrio Burrito Bar Business or Franchise.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Renewal Fee	50% of the then-current Initial Franchise Fee	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
Relocation Fee	Our costs (including attorneys' fees)	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your Barrio Burrito Bar Business.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Barrio Burrito Bar Franchise upon its termination, relocation, or expiration.
Transfer Fee	50% of the then-current Initial Franchise Fee	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Barrio Burrito Bar Business, a transfer of ownership of your legal entity, or the Franchise Agreement (this does not apply to the transfer of an entity you control—see below). If we are not offering Franchises at the time of your transfer, the transfer fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document. The party you transfer to will also be required to pay a transfer training fee of 50% of the then-current Initial Franchise Fee.
Transfer Training Fee	50% of the then-current Initial Franchise Fee	Upon signing the Franchise Agreement	If you acquire your Barrio Burrito Bar Business through a transfer, you will attend our initial training program and we will require the transferee to pay the Transfer Training Fee. If we are not offering Franchises at the time of a transfer, the Transfer Training Fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
Transfer to Entity Fee	Our actual costs	On demand	If you are transferring the Franchise Agreement to an entity that you control, you will not be required to pay a transfer fee, but you must pay our actual costs.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Liquidated Damages ⁽⁴⁾	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Barrio Burrito Bar Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees, and similar charges.

Notes:

1. **Fees.** All fees paid to us, BBU, or its or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the ACH authorization (in the form attached to this Franchise Disclosure Document in Exhibit E). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you sign a Multi-Franchise Addendum to operate multiple Barrio Burrito Bar Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Barrio Burrito Bar Business you open. We may require that certain fees you pay be paid directly to BBU. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Certain fees that you pay will be shared by us and BBU.

2. **Royalty.** “Gross Sales” means the total of all revenues, income, and consideration from the sale of all Barrio Burrito Bar merchandise, products, and services to your customers whether or not sold or performed at or from the physical location of the Barrio Burrito Bar Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received), or otherwise. Gross Sales includes all proceeds from any business interruption insurance. If you offer any services, all receipts from these services are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for products or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products

or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Barrio Burrito Bar Business being closed as a result of a casualty event or any other reason.

3. **Franchise Manager and Responsible Owner.** We require that you either directly operate your Barrio Burrito Bar Business or designate a manager (“Franchise Manager”) who has been approved by us in our commercially reasonable discretion. The “Responsible Owner” is an individual who will be primarily responsible for communicating with us about the Barrio Burrito Bar Business.

4. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Barrio Burrito Bar Business through the date of early termination, multiplied by the lesser of: (i) thirty six (36); or (ii) the number of months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than thirty thousand dollars (\$30,000).

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Single Unit Franchise)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$25,000	\$25,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements ⁽²⁾	\$193,000	\$281,000	As Incurred	As Incurred	Vendors, Landlord, or Suppliers
Pre-Opening Rent ⁽³⁾	\$12,000	\$48,000	As Incurred	As Incurred	Landlord
Wages, Travel, and Living Expenses for You and Your Management Staff During Training ⁽⁴⁾	\$9,000	\$12,000	As Incurred	As Incurred During Training	Employees, Airlines, Hotels, and Businesses
Furniture, Fixtures, Supplies, Décor, Inventory, and Equipment ⁽⁵⁾	\$98,000	\$125,000	As Incurred	As Incurred	Suppliers or Leasing Companies
Kiosk Ordering System ⁽⁶⁾	\$13,000	\$20,000	As Incurred	As Incurred	Suppliers or Leasing Companies
Design and Drawing Fee	\$5,000	\$5,000	As Incurred	As Incurred	Us or BBU
Architectural, Engineering Fees	\$10,000	\$14,000	As Incurred	Before Opening	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Signage ⁽⁷⁾	\$8,500	\$22,500	As Incurred	As Incurred	Suppliers
Point-of-Sale, Digital Loyalty and Coupon Programs, Online Ordering Applications, and Computer System ⁽⁸⁾	\$3,620	\$3,800	As Incurred	As Incurred	Suppliers
Security System and Telephone System ⁽⁹⁾	\$300	\$2,700	As Incurred	As Incurred	Suppliers
General Licenses (excluding liquor licenses) and Permits ⁽¹⁰⁾	\$4,000	\$9,500	As Incurred	Before Opening	Governmental Agencies and Professional Services Providers
Liquor License ⁽¹¹⁾	\$0	\$100,000	As Incurred	Before Opening	Governmental Agencies and Professional Services Providers
Uniforms	\$1,200	\$1,200	As Incurred	Before Opening	Suppliers
Deposits and Miscellaneous Site Development Fees ⁽¹⁰⁾	\$10,000	\$40,000	As Incurred	Before Opening or As Otherwise Incurred	Landlord, Utilities, Government Agencies
Grand Opening ⁽¹²⁾	\$6,000	\$7,500	As Incurred	Before Opening	Us or our Affiliate and/or Suppliers
Pre-paid Insurance ⁽¹³⁾	\$1,000	\$2,000	As Incurred	Before Opening	Insurance Company
Additional Funds - 3 Months (these figures have not been offset by operating revenues – assumes zero revenue for first 3 months) ⁽¹⁴⁾	\$32,000	\$54,000	As Incurred	As Incurred	Landlord, Employees, Suppliers, and Utilities
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁵⁾	\$431,620	\$773,200			

YOUR ESTIMATED INITIAL INVESTMENT (Multi Unit Franchise)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$50,000	\$75,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements ⁽²⁾	\$193,000	\$281,000	As Incurred	As Incurred	Vendors, Landlord, or Suppliers
Pre-Opening Rent ⁽³⁾	\$12,000	\$48,000	As Incurred	As Incurred	Landlord
Wages, Travel, and Living Expenses for You and Your Management Staff During Training ⁽⁴⁾	\$9,000	\$12,000	As Incurred	As Incurred During Training	Employees, Airlines, Hotels, and Businesses
Furniture, Fixtures, Supplies, Décor, Inventory, and Equipment ⁽⁵⁾	\$98,000	\$125,000	As Incurred	As Incurred	Suppliers or Leasing Companies
Kiosk Ordering System ⁽⁶⁾	\$13,000	\$20,000	As Incurred	As Incurred	Suppliers or Leasing Companies
Design and Drawing Fee	\$5,000	\$5,000	As Incurred	As Incurred	Us or BBU
Architectural, Engineering Fees	\$10,000	\$14,000	As Incurred	Before Opening	Suppliers
Signage ⁽⁷⁾	\$8,500	\$22,500	As Incurred	As Incurred	Suppliers
Point-of-Sale, Digital Loyalty and Coupon Programs, Online Ordering Applications, and Computer System ⁽⁸⁾	\$3,620	\$3,800	As Incurred	As Incurred	Suppliers
Security System and Telephone System ⁽⁹⁾	\$300	\$2,700	As Incurred	As Incurred	Suppliers
General Licenses (excluding liquor licenses) and Permits ⁽¹⁰⁾	\$4,000	\$9,500	As Incurred	Before Opening	Governmental Agencies and Professional Services Providers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Liquor License ⁽¹¹⁾	\$0	\$100,000	As Incurred	Before Opening	Governmental Agencies and Professional Services Providers
Uniforms	\$1,200	\$1,200	As Incurred	Before Opening	Suppliers
Deposits and Miscellaneous Site Development Fees ⁽¹⁰⁾	\$10,000	\$40,000	As Incurred	Before Opening or As Otherwise Incurred	Landlord, Utilities, Government Agencies
Grand Opening ⁽¹²⁾	\$6,000	\$7,500	As Incurred	Before Opening	Us or our Affiliate and/or Suppliers
Pre-paid Insurance ⁽¹³⁾	\$1,000	\$2,000	As Incurred	Before Opening	Insurance Company
Additional Funds - 3 Months (these figures have not been offset by operating revenues – assumes zero revenue for first 3 months) ⁽¹⁴⁾	\$32,000	\$54,000	As Incurred	As Incurred	Landlord, Employees, Suppliers, and Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (First Unit Only)⁽¹⁶⁾	\$456,620	\$773,200			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Barrio Burrito Bar Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for more information on the Initial Franchise Fee. If you purchase the rights to operate multiple Barrio Burrito Bar Businesses under a Multi-Franchise Addendum, the only additional initial cost that you will incur over the purchase of a single Franchise will be the applicable Multi-Franchise Initial Franchise Fee until you open the additional Barrio Burrito Bar Business. Once you open additional Barrio Burrito Bar Businesses, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) at the time you open the additional Barrio Burrito

Bar Businesses. These costs may increase in the future depending on when you open the additional Barrio Burrito Bar Businesses. The estimate does not include the build-out of any Barrio Burrito Bar Business other than the first one.

2. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord or a fixturing period that will negate the need to pay rent during the fixturing of your Barrio Burrito Bar Business. This estimate includes setup expenses you will incur in building out your location, including all costs required to set up the equipment. Actual building and construction costs will vary depending upon the condition and size of the premises for your Barrio Burrito Bar Business and local construction costs.
3. Pre-Opening Rent. This estimate includes three (3) months of gross lease payments and is based on a premises of approximately eleven hundred (1,100) square feet. It includes estimates for common area maintenance (CAM) and taxes. Your actual rent payments may vary depending upon your location and your market's retail lease rates. See Note 10 below for utility, security, and lease deposit estimates. If you choose to purchase the premises for your Barrio Burrito Bar Business, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments. The low estimate assumes that rent will not be charged until the buildout of the premises is complete due to a negotiated fixturing period provided by your Landlord and includes three (3) months of rent. The high estimate includes six (6) months of rent.
4. Wages, Travel, and Living Expenses for Initial Training. We provide an initial training program at our location in Fairfax, Virginia. If training is provided at a location other than your Barrio Burrito Bar Business, you must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all initial training program attendees, as well as those of the representative of ours who conducts your on-site training. Provided they attend at the same time, initial training is provided to you at no charge for up to two people, including you (or your Responsible Owner, if you are an entity) and your Franchise Manager, if you have one; if additional initial training is required, or if more people must be trained, an additional fee will be assessed. This estimate includes costs and expenses you may incur for the initial training program. Additional training may be provided at your Barrio Burrito Bar Business and you will be responsible for all employee wages and food supplies used during this time.
5. Furniture, Fixtures, Supplies, Décor, Inventory, and Equipment. This includes the cost of kitchen equipment, small wares, office equipment and supplies, kitchen supplies and utensils, interior signage, and opening food and paper product inventory. In some cases, your furniture, fixtures, décor, and equipment may be financed through a bank or other financial institution, leased or purchased outright.
6. Kiosk Ordering System. This includes 2 front of house terminals (\$7,000 to \$10,000) plus a back of house line (\$6,000 to \$10,000) to enable guests to order using kiosks.
7. Signage. This includes the cost of exterior signage only. Interior signage is included in Note 5, above.
8. Point-of-Sale, Digital Loyalty and Digital Coupon Programs, Online Ordering Applications, and Computer System. This includes the cost of the computer hardware, peripherals, digital loyalty programs, digital coupon programs, online ordering applications, and the software that will serve as your point-of-sale computer system, and the maintenance agreement for that system. This estimate includes three (3) months of software license fees for the Point-of-Sale System and related programs.

9. Security System and Telephone System. You may, but are not required to, install a security system. You are required to have an approved phone system. The low end of this range includes the phone system but does not include a security system.
10. General Licenses and Permits; Liquor Licenses. You should check with the local licensing regulatory agency to determine the cost of your licenses. This estimate for general licenses includes the cost of procuring a liquor license and other business licenses and permits, and for related professional services, including accounting and legal fees. The cost associated with obtaining a liquor license generally ranges from five thousand dollars (\$5,000) to one hundred thousand dollars (\$100,000). The low estimate for Liquor Licenses applies if you operate a Barrio Burrito Bar Business that does not serve alcoholic beverages. You will not incur this cost if your Barrio Burrito Bar Business does not serve alcoholic beverages.
11. Deposits and Miscellaneous Site Development Fees. Miscellaneous site development fees, such as impact fees, special assessments, and other costs associated with developing the site for your Barrio Burrito Bar Business, including security and lease deposits, and utility and license deposits and fees. You should check with the local regulatory agency that issues building permits to determine what impact, connection, or other site development fees may be required for the specific site for your Barrio Burrito Bar Business. This estimate assumes you will pay the equivalent of two (2) months of rent as a security deposit.
12. Grand Opening. We require you to spend at least six thousand dollars (\$6,000) on initial marketing materials, advertising placements and other marketing services. You may pay amounts to us, our affiliate, BBR, or third parties for grand opening marketing and advertising services.
13. Pre-paid Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. This estimate includes pre-paid insurance expenses for one year. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Barrio Burrito Bar Business, your rates may be significantly higher than those estimated above.
14. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three (3)-months following the opening of your Barrio Burrito Bar Business. They include payroll, administrative, rent, janitorial, maintenance, utilities, professional services (such as a business advisor), and other items. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. These estimates assume that your landlord will cover the real estate broker's fees. These fees could also be included in our Additional Funds amounts. For purposes of this disclosure, we estimated the start-up phase to be three (3) months from the date your Barrio Burrito Bar Business opens for business. Our estimates are based on BBU's franchising experience since 2017 as well as the experience of its affiliate, BBR, since 2009, and the current requirements for Barrio Burrito Bar Businesses in formulating these amounts.
15. This is an estimate of your initial start-up expenses for one Barrio Burrito Bar Franchise.
16. If you purchase a Multi-3 Franchise under the Multi-Franchise Addendum, you will incur all of the costs listed above for each Barrio Burrito Bar Business you open except that the Initial Franchise Fee will total \$50,000 and allow you to open up to three Barrio Burrito Bar Businesses. If you were to open a Multi-3 Franchise to operate three Barrio Burrito Bar Businesses, using the same estimated

initial expenses above, we estimate this total cost to range between \$1,344,860 and \$2,369,600. If you purchase a Multi-4 Franchise under the Multi-Franchise Addendum, you will incur all of the costs listed above for each Barrio Burrito Bar Business you open except that the Initial Franchise Fee will total \$62,500 and allow you to open up to four Barrio Burrito Bar Businesses. If you were to open a Multi-4 Franchise to operate four Barrio Burrito Bar Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$1,788,980 and \$3,155,300. If you purchase a Multi-5 Franchise under the Multi-Franchise Addendum, you will incur all of the costs listed above for each Barrio Burrito Bar Business you open except that the Initial Franchise Fee will total \$75,000 and allow you to open up to five Barrio Burrito Bar Businesses. If you were to open a Multi-5 Franchise to operate five Barrio Burrito Bar Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$2,233,100 and \$3,941,000.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

BBU's confidential operations manual ("Franchise Operations Manual"), which is owned by BBU and may be supplemented by us, states our and BBU's standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your Barrio Burrito Bar Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through other written communication (including electronic communication such as email or through a system-wide intranet). If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any vendor you choose so long as your purchases conform to the System and specifications. We may restrict the sourcing of current and future items.

You must purchase, install, maintain in sufficient supply, and use fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. You are required to use our designated designer for design/architectural drawings for each Barrio Burrito Bar Business. You must also use our designated supplier for our POS, gift cards, and loyalty program.

We may utilize proprietary food products and recipes and we and BBU may continue to develop and own proprietary recipes. In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary food products, we, BBU, and our and its affiliates may: (i) manufacture, supply and sell proprietary food products to Barrio Burrito Bar franchisees; and/or (ii) disclose the formula for methods and preparation of the proprietary food products to a limited number of suppliers, including one or more of our or BBU's affiliates, who we or BBU authorize to manufacture these proprietary food products to our precise specifications and sell these products to Barrio Burrito Bar franchisees. You must purchase the proprietary products we, BBU, or its or our affiliates develop from time to time for proprietary recipes or formulas and purchase them only from BBU, us or a third party who we and/or BBU have licensed to prepare and sell the products. All non-proprietary ingredients, beverage products, cooking materials, containers, cartons, bags, menus, napkins, other paper and plastic products, utensils, uniforms

and other supplies and materials used in your Barrio Burrito Bar Business must strictly conform to our quality standards and reasonable specifications. Certain products such as plates, cups, boxes and containers bearing the trademarks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our trademarks.

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

You must use the computer hardware and software, including the point-of-sale system that we and/or BBU periodically designate to operate your Barrio Burrito Bar Business. You must obtain the computer hardware, software licenses, maintenance and support services and other related services that meet our and BBU's specifications from the suppliers BBU or we specify. You may be required to use approved suppliers for certain technology business solutions at your expense that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solutions and any other solutions required from time to time by the Franchise Operations Manual.

You must obtain the insurance coverage required under the Franchise Agreement, as follows: (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage and premises/operation liability for the Barrio Burrito Bar Business and its operations with a limit of not less than \$2,000,000 combined single limit, written on an occurrence form, or such greater limit as may be required as part of any lease agreement for the Barrio Burrito Bar Business; (ii) automobile liability insurance for non-owned automobiles including personal injury, wrongful death and property damage with single limit coverage in an amount not less than \$1,000,000, and this should include medpay coverage; (iii) unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; (iv) plate gas insurance for coverage of your Barrio Burrito Bar Business's windows and storefront displays; (v) steam boiler insurance; and (vi) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Barrio Burrito Bar Business. We reserve the right to require that you obtain and maintain, in addition to all other policies of insurance, employment practices insurance in such amount as we specify. All of the required policies of insurance must name us, BBU, and our designated affiliates once established, as an additional insured with waiver of subrogation and must provide for a 30-day advance written notice to us of cancellation. You must provide us annually with a certificate of insurance as to the insurance coverage maintained.

We will provide you with a list of BBU's and our designated and approved suppliers in the Franchise Operations Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We and/or BBU will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria, among others, in approving a proposed supplier: (1) quality of services; (2) production and delivery capability; (3) proximity to Barrio Burrito Bar Franchises to ensure timely deliveries of the products or services; and (4) the dependability of the supplier. The supplier may also be required to sign a supplier agreement with BBU or us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to

meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We estimate that approximately 90% of purchases required to open your Barrio Burrito Bar Business and 90% of purchases required to operate your Barrio Burrito Bar Business will be from BBU, us or from other approved suppliers or under our specifications. BBU, we and its or our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner. As we just began franchising, neither we nor our affiliates have derived revenue or other material consideration because of our franchisees' required purchases or leases. During BBU's last fiscal year ended April 30, 2024, neither BBU nor its affiliates derived revenue or other material consideration as a result of franchisees' required purchases or leases.

We and/or BBU may negotiate purchase arrangements with suppliers and distributors for the benefit of its and/or our franchisees, and BBU and we may receive rebates or volume discounts from purchase of equipment and supplies that BBU and we resell to you. BBU expects to receive a 5% rebate from the supplier of the spices used by your Barrio Burrito Bar Business. Our officers own an interest in us and our affiliates, and we and our affiliates may be approved suppliers of products or services for your Barrio Burrito Bar Business.

Neither we nor BBU have any purchasing or distribution cooperatives as of the Issuance Date; however, BBU anticipates finalizing a distribution agreement with their designated food provider in 2024.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document. "FA" refers to the Franchise Agreement, "MFA" refers to the Multi-Franchise Addendum to the Franchise Agreement.

Obligation	Section in Franchise Agreement ("FA") and Multi-Franchise Addendum ("MFA")	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Section 7 MFA: Not applicable	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 7 and 19 MFA: Not applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Sections 7 and 19 MFA: Not applicable	Items 7 and 11
d. Initial and ongoing training	FA: Section 8 MFA: Not applicable	Items 6, 7 and 11
e. Opening	FA: Sections 5, 7 and 11 MFA: Not applicable	Items 6, 7, 9 and 11
f. Fees	FA: Sections 5, 6, 7, 8, 9, 10, 11, 14, 16 and 20 MFA: Sections 1 and 2	Items 5, 6 and 7
g. Compliance with standards and policies/Franchise Operations Manual	FA: Sections 9, 10 and 13 MFA: Not applicable	Items 8, 11, 12, 14 and <u>Exhibit F</u>
h. Trademarks and proprietary information	FA: Sections 9 and 17 MFA: Not applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 13	Items 8 and 16

Obligation	Section in Franchise Agreement (“FA”) and Multi-Franchise Addendum (“MFA”)	Disclosure Document Item
	MFA: Not applicable	
j. Warranty and customer service requirements	FA: Section 13 MFA: Not applicable	Items 1 and 11
k. Territorial development and sales quotas	FA: Section 4 MFA: Not applicable	Items 1, 11 and 12
l. Ongoing product/service purchases	FA: Section 13 MFA: Not applicable	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	FA: Section 13 MFA: Not applicable	Items 7, 8 and 11
n. Insurance	FA: Section 19 MFA: Not applicable	Items 6, 7 and 8
o. Advertising	FA: Section 12 MFA: Not applicable	Items 11, 13 and 14
p. Indemnification	FA: Section 22 MFA: Not applicable	Not Applicable
q. Owner’s participation/management and staffing	FA: Section 10 MFA: Not applicable	Items 11, 15 and 17
r. Records and reports	FA: Section 20 MFA: Not applicable	Item 11
s. Inspections and audits	FA: Section 21 MFA: Not applicable	Items 6 and 11
t. Transfer	FA: Sections 15 and 16 MFA: Not applicable	Item 17
u. Renewal	FA: Section 5 MFA: Not applicable	Item 17
v. Post-termination obligations	FA: Sections 18 and 26 MFA: Not applicable	Item 17
w. Non-competition covenants	FA: Section 18 MFA: Not applicable	Item 17 and <u>Exhibit G</u>
x. Dispute resolution	FA: Section 28 MFA: Not applicable	Item 17

ITEM 10 FINANCING

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

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

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

Pre-opening Obligations

Before you open your Barrio Burrito Bar Business, we (or our other designee,) will provide the following assistance and services to you:

1. Provide an initial training program (see Franchise Agreement - Section 8.1). We will not provide general business or operations training to your employees or independent contractors; however, we

may provide operations and limited training on the System and brand standards to your key employees. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Barrio Burrito Bar Business. We describe the training program later in this item.

2. Loan you one copy of the Franchise Operations Manual. The Franchise Operations Manual contains approximately 195 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit F (see Franchise Agreement - Section 9.1).

3. Provide you with advice in identifying a suitable location for your Barrio Burrito Bar Business, if you request assistance (See Franchise Agreement - Section 7.2). You may be required to use our or BBU's approved vendor or designated third party real estate broker, if applicable, to advise and counsel you on site selection for your Barrio Burrito Bar Business. We will provide you with design specifications provided by our designated supplier.

4. Review your lease agreement for the premises of your Barrio Burrito Bar Business for compliance with the terms of the Franchise Agreement and that it contains our and/or BBU's required provisions and otherwise meets our and BBU's minimum standards. (See Franchise Agreement – Section 7.3).

5. Once you have an approved premises for your Barrio Burrito Bar Business, we will designate a territory.

6. We will provide a copy of our basic specifications for the design and layout for the premises of the Barrio Burrito Bar Business. You must pay us (or BBU) \$5,000, which we (or BBU) will pay to a designated supplier to provide architectural drawings. You are responsible for the costs of hiring a local architect to stamp the drawings and prepare engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of the premises for your Barrio Burrito Bar Business. You are responsible for retaining the project manager we require, for hiring our preferred vendor(s) to construct and equip your Barrio Burrito Bar Business, and for all related costs of construction and remodeling (Franchise Agreement - Section 7.4).

7. Provide you with materials and/or consultation in connection with the grand opening marketing for your Barrio Burrito Bar Business (see Franchise Agreement - Section 12.6).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Barrio Burrito Bar Businesses.

Site Selection

Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Barrio Burrito Bar Business. We do not guarantee the suitability or success of the accepted site. We must approve the site before you sign the lease.

In evaluating a proposed premises, we consider such factors as general location and neighborhood, traffic patterns, parking, size, lease terms, income per capita, existence of competitors, and other physical characteristics. We also consider whether it conforms to BBU's standards for franchise locations. Before leasing or purchasing the site for your Barrio Burrito Bar Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove

of the proposed site, you must select another site, subject to our consent. We may terminate the Franchise Agreement if you and we cannot agree on an acceptable location for your Barrio Burrito Bar Business. You must purchase or lease the site for your Barrio Burrito Bar Business within 270 days after signing the Franchise Agreement. We generally do not own the premises for the Barrio Burrito Bar Business and lease it to you.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of your Barrio Burrito Bar Business is estimated to be twelve (12) months. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools, and inventory; and the time to convert, renovate, or build out the premises for your Barrio Burrito Bar Business. You must open your Barrio Burrito Bar Business to the public within eighteen (18) months of signing the Franchise Agreement unless we grant an extension to you in our sole discretion.

Continuing Obligations

During the operation of your Barrio Burrito Bar Business, we (or our designee or BBU) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications, and procedures for the operation of your Barrio Burrito Bar Business (see Franchise Agreement - Sections 5.2, 7.3, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9 and 17.2).
2. Upon reasonable request, provide advice regarding your Barrio Burrito Bar Business's operation based on reports or inspections. Advice will be given during our regular business hours and through written materials, electronic media, telephone, or other methods in our discretion (see Franchise Agreement - Section 9.2).
3. Provide additional training to you for newly-hired personnel on the Barrio Burrito Bar brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (see Franchise Agreement - Section 8).
4. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (see Franchise Agreement - Sections 9.1, 12.1, 12.2, 14.2 and 17).

Optional Assistance

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

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new menu items, new equipment, or new techniques.
2. Make periodic visits to the Barrio Burrito Bar Business for the purpose of assisting in all aspects of the operation and management of the Barrio Burrito Bar Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Barrio

Burrito Bar Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges. We currently charge two hundred fifty dollars (\$250) per person per day for remedial training but reserve the right to increase this to up to five hundred dollars (\$500) per person per day.

3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (see Franchise Agreement - Section 11).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Barrio Burrito Bar franchisees.

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

Advertising

Brand Fund

On an ongoing basis, you must pay up to 1.5% of your weekly Gross Sales generated during the previous week to the Brand Fund (“Brand Fund Contribution”). The Brand Fund Contribution will be used for the Barrio Burrito Bar brand fund (“Brand Fund”) to promote public awareness of the brand and to improve the System. We and/or BBU reserve the right to increase the Brand Fund Contribution up to 2.5% upon 30 days’ written notice. Your Brand Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Barrio Burrito Bar Businesses owned and operated by BBU’s Master Franchisee in Michigan and any franchisees licensed under an agreement with the Master Franchisee do not contribute to the Brand Fund. Barrio Burrito Bar Businesses owned by us will contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by BBU and us, or its and our affiliate or designees, at its and our discretion, and BBU and we may use national and/or regional advertising agencies as the source for our advertising materials, or we may prepare them in-house. The Brand Fund will not be held by BBU or us in a separate bank account, commercial account or savings account.

We and BBU have complete discretion on how the Brand Fund will be utilized. We and BBU may use the Brand Fund for any expenditure that BBU and we, in its and our sole discretion, deem necessary or appropriate to promote or improve the System or the Barrio Burrito Bar brand. For example, we and BBU may use the Brand Fund for: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for Brand Fund Contributions; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) conducting quality assurance programs and other reputation management functions; and (xiv) our and our affiliates’ expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

Neither we nor BBU guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. Neither BBU nor we are obligated to spend any amount on advertising in the geographical area where you are or will be located. Neither we nor BBU will use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but BBU and we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We and BBU assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will make available an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. During BBU’s most recent fiscal year ended April 30, 2024, the Brand Fund was spent as follows: 68% on Media Placement and 32% on Production.

Local Advertising

In addition to the Brand Fund Contributions, you must spend an average of one and one half percent (1.5%) of your Gross Sales on local advertising (“Local Advertising Requirement”). We will assess your compliance with this requirement on a rolling three (3)-month basis, meaning that as long as your average monthly expenditure on local advertising over the three (3)-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to the Brand Fund. We and/or BBU may periodically establish advertising programs that may require you to: (i) issue and offer rebates, giveaways, and other promotions; and (ii) honor rebates, giveaways, and other promotions issued by other Barrio Burrito Bar franchisees, provided your compliance with the advertising program does not violate any applicable law, rule, or regulation. You will be responsible for any costs and expenses associated with these advertising programs. You will also pay fees for our Digital Loyalty Program weekly along with your Royalty. You are required to participate in all loyalty and coupon programs we and/or BBU designate. You will not create or issue any gift cards or certificates and will only sell gift cards/certificates that have been issued or sponsored by BBU and which are accepted at all Barrio Burrito Bar Businesses, and you will not issue coupons or discounts of any type except as approved by us and/or BBU.

You may be required to participate in any local or regional advertising cooperatives for Barrio Burrito Bar Franchises that are established. The area of each local and regional advertising cooperative will be defined by us and/or BBU, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each Barrio Burrito Bar Business that the franchisee owns that exists within the cooperative’s area. Each Barrio Burrito Bar Business we or BBU own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We and/or BBU may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We and/or BBU reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we and/or BBU elect to form such cooperatives, or if such cooperatives already exist near your Territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which may be periodically modified at BBU’s discretion.

If you wish to advertise online, you must follow BBU's online policy which is contained in the Franchise Operations Manual. BBU's online policy may change as technology and the internet changes. We and/or BBU may restrict your use of social media. We and/or BBU may not allow you to independently market on the internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks.

We and/or BBU may require you to order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within thirty (30) days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use BBU's logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of five hundred dollars (\$500) per occurrence to the Brand Fund.

Grand Opening Program

You must spend, or pay us, BBU, or an affiliate, at least \$6,000 for initial marketing materials and grand opening marketing, advertising and promotion services and media placements for your Barrio Burrito Bar Business during the period beginning 30 days before and ending 90 days after the opening of your Barrio Burrito Bar Business. All expenditures for grand opening marketing, advertising and promotion will be in addition to your other marketing, advertising, and promotion obligations under the Franchise Agreement.

System Website

BBU has established a website for Barrio Burrito Bar Businesses ("System Website"). We and BBU intend that any franchisee website will be accessed only through the System Website. BBU has the right to use the Brand Fund's assets to develop, maintain, and update the System Website. BBU may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We and/or BBU has final approval rights of all information on the System Website. BBU may modify, update, or add to the System Website at any time. BBU is only required to reference your Barrio Burrito Bar Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards.

Advisory Council

We and/or BBU currently do not have, but may form, an advisory council ("Council") to advise us on advertising policies. The Council would be governed by bylaws. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council's bylaws. The Council would serve in an advisory capacity only. We and/or BBU will have the power to form, change, or dissolve the Council, in our, or BBU's, sole discretion.

Computer System

You are required to purchase a computer system ("Computer System") that consists of the following hardware and software: (a) our approved POS system, a computer, and printer; and (b) accounting, spreadsheet, and word processing software. We estimate the cost of purchasing the Computer

System will be between three thousand six hundred twenty dollars (\$3,620) and three thousand eight hundred dollars (\$3,800). The Computer System will manage the daily workflow of the Barrio Burrito Bar Business, coordinate the customer ordering experience, track inventory, food costs, labor, and other information. You must record all Gross Sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your Barrio Burrito Bar Business. You must also maintain a high-speed internet connection at the premises of the Barrio Burrito Bar Business. In addition to offering and accepting Barrio Burrito Bar gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System (see Franchise Agreement - Section 14.1). You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately four thousand eight hundred dollars (\$4,800) to seven thousand five hundred dollars (\$7,500), but this could vary (as discussed above). We and/or BBU may revise the specifications for the Computer System periodically.

AWe and BBU reserve the right to upgrade, modify, and add new systems and software, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional systems or software and for any increase in fees from third-party providers.

We (or BBU or our designee) have the right to independently access the electronic information and data relating to your Barrio Burrito Bar Business and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through the proprietary data management and intranet system. We and BBU may access the electronic information and data from your Computer System remotely, in your Barrio Burrito Bar Business, or from other locations.

Training

Initial Training

You and a representative that we require (or your Responsible Owner and any Franchise Manager (defined in Item 15) if you are an entity) must complete the initial training to our reasonable satisfaction, as determined by the specific program instructors, at least twenty (20) days before you open your Barrio Burrito Bar Business. We provide initial training at no cost for up to two (2) people so long as everyone attends the initial training at the same time. You must pay a five hundred dollar (\$500) per day fee for training each additional person if our trainers have to come back after the completion of the initial training program. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your costs and expenses to attend any training program, including lodging, transportation, food, and similar expenses. We plan to provide the training listed in the table below.

TRAINING PROGRAM

Subject	Hours of Classroom Training*	Hours of On-The-Job Training	Location
Introduction to Barrio Burrito Bar and Detailed overview of Operations Manual	8	0	Barrio Burrito Bar Business in Virginia, or at another location that we designate
Local marketing overview	8	0	Barrio Burrito Bar Business in Virginia, or at another location that we designate
Morning preparation, closing procedures, inventory, and staff management	0	16	Barrio Burrito Bar Business in Virginia, or at another location that we designate
Operations training	0	72	Barrio Burrito Bar Business in Virginia, or at another location that we designate
Pre-opening procedures, getting ready to launch	16	0	Your Location
TOTAL	32	88	

*One-on-one training with the training manager

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual(s) attending the initial training program. We will use the Franchise Operations Manual as the primary instruction materials during the initial training program.
2. Surinder Singh Sandhu currently conducts our training program. He is our Manager and President and has over twenty years of experience in the industry. Mr. Sandhu has experience in providing in-store training for employees and managers at Subway franchises.
3. Other instructors will include experienced Barrio Burrito Bar restaurant managers and/or assistant managers with at least one (1) year of management or training experience.

Ongoing Training

From time to time, we may require that you or your Responsible Owner, Franchise Managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Responsible Owner or transfer ownership, or if you hire a new Franchise Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Barrio Burrito Bar Business. You may also request that we provide additional training (either at corporate headquarters, or at your Barrio Burrito Bar Business). You must pay us five hundred dollars (\$500) per attendee per day for additional training (“Additional Training Fee”), and you must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all of your training program attendees and, if training occurs at your Barrio Burrito Bar Business, you must pay for airfare, meals, transportation costs, lodging, and incidental expenses of the

Barrio Burrito Bar representative providing training. We estimate any additional training would be completed in one (1) additional day. If we determine that you are not operating your Barrio Burrito Bar Business in accordance with our standards and specifications, we may require you to attend training and pay the Additional Training Fee and our expenses. We may require that your Responsible Owner, Franchise Manager, and other employees attend this remedial training. You will be required to pay us the then-current training fee for any such training. If the training program is conducted at your Barrio Burrito Bar Business, you must reimburse us for the expenses we or our other representative(s) incur in providing the training, including, if applicable, salaries.

In addition to participating in ongoing training, you will be required to attend any national or regional meeting or conference of franchisees. You are responsible for any conference fee and all travel and expenses for your attendees.

ITEM 12 TERRITORY

Franchise Agreement

You may operate your Barrio Burrito Bar Business only at the approved location. The approved location for your Barrio Burrito Bar Business will be listed in the Franchise Agreement. If you have not identified an approved location for your Barrio Burrito Bar Business when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the location. You are not guaranteed any specific location, and you may not be able to obtain your top choice as your approved location. You may not relocate your Barrio Burrito Bar Business without our prior written approval. We may approve a request to relocate your Barrio Burrito Bar Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of your Barrio Burrito Bar Business, and our then-current site selection policies and procedures. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of your Territory (as defined below), our expansion plans, and other factors that, at the time of a relocation request, are relevant to us.

You will receive a nonexclusive territory (“Territory”). Except as described below, we will not establish or franchise others to establish another Barrio Burrito Bar Business within your designated Territory during the term of the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Territory is determined based on the geographic area and other relevant demographic characteristics of our choosing and will be a minimum of a one (1)-mile radius around the premises of your Barrio Burrito Bar Business. We will not grant you this right if your Barrio Burrito Bar Business is located in a metropolitan area (areas in which the population during any twenty four (24)-hour period exceeds 50,000 persons per square mile). In addition, we will not grant you this right if your Barrio Burrito Bar Business will be located in a non-traditional location such as an airport, hotel, convention center, sports arena or stadium, college campus, amusement park, within the premises of another business, or a similar venue.

You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. If you renew your Franchise, your Territory may be modified depending on the then-current demographics of the Territory, and on our then-current standards for territories.

You must follow our off-site policies and procedures in the Franchise Operations Manual. If permitted by the then-current policies, you may provide catering and delivery services inside and outside of your Territory. The delivery and catering policies and procedures may allow you to provide catering and delivery services in the territories of other Barrio Burrito Bar Businesses without compensating the operator of those restaurants, and other franchisees may do the same in your Territory without compensating you. We may impose restrictions in the future that prevent you or limit you from providing catering and delivery services outside of your Territory, including within the Territory of another franchisee. We have the absolute right to withdraw our approval of catering and delivery services on thirty (30) days' prior written notice. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency (other than complying with the terms of the Franchise Agreement).

We, BBU, and our affiliates have the right to operate, and to license others to operate, Barrio Burrito Bar Businesses at any location outside the Territory, even if doing so will or might affect your operation of your Barrio Burrito Bar Business. We, BBU, and our affiliates also have the right to deliver, or permit our franchisees to deliver, products and services from Barrio Burrito Bar Businesses within your Territory. You are not granted any rights to use the internet as a channel of distribution and may not independently market on the internet or conduct e-commerce unless we have expressly allowed you to do so. We may disallow any online activity upon written notice to you.

We and BBU retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We and/or BBU may use the Marks or the System to sell any products or services similar to those which you will sell through any alternate channels of distribution or non-traditional locations within or outside of the Territory. We and/or BBU may use trademarks other than the Marks to sell any products or services, including products and services similar to those which you will sell within or outside of the Territory. We and/or BBU may engage in any transaction, including to purchase, be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situation, the newly acquired businesses may not operate under the Marks in the Territory. We and/or BBU may implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We have the right to issue mandatory policies to coordinate such multi-area marketing programs. Although we reserve the rights described, neither we nor any affiliate, operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises.

We are not required to pay you if we exercise any of our rights within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency (other than complying with the terms of the Franchise Agreement). We will not be required to pay any compensation for soliciting or accepting orders inside your Territory, including any delivery orders accepted or solicited by other Barrio Burrito Bar franchisees.

You do not receive the right to acquire additional Barrio Burrito Bar Franchises within the Territory unless you enter into a Multi-Franchise Addendum.. You do not receive the right to acquire additional Barrio Burrito Bar Franchises unless you enter into a Multi-Franchise Addendum. You are not given a right of first refusal on the sale of existing Barrio Burrito Bar Franchises. If you wish to purchase an additional Barrio Burrito Bar Franchise, you must apply to us, and we may, at our discretion, offer an additional Barrio Burrito Bar Franchise to you. We consider a variety of factors when determining whether to grant additional Barrio Burrito Bar Franchises. Among the factors we consider, in addition to the then-current requirements for new Barrio Burrito Bar Franchisees,, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement. You do not receive the right to

open any additional Barrio Burrito Bar Businesses in your Territory. You are not given a right of first refusal on the sale of existing Barrio Burrito Bar Franchises.

ITEM 13 TRADEMARKS

The Marks and the System are owned by licensed exclusively to us by BBU. The Franchise Agreement and your payment of Royalties grant you the nonexclusive right and license to use the System, which includes the use of the Marks. Effective November 1, 2017, BBR sold, assigned, and transferred to BBU for its own use in the United States only, the entire right to the BBR system, as then used by BBR in Canada (the “Rights”). Any improvements or advancements made by BBR in Canada will be transferred to BBU and become part of the Rights. The Rights do not include any right, title, interest in, or license to use, the Marks and System outside of the United States, and the ownership of any rights outside of the United States remains with BBR.

BBU has granted us a subfranchise license to use the Marks to franchise the Barrio Burrito Bar System in the entire State of Maryland and the entire Commonwealth of Virginia (collectively, the “Master Franchise Agreements”). The Master Franchise Agreement for Virginia extends until February 2034, and Maryland extends until March 2034, and we have the right to renew it for two additional five-year terms so long as we are in good standing under the Master Franchise Agreements and other contracts between us and BBU.

Our Master Franchise Agreements can be cancelled upon 10 days’ written notice if we: (a) become insolvent or are unable to pay our debts as they come due, or file a petition in (or are the subject of) a bankruptcy; (b) have a material license or permit suspended or revoked; (c) or our Owner are convicted or plead no contest to a felony, or fail to comply with a law; (d) commit an act that adversely affects the System; (e) make a material misrepresentation to BBU; (f) have a Managing Owner who ceases to actively manage our business and we fail to find an alternative Managing Owner; (g) fail to pay an amount we owe, or underreport, to BBU; (h) make an unauthorized transfer; (i) violate a restrictive covenant; (j) misuse BBU’s intellectual property; (k) commit 3 or more defaults; (l) have an agreement terminated between us and BBU; (m) fail to meet certain minimum quotas of development relating to establishing or selling Barrio Burrito Bar Franchises; or (n) agree to terminate the Master Franchise Agreements. If the Master Franchise Agreements are terminated, BBU has the right to require us to assign your Franchise Agreement to BBU or its designee.

The Franchise Agreement and your payment of Royalties grant you the nonexclusive right and license to use the System, which includes the use of the Marks. Other than the Master Franchise Agreements, no agreement significantly limits our right to use or license the Marks in any manner material to the Barrio Burrito Bar Franchise.

BBU has applied for registration of the following trademarks with the United States Patent and Trademark Office (“USPTO”):

Trademark	Serial No.	Filing Date	Status
BARRIO BURRITO BAR	98,563,116	May 22, 2024	Pending on the Principal Register

Trademark	Serial No.	Filing Date	Status
	98,641,994	July 10, 2024	Pending on the Principal Register

BBR does not have a federally registered trademark for the word mark for Barrio Burrito Bar. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

Other than the Master Franchise Agreements, we do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks. You must follow our and BBU's rules when using the Marks. You cannot use the Mark as part of a corporate name or with modifying words, designs or symbols unless you receive BBU's and our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in the premises of your Barrio Burrito Bar Business that you are an independently-owned and operated licensed franchisee of Barrio Burrito Bar. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Barrio Burrito Bar Franchise, or any interest in the Barrio Burrito Bar Franchise. All rights and goodwill from the use of the Marks accrue to BBU and to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We and/or BBU may require your assistance, but we and/or BBU will exclusively control any proceeding or litigation relating to our Marks. Neither we nor BBU have no obligation to pursue any infringing users of the Marks. If BBU or we learn of an infringing user, BBU or we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three business days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. BBU has the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in BBU's or our sole discretion, for BBU, us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 30 days after receiving notice. Neither we nor BBU will reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest BBU's right to the Marks. We may acquire, develop and use additional trademarks not listed here, and may make those trademarks available for your use and for use by other franchisees.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of the advertising materials, the ingredients

and formula of the products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although BBU has not applied for copyright registration for the Franchise Operations Manual, its advertising materials, the content and format of its products, or any other writings and recordings, BBU claims common law and federal copyrights in these items. You are granted the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your Barrio Burrito Bar Franchise, but such copyrights remain BBU’s sole property. Copyrighted Works are licensed to us by BBU under the Master Franchise Agreements.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works. There are no proceedings pending pertaining to the Copyrighted Works. Other than the Master Franchise Agreements, there are no effective agreements between BBU or us and third parties pertaining to the Copyrighted Works that will or may significantly limit using the Copyrighted Works.

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

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

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

of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our or BBU's counsel, be necessary to protect and maintain our or BBU's interests in any litigation or proceeding, or to protect and maintain our or BBU's interests in the Copyrighted Works, Confidential Information or Trade Secrets.

We currently to not have any patents or patents pending that are material to us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you either directly operate your Barrio Burrito Bar Business or designate a manager ("Franchise Manager") who has been approved by us in our commercially reasonable discretion. The "Responsible Owner" is an individual who will be primarily responsible for communicating with us about the Barrio Burrito Bar Business. The Responsible Owner must have the authority and responsibility for the day-to-day operations of your Barrio Burrito Bar Business. If you are an individual, you are the Responsible Owner. If you are a legal entity, you must appoint an individual that has at least a twenty-five percent (25%) equity interest in the legal entity to be the Responsible Owner. Your Responsible Owner and your Franchise Manager, if any, must successfully complete our training program (see Item 11). We may require that the Franchise Manager participate in a profit-sharing agreement with respect to the Barrio Burrito Bar Business. If you replace your Responsible Owner or Franchise Manager, the new Responsible Owner or Franchise Manager must satisfactorily complete our training program at your own expense. If the Franchise Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, we require your Responsible Owner to assume responsibility for on-site management and supervision of your Franchised Business until such time that you obtain a suitable replacement Franchise Manager. If there is no acting Franchise Manager or Responsible Owner, we may appoint an interim manager and charge the Management Fee described in Item 6.

If you are a legal entity, each direct and indirect owner (i.e., each person holding an ownership interest in you) must sign a Franchise Owner Agreement, which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Franchise Owner Agreement. Any Franchise Manager and officer of your legal entity must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit G (unless they already signed a Franchise Owner Agreement). All of your employees, independent contractors, agents, or representatives that may have access to the confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your Barrio Burrito Bar Business or other factors. You must sell or offer for sale all types of products and services specified by us. We and/or BBU may change or add to our required products and services, at our discretion, with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. There are no limitations on our rights to make changes to the required products and services offered by you. You must discontinue selling and offering for sale any products and

services that we disapprove. We and/or BBU reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs, or mention or discuss the Barrio Burrito Bar Franchise, us, BBU, or any of our affiliates without our prior written consent and as subject to our online policy. The online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, internet, or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers, provided you do so from the location of your Barrio Burrito Bar Business in accordance with our policies.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	Begins on the date you sign the Franchise Agreement and expires ten years after you open your Barrio Burrito Bar Business.
b. Renewal or extension of the term	Section 5.1	If you are in good standing and you meet other requirements, you may add two successor terms of five years each.
c. Requirements for franchisee to renew or extend	Section 5.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires if you are in good standing and you meet other requirements. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the franchise agreement that covered your original term.
d. Termination by franchisee	Section 23	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice, subject to applicable state law.
e. Termination by franchisor without cause	Not Applicable	Not applicable.
f. Termination by franchisor with cause	Section 24.2	We can terminate upon certain violations of the Franchise Agreement by you.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined - curable defaults	Section 24.3	You have 30 days to cure defaults not listed in Section 24.2 of your Franchise Agreement.
h. “Cause” defined - non-curable defaults	Section 24.2	Non-curable defaults include: (i) failure to open your Barrio Burrito Bar Business; (ii) material misrepresentation; (iii) failure to comply with an any federal, state or local law; (iv) conviction, plead guilty or nolo contendere to a felony or any other crime or offense; (v) knowingly maintaining false books, underreporting or under recording of Gross Sales, certain underreporting or under recording; (vi) misuse or unauthorized use of the Marks; (vii) health or safety violations; (viii) abandonment; (ix) failure to pay any amounts owed to us; (x) assignment without our consent; (xi) violation of the brand covenants; (xii) if a regulatory authority suspends or revokes a license or permit that is required to operate the Barrio Burrito Bar Business; (xiii) failure to complete the Initial Training Program; (xiv) repeated defaults, even if cured; (xv) any breach of the Franchise Owners Agreement; or (xvi) failure to secure the premises for your Barrio Burrito Bar Franchise.
i. Franchisee’s obligations on termination/non-renewal	Sections 5.3 and 26	Obligations include complete de-identification, payment of amounts due and return of Franchise Operations Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 15	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	Section 16.1	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 16.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 16.3	If you are in good standing and meet other requirements listed in Section 16.3, we may approve your transfer to a new owner. We will not unreasonably withhold our approval of any proposed transfer, provided the following conditions are satisfied: (i) you have provides us written notice of the proposed transfer at least 45 days prior to the transaction, including submittal of all supporting document; (ii) the proposed transferee meets our qualifications, in our opinion, of good moral character, business experience and financial resources; (iii) your monetary obligations to us and our affiliates must be paid in full and you must have cured all existing defaults; (iv) the transferee must

Provision	Section in Franchise Agreement	Summary
		successfully complete the initial training program; (v) the transferee must have obtained all licenses and permits required by law to own and operate the business; (vi) the transferee must sign our then-current form of franchise agreement; (vii) you must pay us a transfer fee and the transferee must pay us the transfer training fee; (viii) you and your owners must sign a general release; (ix) we have not elected to exercise our Right of First Refusal; (x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us, if we require; (xi) you have paid any broker costs, commissions, or other placement fees that we incur as a result of the transfer; (xii) your landlord consents to the assignment of the lease for the premises; (xiii) you or transferee must remodel the premises to comply with our then-current standards and specifications; and (xiv) you agree to comply with all other obligations that survive the termination, expiration, or transfer of the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.2	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 27	We may, but are not required to, purchase your Franchise, inventory, or equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 16.5	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the franchise	Section 18.2	You may not participate in or have an ownership interest of more than 5% in a diverting business, induce any customer to transfer their business to you or perform services for a competitive business (i.e., a business offering substantially similar products and services) anywhere, and you may not interfere with our or our other franchisees' Barrio Burrito Bar Franchises. Subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 18.3	Owners may not have an interest in, own, manage, operate, finance, control or participate in any competitive business within: (i) a two-mile radius of your Barrio Burrito Bar Business; and (ii) a two-mile radius from all other Barrio Burrito Bar Businesses that are operating or under construction as of the date of the termination, expiration or Transfer of this Franchise Agreement, for three years. If you or your owners engage in any activities prohibited by the Franchise Agreement during the restricted period, then the restricted period applicable to you or the non-compliant owner shall be extended by the period of time during which you or the non-compliant owner, as applicable, engaged in the prohibited activities. Subject to applicable state law.
s. Modification of the agreement	Sections 9.1 and 30.9	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Franchise Operations Manual is subject to change at any time in BBU's discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 30.10	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 28	Except for certain claims and subject to state law, all disputes must be mediated and arbitrated in Fairfax County, Virginia, unless BBU has assumed the Franchise Agreement, in which case they must be mediated and arbitrated in Detroit, Michigan, subject to applicable state law.
v. Choice of forum	Section 28.4	All disputes must be mediated, arbitrated, and if applicable, litigated in Fairfax County, Virginia, unless BBU has assumed the Franchise Agreement, in which case the venue will be Detroit, Michigan, subject to applicable state law.
w. Choice of law	Section 30.1	Virginia law applies, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our 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 the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Surinder Singh Sandhu, 9516-C Lee Highway, Fairfax, Virginia 22031, (443) 433-8020, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Our (SRG)'s outlets

Table No. 1

Systemwide Outlet Summary
For Years 2022 to 2024

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

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2024	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

Projected Openings for 2025 as of
April 30, 2024

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
Maryland	0	0	0
Virginia	0	0	1
Total	0	0	1

BBU's outlets

All year-end numbers appearing in the tables below are as of April 30 in each year.

Table No. 1

Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets ⁽¹⁾	2022	1	2	+1
	2023	2	2	0
	2024	2	4	+2

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	1	2	+1
	2023	2	2	0
	2024	2	4	+2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Delaware	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan ⁽¹⁾	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Total	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4

⁽¹⁾These outlets are operated by a master franchisee.

Table No. 4

Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

Projected Openings as of
April 30, 2024

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
Connecticut	1	1	0
Florida	1	1	0
Hawaii	2	2	0
Ohio	1	1	0
New Jersey	1	1	0
Texas	2	2	0
Total	8	8	0

The names, addresses and telephone numbers of our and BBU's current franchisees are attached to this Franchise Disclosure Document as Exhibit C. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Barrio Burrito Bar Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under BBU's franchise agreement during the one-year period preceding April 30, 2024, or who has not communicated with BBU within 10 weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D.

The name and last known address and telephone number of every current franchisee and every franchisee of ours who has had a Barrio Burrito Bar Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period preceding April 30, 2024, or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. During the last three years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System. If you buy a Barrio Burrito Bar Franchise, your contact information may be disclosed to other buyers when you leave the System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by BBU or us and no independent franchisee organizations have asked to be included in this or BBU's Franchise Disclosure Document. Neither we nor BBU have any trademark specific franchisee organization.

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document. For BBU, this consists of audited financial statements for its fiscal years ending April 30, 2022, April 30, 2023, and April 30, 2024. BBU's fiscal year end is April 30. For SRG, this is an unaudited opening balance sheet dated December 31, 2024. We have not been in business for three years or more and cannot include all financial statements required. SRG's fiscal year end is also April 30.

ITEM 22 CONTRACTS

Exhibit C	Franchise Agreement
Exhibit E	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Barrio Burrito Bar Franchise
Exhibit H	Franchise Disclosure Questionnaire

ITEM 23 RECEIPTS

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

EXHIBIT A

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

<u>CALIFORNIA</u> <u>State Administrator and Agent for Service of Process:</u> Commissioner Department of Financial Protection and Innovation 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>Agent for Service of Process:</u> 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 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681 <u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	<u>MARYLAND CONTINUED</u> <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 <u>MICHIGAN</u> Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117 <u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600 <u>NEW YORK</u> <u>Administrator:</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 <u>Agent for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231 <u>NORTH DAKOTA</u> <u>Administrator:</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712 <u>Agent for Service of Process:</u> Securities Commissioner 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510	<u>RHODE ISLAND</u> Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 <u>Agent for Service of Process:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 <u>WASHINGTON</u> <u>State Administrator:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760 <u>Agent for Service for Process:</u> Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364
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EXHIBIT B
FINANCIAL STATEMENTS

BURRITOBAR USA, INC'S
FINANCIAL STATEMENTS



BURRITOBAR USA, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
APRIL 30, 2024, 2023, AND 2022



BURRITOBAR USA, INC.

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Statements of operations.....	6
Statements of stockholder's equity	7
Statements of cash flows	8
Notes to the financial statements	9

Independent Auditor's Report

To the Stockholder of
BurritoBar USA, Inc.
Toronto, ON

Opinion

We have audited the accompanying financial statements of BurritoBar USA, Inc., which comprise the balance sheets as of April 30, 2024, 2023, and 2022, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BurritoBar USA, Inc. as of April 30, 2024, 2023, and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 our judgment, 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.

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar & Dunbar

St. George, Utah
June 25, 2024

BURRITOBAR USA, INC.
BALANCE SHEETS
As of April 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 621,464	\$ 43,929	\$ 32,164
Accounts receivable	1,815	1,930	-
Deferred commissions, current	48,400	-	-
Total current assets	<u>671,679</u>	<u>45,859</u>	<u>32,164</u>
Non-current assets			
Deferred tax assets	22,856	20,459	13,411
Deferred commissions, non-current	112,800	-	-
Total assets	<u>\$ 807,335</u>	<u>\$ 66,318</u>	<u>\$ 45,575</u>
Liabilities and Stockholder's Equity			
Current liabilities			
Accounts payable	\$ 9,007	\$ 8,548	\$ 1,163
Due to shareholder	5,920	5,920	5,920
Deferred revenue, current	218,799	-	7,333
Total current liabilities	<u>233,726</u>	<u>14,468</u>	<u>14,416</u>
Non-current liabilities			
Deferred revenue, non-current	596,969	67,500	30,000
Total liabilities	<u>830,695</u>	<u>81,968</u>	<u>44,416</u>
Stockholder's equity			
Common stock, 1,500 shares authorized, issued, and outstanding	10,000	10,000	10,000
Accumulated deficit	<u>(33,360)</u>	<u>(25,650)</u>	<u>(8,841)</u>
Total stockholder's equity	<u>(23,360)</u>	<u>(15,650)</u>	<u>1,159</u>
Total liabilities and stockholder's equity	<u>\$ 807,335</u>	<u>\$ 66,318</u>	<u>\$ 45,575</u>

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF OPERATIONS
For the years ended April 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue			
Franchise fees	\$ 39,717	\$ 7,333	\$ 11,000
Royalty fees	62,987	19,268	9,459
Total operating revenue	<u>102,704</u>	<u>26,601</u>	<u>20,459</u>
Operating expenses			
Professional fees	64,434	48,137	22,135
Advertising and marketing	22,220	1,100	8,990
General and administrative	26,157	-	348
Total operating expenses	<u>112,811</u>	<u>49,237</u>	<u>31,473</u>
Loss from operations	<u>(10,107)</u>	<u>(22,636)</u>	<u>(11,014)</u>
Income tax benefit	<u>(2,397)</u>	<u>(5,827)</u>	<u>(2,835)</u>
Net loss	<u>\$ (7,710)</u>	<u>\$ (16,809)</u>	<u>\$ (8,179)</u>

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
For the years ended April 30, 2024, 2023, and 2022

	Common Stock		Accumulated	
	Shares	Amount	Deficit	Total
Balances as of May 1, 2021	1,500	\$ 10,000	\$ (662)	\$ 9,338
Net loss	-	-	(8,179)	(8,179)
Balances as of April 30, 2022	1,500	10,000	(8,841)	1,159
Net loss	-	-	(16,809)	(16,809)
Balances as of April 30, 2023	1,500	10,000	(25,650)	(15,650)
Net loss	-	-	(7,710)	(7,710)
Balances as of April 30, 2024	1,500	\$ 10,000	\$ (33,360)	\$ (23,360)

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF CASH FLOWS
For the years ended April 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:			
Net loss	\$ (7,710)	\$ (16,809)	\$ (8,179)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	115	(1,930)	-
Prepaid expenses	-	-	1,033
Deferred commissions	(161,200)	-	-
Accounts payable	459	7,385	1,163
Deferred tax assets	(2,397)	(7,048)	(4,173)
Deferred revenue	748,268	30,167	19,000
Net cash provided by operating activities	<u>577,535</u>	<u>11,765</u>	<u>8,844</u>
Net change in cash and cash equivalents	577,535	11,765	8,844
Cash at the beginning of the year	43,929	32,164	23,320
Cash at the end of the year	<u>\$ 621,464</u>	<u>\$ 43,929</u>	<u>\$ 32,164</u>
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

BurritoBar USA, Inc. (the “Company”) was formed on October 27, 2017 in the state of Delaware as a corporation for the principle purpose of franchising a unique Mexican casual-dining restaurant and supporting the operations of franchised locations throughout the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending April 30 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of April 30, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$621,464, \$43,929, and \$32,164, respectively.

(e) Accounts Receivable

Accounts receivable primarily consist of amounts from franchisees for initial franchise fees. Based on an assessment of the franchisees’ credit history and current relationship with the Company, management has concluded that realized losses on balances outstanding at year-end will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded as of April 30, 2024, 2023, and 2022. As of April 30, 2024 and 2023, the Company had accounts receivable of \$1,815 and \$1,930, respectively. As of April 30, 2022, the Company had no accounts receivable.

(f) Revenue Recognition

The Company’s revenues consist of fees from both master franchise territories operated by master franchisees and individual franchised locations. Revenues from master and individual franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

On May 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company’s financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the adoption of ASC 606 did not have a material effect upon its financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. Management has determined that initial fees from master franchise agreements are to be recognized over the life of the agreement.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees from individual franchisees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon delivery of the pre-opening services, which is generally the commencement of operations.

(g) Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, *Income Taxes*. Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax years ended April 30, 2024, 2023, and 2022 for U.S. Federal Income Tax and income tax for the State of Delaware.

The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not recognize or incur any accrual for interest and penalties relating to income taxes for the years ended April 30, 2024, 2023, and 2022.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Transactions

The Company has a loan from its sole shareholder to fund operations and provide working capital. The loan does not bear interest and is payable upon demand. As of April 30, 2024, 2023, and 2022, the amount due to shareholder was \$5,920.

(3) Deferred Tax Asset

As of April 30, 2024, 2023, and 2022, the components of the deferred income tax asset are as follows:

	2024	2023	2022
Deferred tax asset			
Deferred revenue and commissions	\$ 6,430	\$ 17,375	\$ 9,610
Start-up costs	2,367	3,084	3,801
Net operating loss	14,059	-	-
Total deferred tax asset	<u>\$ 22,856</u>	<u>\$ 20,459</u>	<u>\$ 13,411</u>

The following is a reconciliation of the statutory federal income tax rate applied to pretax accounting income with the income tax provision:

	2024	2023	2022
Income tax at the statutory rate	\$ -	\$ 1,221	\$ 1,338
Increase (decrease) resulting from:			
Deferred revenue and commissions	10,945	(7,765)	(4,891)
Start-up costs	717	717	718
Net operating loss	(14,059)	-	-
Income tax benefit	<u>\$ (2,397)</u>	<u>\$ (5,827)</u>	<u>\$ (2,835)</u>

(4) Franchise Agreements

The Company's master and individual franchise agreements provide for a payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the master franchise agreement, franchisees are granted the right to operate a territory using the Burrrito Bar system for a period of ten years. All initial fees from master franchisees are amortized over the life of the agreement. Under the individual franchise agreement, franchisees are granted the right to single locations using the Burrrito Bar system for a period of five years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. The amount expected to be recognized within the following year is categorized as current, while the remainder is classified as non-current.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

The Company has estimated the following current and non-current portions of deferred revenue as of April 30, 2024, 2023, and 2022:

	2024	2023	2022
Deferred commissions, current	\$ 48,400	\$ -	\$ -
Deferred commissions, non-current	112,800	-	-
	<u>\$ 161,200</u>	<u>\$ -</u>	<u>\$ -</u>

The Company has estimated the following current and non-current portions of deferred revenue as of April 30, 2024, 2023, and 2022:

	2024	2023	2022
Deferred revenue, current	\$ 218,799	\$ -	\$ 7,333
Deferred revenue, non-current	596,969	67,500	30,000
	<u>\$ 815,768</u>	<u>\$ 67,500</u>	<u>\$ 37,333</u>

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through June 25, 2024, the date on which the financial statements were issued.

SANDHU RESTAURANT GROUP OF VIRGINIA LLC
FINANCIAL STATEMENTS

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

Sandhu Restaurant Group of Virginia LLC

Income Statement

For Current Period Ending 12/31/2024

	Year-to-Date
REVENUE	
Revenue - Gross Receipts	0
Interest Income	15.89
TOTAL REVENUE	15.89
GROSS PROFIT	<u>15.89</u>
G&A EXPENSE	
Accounting Fee	250.00
Business Licenses	755.00
Utilities	104.64
TOTAL EXPENSE	1,109.64
NET INCOME	<u><u>(1,093.75)</u></u>

Sandhu Restaurant Group of Virginia LLC

BALANCE SHEET
as of December 31, 2024

ASSETS

CURRENT ASSETS

Truist Bank (Checking-4888)	104,333.86	
Truist Bank (Checking-4896)	500.00	
Truist Bank (Money Market-4918)	<u>5,314.32</u>	
TOTAL CURRENT ASSETS		110,148.18

LONG TERM ASSETS

Fur, Fix & Equipments	0.00	
Less: Accum Amortization	<u>0.00</u>	
TOTAL LONG TERM ASSETS		0.00

OTHER ASSETS

Goodwill	<u>0.00</u>	
TOTAL OTHER ASSETS		<u>0.00</u>

TOTAL ASSETS		<u>110,148.18</u>
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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable	250.00	
Taxes Payable	<u>0.00</u>	
TOTAL CURRENT LIABILITIES		250.00

LONG TERM LIABILITIES

L/P - Members	<u>0.00</u>	
TOTAL LONG TERM LIABILITIES		0.00

STOCKHOLDERS EQUITY

Common Stock	10,000.00	
Member's Equity	100,991.93	
Retained Earnings	0.00	
NET PROFIT	<u>(1,093.75)</u>	
TOTAL STOCKHOLDERS EQUITY		<u>109,898.18</u>

TOTAL LIABILITIES & EQUITY		<u>110,148.18</u>
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EXHIBIT C

FRANCHISE AGREEMENT

EXHIBIT C



SANDHU RESTAURANT GROUP OF VIRGINIA LLC

FRANCHISE AGREEMENT

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ATTACHMENT A – FRANCHISE DATA SHEET

ATTACHMENT B – STATEMENT OF OWNERSHIP

ATTACHMENT C – FRANCHISE OWNER AGREEMENT

BURRITO BAR

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Franchise Agreement”) is made, entered into and effective as of the “Effective Date” set forth in Attachment A to this Franchise Agreement, by and between Sandhu Restaurant Group of Virginia LLC, a Virginia limited liability company (“we,” “us,” or “our”), and the franchisee set forth in Attachment A to this Franchise Agreement (“you” or “your”). If more than one person or entity is listed as the franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions, and obligations under this Franchise Agreement.

1. INTRODUCTION

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement. This Franchise Agreement creates legal obligations that you must follow. We recommend that you consult with a legal professional to ensure that you understand these obligations. If you have any questions, or if you do not understand a certain provision or section, please review it with us or your legal and financial advisors before you sign this Franchise Agreement.

This Franchise Agreement has defined terms. A defined term is a shorthand reference within a document that refers to another name or idea in the document. Defined terms are underlined and surrounded by double quotes, typically with capitalized first letters, and may be contained in parentheses throughout the Franchise Agreement.

2. GRANT OF FRANCHISE

As a Barrio Burrito Bar franchisee, you will operate a Franchised Business providing restaurants that serve grilled burritos, quesadillas, tacos, nachos, salads, and other food and beverage products and related services (“Franchised Business”). The Franchised Business will operate under Burrito Bar USA, Inc.’s (the “Licensors”), service marks, trademarks, trade names, trade dress, logos, slogans, and commercial symbols as we may from time to time authorize or direct you to use in connection with the operation (the “Marks”).

We hereby grant you a non-exclusive license to own and operate your Franchised Business using the business formats, methods, procedures, signs, designs, standards, specifications, distinguishing elements, and intellectual property (the “System”) that we authorize from a single location that we approve (“Premises”) strictly in compliance with the terms and conditions set forth in this Franchise Agreement, and, if permitted by our then-current policies, standards and specifications and approved by us, to also provide delivery and/or catering services (“Delivery Services”) inside and outside the Territory in Attachment A-1 to this Franchise Agreement in accordance with our then-current policies, standards and specifications. You recognize and acknowledge the distinctive significance to the public of the System and Marks and acknowledge and understand our high and uniform standards of quality, appearance and service to the value of the System. You acknowledge that we may change, improve or otherwise modify the System as we or Licensors deem appropriate in our discretion, and you agree to promptly accept and comply with any such changes, improvements or modifications. You further acknowledge that our grant to operate a Franchised Business is based on the representations contained in the application for this franchise. You acknowledge and agree that this Franchise Agreement does not grant you the right or option to open any additional Franchised Businesses or any right to sub-license or sub franchise any of the rights we grant you in this Franchise Agreement. You acknowledge that this Franchise Agreement does not grant you the right or option to open any additional Franchised Businesses unless you are simultaneously entering into a

“Multi-Franchise Addendum.” You also acknowledge and agree that this Franchise Agreement does not grant you any right to sub-license or sub franchise any of the rights we grant you in this Franchise Agreement. You may only open an additional Franchised Business under a separate franchise agreement with us, which we may grant in our sole discretion.

As part of you accepting our grant to open and operate a Franchised Business, you hereby acknowledge that: (i) you have received a copy of our most recent franchise disclosure document (“Franchise Disclosure Document”); (ii) you are aware of the fact that other present or future franchisees of ours or Licensor’s may operate under different forms of agreement and consequently that our obligations and rights with respect to our or Licensor’s various franchisees may differ materially in certain circumstances; and (iii) you are aware of the fact that we or Licensor may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

3. FRANCHISEE AS ENTITY

3.1 Entity Representations

For purpose of this Franchise Agreement, “Owner(s)” means any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you, this Franchise Agreement, or the Franchised Business. If you are a corporation, partnership, limited liability company, or other form of business entity (“Entity”), you agree and represent that:

3.1.1 Authority. You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed, validly existing, and in good standing under the laws of the state of your incorporation or formation.

3.1.2 Company Documents. At our request, you will furnish copies of all documents and contracts governing the rights and obligations of your Owners (such as, Articles of Incorporation or Organization and partnership, operating, or shareholder agreements or similar documents, the “Company Documents”). You will not alter, change, or amend your Company Documents, without obtaining our prior written approval, which approval we will not unreasonably deny or withhold, and will grant if such changes will not prevent you from performing your obligations under this Franchise Agreement.

3.1.3 Transfer Restrictions. Your Company Documents will recite that this Franchise Agreement restricts the issuance and transfer of any ownership interests in you, and all documents representing your ownership interests will bear a legend referring to the restrictions.

3.1.4 Naming. You agree not to use the name “Barrio Burrito Bar” or any similar wording in the name of your Entity.

3.1.5 Owner Identification. You certify that Attachment B to this Franchise Agreement completely and accurately describes all of your Owners and their interests in you as of the Effective Date. You agree to sign and deliver to us a revised Attachment B to reflect any permitted changes in the information that Attachment B now contains.

3.1.6 Single Purpose Entity. The Franchised Business will be the only business the Entity operates, which your organizational documents must reflect (although the Owners in the Entity may have other business interests subject to any competitive business restrictions contained in this Franchise Agreement).

3.1.7 Franchise Owner Agreement. All Owners and their spouses must sign the Franchise Owner Agreement, attached as Attachment C to this Franchise Agreement. You agree that, if any person or Entity ceases to be one of your Owners, or if any individual or Entity becomes an Owner of you (such ownership change must comply with the “Transfer Conditions” discussed later in this Franchise Agreement), you will require the new Owner (and the new Owner’s spouse) to execute all documents required by us, including the Franchise Owner Agreement.

3.1.8 No Offerings. You agree that you will not offer any securities (in a public or private offering or otherwise) or engage in any type of fundraising (like crowdfunding) without our prior written consent, which may be withheld in our sole discretion.

4. TERRITORIAL RIGHTS AND LIMITATIONS

We may grant you a designated territory consisting of the geographic area identified in Attachment A (“Territory”). If you receive a Territory for the Franchised Business, we will not operate, or grant a franchise or license to a third party to operate, a Franchised Business that is physically located in your Territory, except as otherwise provided in this Section. We, Licensor, and our and its affiliates have the right to operate, and to license others to operate, Franchised Businesses at any location outside the Territory, even if doing so will or might affect your operation of your Franchised Business.

We and Licensor retain all territorial rights not expressly granted to you. This includes, but is not limited to, the right (i) to own, franchise, or operate Franchised Businesses at any location outside of the Territory, regardless of the proximity to your Franchised Business; (ii) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory, including, but not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet; (iii) to use and license the use of other proprietary and non-Marks or methods which are not the same as or confusingly similar to the Marks, at any location, including within the Territory, and use such trademarks for products and services which may be similar to or different from your Franchised Business; (iv) to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly or indirectly with your Franchised Business, whether located inside or outside the Territory, provided that any competing businesses located in the Territory will not operate under the Marks; (v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere; (vi) to provide, and allow others to provide, Delivery Services within and outside of the Territory under the Marks; and (vii) to engage in any other business activities not expressly prohibited by this Franchise Agreement. We and/or Licensor, as applicable, are not required to pay you if we exercise any of our rights, including within your Territory. We and/or Licensor, as applicable, are not required to pay you compensation for soliciting or accepting orders inside your Territory, or for exercising any of our rights within or outside of your Territory.

A “Metropolitan Area” means any area in which the population during any twenty-four (24)-hour period exceeds fifty thousand (50,000) persons per square mile. A “Non-Traditional Location” means a location other than a standard brick and mortar retail location that is within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, train stations, amusement parks, and all properties controlled by the amusement park, travel stations, hotels and motels, ships, ports, piers, casinos, stadiums, airports, theatres, big box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, outlet malls, supermarkets and convenience stores, and any site for which the lessor, owner, or operator indicated

its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

If your Franchised Business is in a Metropolitan Area or is operated from a Non-Traditional Location, you will not receive a Territory.

5. TERM AND RENEWAL

5.1 Generally

This Franchise Agreement begins on the Effective Date and continue for 10 years (“Term”). If this Franchise Agreement is the initial franchise agreement for your Franchised Business, you may enter into a maximum of 2 successor franchise agreements (a “Successor Franchise Agreement”), as long as you meet the conditions for renewal specified below. The Successor Franchise Agreement will be the current form franchise agreement we use in granting Barrio Burrito Bar franchises as of the expiration of the Term. The terms and conditions of the Successor Franchise Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement. Each successor term will be five years. If you are signing this Franchise Agreement as a Successor Franchise Agreement, references to “Term” mean the applicable renewal term of the Successor Franchise Agreement. Except as otherwise provided in this Section, you will have no further right to operate your Franchised Business following expiration of the successor term unless we grant you the right to enter another franchise agreement in our sole discretion. If you are renewing a franchise agreement with us under this Franchise Agreement, the renewal provisions in your initial franchise agreement will dictate the length of the Term, as well as your remaining renewal rights, if any.

5.2 Renewal Requirements

To enter into a Successor Franchise Agreement, you must:

5.2.1 Notice. Notify us in writing of your desire to enter into a Successor Franchise Agreement not less than one hundred eighty (180) days nor more than two hundred seventy (270) days before the expiration of the Term;

5.2.2 No Defaults. Not be in default under this Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Franchise Agreement and have received no more than three (3) separate written notices of default from us in the twelve (12)-month period preceding your renewal notice or at the time you sign the Successor Franchise Agreement;

5.2.3 Successor Franchise Agreement. Sign the Successor Franchise Agreement and all ancillary documents that we require franchisees to sign;

5.2.4 General Release. Sign our current form of general release which contains a release of all claims by you and your individual owners (if applicable) against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents, and employees, in both their corporate and individual capacities;

5.2.5 Renewal Fee. Pay us a non-refundable renewal fee equal to fifty percent (50%) of the then-current Initial Franchise Fee at the time you sign the Successor Franchise Agreement. If we are not offering Barrio Burrito Bar franchises at the time of your renewal, the renewal fee will be equal to fifty percent (50%) of the initial franchise fee listed in our most recent Franchise Disclosure Document;

5.2.6 Modifications. At least sixty (60) days, but not more than one hundred eighty (180) days, before the expiration of the Term, you must renovate, upgrade any equipment, tools, technology, and other operations to comply with our then-current standards and specifications;

5.2.7 Premises. Have the right under your lease to maintain possession of the premises where your Premises is located for the duration of the successor term;

5.2.8 Renovations. You must also make such renovations, refurbishments, and modernizations to the Premises and the Franchised Business within the time frame required by us, including the design, equipment, signs, décor, inventory, fixtures, furnishings, trade dress, presentation of Marks, supplies, and other products and materials as necessary to meet the then-current System standards for a newly opened Franchised Business; and

5.2.9 Additional Actions. Take any additional actions that we reasonably require.

5.3 Interim Term

If you do not sign a Successor Franchise Agreement after the expiration of the Term and you continue to accept the benefits of this Franchise Agreement, then, at our option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a valid franchise agreement and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Term”) until either party provides the other party with thirty (30) days’ prior written notice of their intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations, restrictions, and covenants imposed on you upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term. Except as permitted by this Section, you have no right to continue to operate your Franchised Business following the expiration of the Term.

6. FEES

6.1 Late Fee

If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us one hundred dollars (\$100) per occurrence, plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest rate allowed by law (“Late Fees”). If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

6.2 Payment Methods

You must complete our automated clearing house (ACH) authorization form allowing us to electronically debit a bank account that you designate (“Franchise Account”) for: (i) all fees payable to us under this Franchise Agreement (other than the Initial Franchise Fee); and (ii) any other amounts that you owe to us or any of our affiliates including, but not limited to, those owed for the purchase of products or services. We will debit your Franchise Account for these payments on or after the due date. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Franchise Account for these amounts.

You must deposit all revenue that you generate from the operation of your Franchised Business into the Franchise Account. You must make sufficient funds available for withdrawal from the Franchise

Account by electronic transfer before each due date. If any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event, any excess amounts that you owe are payable upon demand, together with a non-sufficient funds fee of one hundred dollars (\$100) per occurrence plus Late Fees. If we allow you to make any payment to us or our affiliate(s) by credit card for any fee required, we may charge a payment service fee of up to four percent (4%) of the total charge. We reserve the right to periodically specify (in the Franchise Operations Manual or otherwise in writing) different required payment methods for any payment due to us or our affiliates..

6.3 Payment Frequency

We reserve the right to periodically specify (in the Franchise Operations Manual or otherwise in writing) different payment frequencies (for example, weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

6.4 Application of Payments

We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We will not be bound by any of your instructions for allocation.

6.5 Payment Obligations

Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Franchise Agreement or any other agreement, loan, transaction, or relationship between the parties. Without limiting the generality of the foregoing, you agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations, withhold any fees due to us or our affiliates or amounts due to us for purchases by you or any other amounts due to us.

6.6 Gross Sales

For purposes of this Franchise Agreement, “Gross Sales” means the total of all revenue, income, and consideration from the sale of all Franchised Business merchandise, products, and services to your customers, whether or not sold or performed at or from the Franchised Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received), or otherwise. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for goods or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Premises being closed as a result of a casualty event or any other reason.

6.7 Initial Franchise Fee

You agree to pay us the “Initial Franchise Fee” listed in Attachment A in one lump sum at the time you sign this Franchise Agreement. The Initial Franchise Fee is fully earned by us and is non-refundable once this Franchise Agreement has been signed. If this Franchise Agreement is your first Franchise Agreement being signed under a Multi-Franchise Addendum between you and us, your Initial Franchise Fee will be equal to the Initial Franchise Fee identified therein. If this Franchise Agreement is the second, third, fourth, or fifth Franchise Agreement being signed under a Multi-Franchise Addendum, a renewal of a prior franchise agreement with us for an existing Franchised Business, or the transfer of the Franchised Business from another franchisee, then no Initial Franchise Fee is due.

6.8 Royalty

You agree to pay us a royalty fee (“Royalty”) equal to six percent (6%) of Gross Sales during the previous week. The Royalty is due on Tuesday of each week (or such other date as we designate) for the previous week’s sales.

If you sell alcohol at the Franchised Business a state or local law prohibits or restricts your ability to pay the Royalty or Brand Fund Contributions on alcoholic beverages, then at the time you pay the Royalty, you will also pay us the difference between those fees you paid us and the fees that would have otherwise been paid (i.e., the dollar amount of the Royalty and Brand Fund Contributions that would have been charged on the difference between excluded sales and the Royalties and Brand Fund Contributions you actually paid to us).

6.9 Brand Fund Contribution

You must pay a “Brand Fund Contribution” in the amount that we specify in our Franchise Operations Manual, currently 1.5% of Gross Sales during the previous week. The Brand Fund Contribution will be used for the Barrio Burrito Bar brand fund (“Brand Fund”) to promote public awareness of our brand and to improve our System. Your Brand Fund Contribution will be paid in the same time and manner as your Royalty unless we specify otherwise. We reserve the right to increase the Brand Fund Contribution to up to 2.5% of weekly Gross Sales upon written notice to you.

6.10 Technology Fee

We reserve the right to charge you a technology fee (“Technology Fee”) throughout the Term of this Franchise Agreement. The Technology Fee is an ongoing fee for the use of certain technologies used in the Franchised Business. We and/or Licensor can change the software and technology that must be used by the Franchised Business at any time we or Licensor, as applicable, deem appropriate in our sole discretion, which may result in changes to the Technology Fee. An increase in third-party fees may also cause the Technology Fee to increase. You will be responsible for any increase in fees that result from any upgrades, modification, or additional software by us or by third-party vendors. We and/or Licensor may establish and/or modify the Technology Fee upon written notice to you.

You must also pay the then-current technology business solutions fees to approved suppliers for certain business solutions that will support your business efficiencies. These may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solution, and any other solutions that may be required from time to time in the Franchise Operations Manual for your Franchised Business. We and/or Licensor reserve the right to upgrade, modify, and add new systems, which may result in additional initial and ongoing expenses that you will be responsible for. You will be

responsible for any increase in fees that result from any upgrades, modifications, or additional systems and for any increase in fees from third-party providers. We may include these third-party fees in the Technology Fee and pay suppliers directly on your behalf.

6.11 Design Fee

We require you to pay a fee of \$5,000 (“Design Fee”), which we will use to pay our designated or approved supplier of design specifications for your Barrio Burrito Bar Business. The Design Fee must be received prior to the design stage for the build-out of the premises of your Barrio Burrito Bar Business and is not refundable.

6.12 Other Fees and Payments

You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Franchise Agreement in a timely manner. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts).

6.13 CPI Adjustments to Fixed Fees

All fees expressed as a fixed dollar amount in this Franchise Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. We may periodically review and increase these fees based on changes to the Consumer Price Index, but only if the increase to the Consumer Price Index is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one fee adjustment during any calendar year. Notwithstanding the forgoing, the fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or to adjust more frequently, including but not limited to the Technology Fee.

7. ESTABLISHING YOUR FRANCHISED BUSINESS

7.1 Opening

You must open your Franchised Business to the public within eighteen (18) months after the Effective Date, unless we grant you an extension, which we may withhold in our sole discretion. You may not open your Franchised Business before: (i) all required attendees have successfully completed the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits, and other governmental approvals required to establish, open, and operate the Franchised Business; (iv) we provide our written approval of the construction, buildout, and layout of your Premises; (v) and you receive our written approval.

If you believe we failed to adequately provide pre-opening services or training to you as provided in this Franchise Agreement, you must notify us in writing within 30 days following the opening of the Franchised Business. If you do not provide this notice, you will be deemed to conclusively acknowledge that all pre-opening and opening services and training we are required to provide were sufficient and satisfactory.

7.2 Site Selection

We will provide you with advice and general specifications for identifying a suitable location for the Premises. If you and we have not agreed on a Premises as of the Effective Date, you will not receive any territory rights until we have approved the sight for the Premises.

We may require you to use an approved or designated third party real estate broker to advise and counsel you on selecting the site for the Premises. The Premises must conform to minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial, and other information, photographs, and videos that we may reasonably require) for your proposed site. We may require that you obtain a feasibility study for the proposed site at your sole cost. If you choose to use our approved vendor, they will assist you in managing the site selection process to help you identify potential locations. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to accept or reject a proposed site within thirty (30) days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the thirty (30)-day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the execution of Attachment A-1 by you and us. You must only operate the Franchised Business at the location specified in Attachment A-1 and your Franchised Business may not offer products or services from any other location. You acknowledge that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for the Premises. Our approval of the site indicates only that we believe the site meets minimum criteria. You agree to locate and obtain our approval of the Premises within two hundred seventy (270) days after the Effective Date.

7.3 Lease

If you lease the Premises, you must submit to us, in the form we specify, a description of the site, a proposed copy of the lease, and such other information and materials we may reasonably require at least ten (10) days before signing the lease. If you own, or otherwise control, the Premises, including the land, building, and related real estate, or own fifty-one percent (51%) or more of an entity that owns, leases, or otherwise controls the Premises, then you will, as the lessee, enter into a lease for the Premises for a term coextensive with the term of this Franchise Agreement. You will ensure the lease either: (i) contains the "Lease Addendum" that is attached to the Franchise Disclosure Document in Exhibit G; or (ii) incorporates the terms of the Lease Addendum into the lease for the Premises. If your landlord refuses, we have the right to disapprove of your lease, in which case you must find a new site for your Premises. You and the landlord must sign the lease and Lease Addendum within two hundred seventy (270) days of the Effective Date.

We will only review the lease to determine that it complies with the terms of this Franchise Agreement and will not review the lease for, or provide you with, any business, economic, legal or real estate analysis or advice. However, you are solely responsible for the terms of the lease and any site acceptance letter we provide for the lease does not provide any representation or warranty of any kind, express or implied, concerning the terms of the lease or the viability or suitability of the site for the Premises. You must promptly send us a copy of your fully executed lease and any Lease Addendum for our records. The lease may not be amended, assigned, or terminated without our written approval. If the landlord terminates the lease for the Premises, that termination will constitute a material breach of this Franchise Agreement.

7.4 Construction

We will provide you with specifications for the design and layout for a Franchised Business's premises. You must pay us (or Licensor) \$5,000, which we (or Licensor) will pay to a designated supplier to provide architectural drawings for the design of your Barrio Burrito Bar Business. You must then hire a local architect approved by us to modify these plans to comply with all local ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must first review and accept the architect's drafted floor plan and submit your floor plan to us for our review and acceptance. Once we accept your floor plan, the architect must develop your full construction drawings for the Premises. Upon your review and acceptance, you must submit your construction drawings to us for our final review and approval. Once we accept your floor plan and approve your construction drawings, drawings and specifications may not be changed or modified without our prior written approval. Once accepted by us, you must, at your sole expense, construct and equip the Premises to the specifications contained in the Franchise Operations Manual and purchase (or lease) and install the equipment, fixtures, furnishings, signs, and other items that we require. All exterior and interior signs of the Premises must comply with the specifications that we provide to you. We must approve the architects, contractors, and other suppliers you use to construct your Premises. You agree to provide us with weekly status updates as to construction of the Premises. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation, and goodwill we and Licensor developed and the value of the System. We must approve the layout of your Premises prior to opening. We may conduct a pre-opening inspection of your Premises. You agree to make any changes we require before opening. You acknowledge and agree that you will not be permitted to open your Franchised Business unless you comply with our request to modify and/or reconstruct your Premises.

7.5 Catastrophe

If your Premises is destroyed or damaged by fire or other casualty and the Term of this Franchise Agreement and the lease for your Premises has at least two (2) years remaining, you will: (i) within thirty (30) days after the date of such destruction or damage of your Premises, commence all repairs and reconstruction necessary to restore the Premises to its condition prior to such casualty; or (ii) relocate the Premises pursuant to the relocation provisions contained in this Section 7.5, Section 7.7, and in accordance with the lease provisions for your Premises and the Term shall be extended for the period from the date the Premises closed due to the destruction or damage until it reopens.

7.6 Use of Premises

You may not use your Premises or permit your Premises to be used for any purpose other than offering the products and services that we authorize and you may only offer the products and services that we authorize from your Premises.

7.7 Relocation

You may relocate your Premises within your Territory with our prior written approval, which we will not unreasonably withhold, provided the location meets our then-current standards and specifications and with consideration given to other relevant factors, including, without limitation, your operational history, the location of your Territory, and expansion plans. If we allow you to relocate within your Territory, you must: (i) comply with all requirements of the Franchise Agreement with respect to the selection, construction, and decoration of your new Barrio Burrito Bar Premises; (ii) open your new Premises and resume operations within thirty (30) days after closing your prior Premises; and (iii) reimburse us for our reasonable expenses (including attorneys' fees and costs). You may not relocate your Premises

outside of your Territory without our prior written approval, which we may withhold in our sole discretion. We may require that your Territory be modified as a condition to our approval of you relocating your Premises. Upon our approval of the relocation of your Premises, Attachment A shall be updated with the new location (and Territory, if necessary), and the remainder of this Franchise Agreement shall remain in full force and effect. You agree to fully de-identify the former location of your Premises in accordance with our requirements at your sole cost and expense.

8. TRAINING AND CONFERENCES

8.1 Initial Training Program

We will provide our initial training program at no charge for up to two people so long as all persons attend the initial training program simultaneously. The initial training program must be completed prior to the date that your Franchised Business is scheduled to open. You must pay us our then-current training fee (currently, \$500 per attendee per day) as specified in our Franchise Operations Manual for: (i) each additional person that attends our initial training program before you open; (ii) each additional person that attends after you open your Franchised Business (such as a replacement Responsible Owner or Franchise Manager); and (iii) any person who must retake training after failing to successfully complete training on a prior attempt. We reserve the right to vary the length and content of the initial training program as we deem appropriate in our sole discretion based on the experience of the attendee. We shall determine the scheduling, exact duration, contents and manner of the initial training program in our discretion and may delay your attendance until a suitable time near the grand opening date for your Franchised Business in our discretion.

8.2 Additional Training

We or Licensor may offer periodic refresher training courses or develop additional training courses. Attendance at these training programs may be optional or mandatory. You may be required to pay us or the Licensor the then-current fee (currently five hundred dollars (\$500) per attendee per day) for this training as specified in the Franchise Operations Manual.

8.3 Requested Training

Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. You may be required to pay the then-current fee for this training as specified in the Franchise Operations Manual.

8.4 Remedial Training

If we determine, in our sole discretion, that you are not operating your Franchised Business in compliance with this Franchise Agreement and/or the Franchise Operations Manual, we may require that you, your employees, and other designees attend remedial training that is relevant to your operational deficiencies. You must pay us the then-current training fee (currently two hundred fifty dollars (\$250) per person per day) as specified in the Franchise Operations Manual.

8.5 Conferences

Licensor may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Barrio Burrito Bar franchisees. Attendance at these

conferences may be mandatory or optional. You are responsible for paying the then-current conference fee, whether or not you attend the conference in any given year.

8.6 Training Expenses

You are solely responsible for all expenses and costs that your trainees incur for all trainings and conferences under this Section, including wages, travel, lodging, food and living expenses. You also agree to reimburse us and/or Licensor for all expenses and costs that we or it incur to travel to your Franchised Business under this Section, including salaries of trainers, travel, food, lodging and living expenses. All training fees and expense reimbursements must be paid within ten days after invoicing.

9. OTHER FRANCHISOR ASSISTANCE

9.1 Franchise Operations Manual

We will lend you the confidential franchise operations manual (the “Franchise Operations Manual”) developed by Licensor in text or electronic form for the Term of this Franchise Agreement. The Franchise Operations Manual will help you establish and operate your Franchised Business in accordance with the System. The information in the Franchise Operations Manual is confidential and proprietary and may not be disclosed to third parties without Licensor’s prior written approval. The Franchise Operations Manual may be updated and modified throughout the Term, both formally through amendments to the Franchise Operations Manual and informally through email or other written materials we make available to you. You acknowledge that your compliance with the Franchise Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System.

You agree to establish and operate your Franchised Business strictly in accordance with the Franchise Operations Manual. The Franchise Operations Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Franchised Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for goods, products, services, ingredients, and menu items that you use or offer at your Franchised Business; (iii) policies and procedures prescribed from time to time for franchisees; (iv) mandatory reporting and insurance requirements; (v) policies and procedures pertaining to any gift card program that is established; and (vi) a written list of furniture, fixtures, equipment, products, and services (or specifications for such items) you must purchase for the development and operation of your Franchised Business and a list of any designated or approved suppliers for such items. The Franchise Operations Manual is designed to establish and protect the brand standards and the uniformity and quality of the products and services offered by franchisees. The Franchise Operations Manual can be modified at any time. The modifications will become binding immediately when we send you notice of the modification. All mandatory provisions contained in the Franchise Operations Manual (whether they are included now or in the future) are binding on you.

While the Franchise Operations Manual is intended to protect the reputation and goodwill of the Marks, you will be responsible for the day-to-day operation of your Franchised Business and the Franchise Operations Manual is not designed to control the day-to-day operation of the Franchised Business.

9.2 General Guidance

We will, upon reasonable request, provide advice or guidance regarding your Franchised Business’s operation based on reports or inspections or discussions with you. We will provide reasonable marketing consulting, guidance, and support throughout the Term that we deem appropriate. Any advice

will be given during our regular business hours and via written materials, electronic media, telephone, or other methods, in our discretion.

We maintain a staff to manage and operate the System and staff members can change as employees come and go. We cannot guarantee the continued participation by, or employment of, any of our shareholders, directors, officers, or employees.

9.3 Website

We and/or Licensor will maintain a website for Franchised Businesses (“System Website”) that will include the information about your Franchised Business that we and/or Licensor deem appropriate. We and/or Licensor may modify the content of and/or discontinue the System Website at any time. We are only required to reference your Franchised Business on our System Website while you are complying with this Franchise Agreement and all System standards. We will own the System Website (always including any webpages for your Franchised Business) and domain names. Any website about your Franchised Business will be accessed only through the System Website.

9.4 Supplier Agreements

We and/or Licensor may, but are not required to, negotiate agreements with suppliers to obtain products or services for franchisees. If we do, we may arrange for you to be able to purchase the products directly from the supplier. We and/or Licensor may receive rebates from these suppliers based on your purchases. We and/or Licensor may also purchase certain items from suppliers in bulk and resell them to you at our or its cost (including overhead and salaries), plus shipping fees and a reasonable markup.

10. MANAGEMENT AND STAFFING

10.1 Owner Participation

If you are an Entity, you must designate an Owner who will be principally responsible for communicating with us about the Franchised Business (“Responsible Owner”). If you are an individual, you are the Responsible Owner. The Responsible Owner must have the authority and responsibility for the day-to-day operations of your Franchised Business and must have at least twenty-five percent (25%) equity. You acknowledge that a major requirement for the success of your Franchised Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Responsible Owner, who must at all times be actively involved in the operation of the Franchised Business on a full-time basis and provide on-site management and supervision, unless we permit you to delegate management functions to a Franchise Manager, as detailed below. If you appoint a new Responsible Owner, the new Responsible Owner must attend and successfully complete our then-current initial training program.

10.2 Franchise Manager

You may hire a manager to assume responsibility for the daily in-person on-site management and supervision of your Franchised Business (“Franchise Manager”), but only if: (i) we approve the Franchise Manager in our commercially reasonable discretion; (ii) the Franchise Manager successfully completes the initial training program; and (iii) your Responsible Owner agrees to assume responsibility for on-site management and supervision of your Franchised Business if the Franchise Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Franchise Manager. We may require that the Franchise Manager participate in a profit sharing agreement with respect to the Franchised Business. If you hire a new

Franchise Manager, the new Franchise Manager must attend and successfully complete our then-current initial training program, and you will be responsible for all then-current training fees, as well as your cost and expenses, associated with the replacement Franchise Manager's training.

10.3 Staff

You are solely responsible for determining appropriate staffing levels for your Franchised Business to ensure full compliance with this Franchise Agreement and the System standards. You are solely responsible to hire, train, and supervise employees or independent contractors to assist you with the proper operation of the Franchised Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums, and payroll taxes (and other withholdings levied or fixed by any city, state, or federal governmental agency, or otherwise required by law) due for your employees or, as applicable, for your independent contractors. These employees and independent contractors will be employees or contractors of yours and not of ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform their assigned tasks. You must inform your employees and independent contractors that you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not the Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, time cards, and similar items.

You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision, and discipline. We will not provide you with any advice or guidance on these matters. You must require your employees and independent contractors to review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You must also post a conspicuous notice (in a form we prescribe) for employees and independent contractors in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the sole employer. We may prescribe the form and content of this notice. You agree that any direction you receive from us regarding employment/engagement policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel competent in employment law.

10.4 Assumption of Management

10.4.1 Interim Manager. In order to prevent any interruption of operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual or individuals of our choosing ("Interim Manager") for so long as we deem necessary and practical to temporarily manage your Franchised Business ("Step-In Rights"): (i) if you fail to comply with any System standard or provision of this Franchise Agreement and do not cure the failure within the time period specified by the Franchise Agreement or us; (ii) if we determine in our sole judgment that the operation of your Franchised Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate your Franchised Business; (iv) if you abandon or fail to actively operate your Franchised Business; (v) upon your Responsible Owner or your Franchise Manager's absence, termination, illness, death, incapacity, or disability; (vi) if we deem your Responsible Owner or your Franchise Manager incapable of operating your Franchised Business; or (vii) upon a "Crisis Management Event."

A “Crisis Management Event” means any event or series of events that occurs at the Franchised Business that has or may cause harm or injury to customers or employees, or any other circumstance which may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates. We may establish emergency procedures which may require you to temporarily close the Franchised Business to the public, in which case you agree that we will not be held liable to you for any losses or costs. You agree to notify us immediately by telephone and email upon the occurrence of a Crisis Management Event.

10.4.2 Step-In Rights. If we exercise the Step-In Rights: (i) you agree to pay us, in addition to all other amounts due under this Franchise Agreement, an amount equal to five hundred dollars (\$500) per day per Interim Manager that manages your Franchised Business (“Management Fee”), plus the Interim Manager’s direct out-of-pocket costs and expenses; (ii) all monies from the operation of your Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including compensation and direct out-of-pocket costs and expenses for the Interim Manager, shall be charged to said account; (iii) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Franchised Business purchases, while the Interim Manager manages it; (iv) the Interim Manager will have no liability to you except to the extent directly caused by the Interim Manager’s gross negligence or willful misconduct; and (v) you agree to pay all of our reasonable attorneys’ fees, accountant’s fees, and other professional fees and costs incurred as a consequence of our exercise of the Step-In Rights. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will indemnify and hold us harmless for and against any of the Interim Manager’s acts or omissions, in regards to the interests of you or third parties.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Franchise Agreement, including, without limitation, termination.

11. BRAND FUND

The Brand Fund is used to promote public awareness of the brand and to improve the System. You are required to pay the Brand Fund Contribution. The Brand Fund may be administered by us or our affiliate or designees, at our discretion. We may use the Brand Fund for any expenditure that we, in our sole discretion, or Licensor, in its sole discretion, deem necessary or appropriate to promote or improve the System or the Barrio Burrito Bar brand.

To illustrate, these may include, but are not limited to, the following: (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products, and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs and other reputation management functions; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) the proportionate salary share of our employees that devote time and provide services for advertising, promotion, collection, accounting, or administration of the Brand Fund; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) training tools; and (xiv) our affiliates’ expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

We and Licensor have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. We or Licensor may use national and/or regional advertising agencies for the source of advertising materials or we (or Licensor) may prepare them ourselves. Any surplus of monies in the Brand Fund may be invested. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. The Brand Fund is not a trust, and we and Licensor have no fiduciary obligations to you with respect to administration of the Brand Fund. An unaudited financial accounting of the operations of the Brand Fund will be prepared annually and made available to you upon written request.

We and Licensor do not ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contribution by franchisees operating in that geographic area or that any franchisees benefit directly or in proportion to their Brand Fund Contribution. We and Licensor reserve the right to change, merge, re-form, or dissolve the Brand Fund in our discretion. We will not use the Brand Fund for advertising that is principally a solicitation for the sale of Franchises, but we and it reserve the right to include a notation in any advertisement or website indicating "franchises available" or similar phrasing. We or Licensor may, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Fund Contribution and operations for one or more periods of any length and terminate and/or reinstate the Brand Fund. We and/or Licensor will spend all amounts prior to any termination of the Brand Fund.

12. FRANCHISEE MARKETING AND ADVERTISING

12.1 Standards

All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state, and local laws, rules, and regulations as well as the standards and requirements set forth in the Franchise Operations Manual. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property or legal rights of others.

12.2 Promotional Programs

We and/or Licensor may periodically create advertising and sales promotion programs and materials to enhance the collective success of all Barrio Burrito Bar franchisees operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions that we specify. These promotional programs may require that you offer products or services at no charge or discounted rates. We may also request that you purchase and use advertisements and promotional materials that we designate for your Franchised Business.

12.3 Marketing Materials

You must order any sales and marketing material from us, Licensor, or our designated suppliers (which may be an affiliate), that we require. We may create and make available to you, advertising and other marketing materials. We may charge you for these materials. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). We may also enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase.

12.4 Approval

We and Licensor must approve all advertising and promotional materials that we or Licensor did not prepare or previously approve (including materials that we prepared or approved and you modify) before you use them. We will be deemed to have disapproved the materials if we fail to issue our approval within thirty (30) days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). If you use any unauthorized advertising or promotional materials, you must pay five hundred dollars (\$500) per occurrence to us, or if established, the Brand Fund.

12.5 Local Advertising Requirement

In addition to your required Brand Fund Contribution, you must spend one and one half percent (1.5%) of Gross Sales on local advertising to promote your Franchised Business (“Local Advertising Requirement”). We will measure your compliance with this requirement on a rolling three (3)-month basis, meaning that as long as your average monthly expenditure on local advertising over any three (3)-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the Local Advertising Requirement during any three (3)-month period, you will be required to pay the difference between the amount you spent and your Local Advertising Requirement for the applicable three (3)-month period to the Brand Fund. You agree to participate at your own expense in all advertising, promotional, and marketing programs that we and/or Licensor require, which may require that you offer products or services for sale at discounted prices or at no charge, including that you issue and offer rebates, giveaways, and other promotions in accordance with such programs and honor the rebates, giveaways, and other promotions issued by other Barrio Burrito Bar franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation.

12.6 Grand Opening Advertising

You will spend, or pay us or our affiliate, at least \$6,000 for grand opening supplies and marketing services for your Franchised Business (“Grand Opening Program”) during the period commencing 30 days prior to the opening of your Franchised Business and ending 90 days after the date your Franchised Business opens. The exact amount you spend on the Grand Opening Program will depend on the amount and type of services provided and may increase if you request additional services, merchandise, or other products. You may request that we purchase media placement for you and provide you with print coupons and other printed materials for use before and immediately after your Franchised Business opens. All expenditures for grand opening marketing, advertising and promotion is in addition to your other marketing, advertising, and promotion obligations.

12.7 Online Advertising

You may not maintain a separate website, conduct e-commerce, or otherwise maintain a presence on the Internet in connection with your Franchised Business without our express written permission, which we may revoke at any time, in our sole discretion. Any website that we permit you to establish will be subject to all of your marketing and advertising requirements under this Franchise Agreement and the Franchise Operations Manual. If you wish to utilize social media or advertise online, you must follow the online policy contained in the Franchise Operations Manual. The online policy may change as technology and the Internet changes. We may require that you utilize our or Licensor’s designated supplier for social

media marketing services, at your expense. You may not use the Marks in any fundraising campaign, including crowdfunding. We may restrict your use of social media. We restrict your ability to independently market on the Internet, and we may not allow you to use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks.

12.8 Advertising Cooperative

You are required to participate in any advertising cooperative that we and/or Licensor require for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We and/or Licensor may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We and/or Licensor have the right to form, change, dissolve, or merge any advertising cooperative. Your participation in any cooperative must be in compliance with the provisions of the Franchise Operations Manual, which Licensor may periodically modify in its discretion. We and/or Licensor have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Franchised Business that the franchisee owns that exists within any cooperative's geographic area. Each Barrio Burrito Bar business we or Licensor owns that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees.

12.9 Advisory Council

We and/or Licensor have the right to form, change, merge, or dissolve an advisory council ("Council") at any time, in our sole discretion, to advise on advertising policies and to promote communications between us and/or Licensor and all franchisees. Any such Council will be governed by bylaws that will specify that members of the Council would consist of both franchisees and franchisor representatives and will specify the manner in which members are selected, subject to any changes to such bylaws or structure that we or Licensor deem necessary in our or their sole discretion. Any Council would serve in an advisory capacity only. We and/or Licensor may grant the Council any operation or decision-making powers that we deem appropriate.

13. BRAND STANDARDS

13.1 Generally

You agree to operate your Franchised Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our and Licensor's standards and all other terms of this Franchise Agreement and the Franchise Operations Manual. Any required standards exist to protect our and Licensor's interests in the System and the Marks, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Franchise Operations Manual or other written materials and may be periodically modified over the Term. In order to protect our interests in the System and Marks, we and Licensor reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

13.2 Authorized Products and Services

The products or services offered by the Franchised Business are subject to change and we do not represent that your Franchised Business will always be permitted or required to offer all of the products or

services currently offered. You agree to offer all products and services that we and/or Licensor require from time to time. You may not offer any other products or services at your Franchised Business without our prior written permission. We and/or Licensor may, without obligation to do so, add, modify, or delete authorized products and services, and you must do the same upon notice from us. You may incur additional expenses to offer new products or services. Our, or Licensor's, addition, modification, or deletion of one or more products or services shall not constitute a termination of this Franchise Agreement. You will not enter into any agreements with any third parties that can process orders for you on your behalf without our express written permission, which we may revoke at any time, in our sole discretion. We and/or Licensor may, but are not required to, create Barrio Burrito Bar proprietary products for sale at your Franchised Business. If we and/or Licensor develop any of these products, you agree to maintain a reasonable inventory of these items at all times. If you sell alcoholic beverages from your Franchised Business, then you must obtain a retail alcoholic beverage license under state and local law, regulations and ordinances. You agree to comply with all times. applicable federal, state, municipal licensing, insurance and other laws and regulations applicable to the sale of alcoholic beverages and to obtain the liquor liability insurance in the amounts and in compliance with the requirements set forth in the Franchise Operations Manual.

13.3 Suppliers and Purchasing

You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Franchise Operations Manual. If required by the Franchise Operations Manual, you agree to purchase or lease certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us, Licensor, or its or our affiliates). You acknowledge that our right to specify the suppliers that you may use and add or remove suppliers is necessary and desirable so that we can control the uniformity and quality of products and services used, sold or distributed in connection with the development and ongoing operation of your Franchised Business, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we or Licensor receive rebates or other financial consideration from these suppliers based upon your purchases or any other franchisee's purchases, we and Licensor have no obligation to pass these amounts on to you or to use them for your benefit. If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any vendor you choose so long as your purchases conform to our System and specifications. We may restrict the sourcing of current and future items.

If you wish to purchase any items or supplies from a supplier that we have not approved or wish to offer any new product or service that we have not authorized in writing, you must send us a written notice specifying the supplier's name and qualifications or product or service information and provide any additional information we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We will be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within ten days after invoicing. We may revoke approval of any supplier, product, or service in which case you must stop purchasing from such supplier. You agree to maintain an adequate inventory of all items in accordance with the Franchise Operations Manual.

13.4 Equipment Maintenance and Changes

You agree to keep any equipment used in the operation of your Franchised Business in good condition and promptly replace or repair any equipment that is damaged, worn out, or obsolete. We may require that you add new equipment or change, upgrade, or replace your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant

changes to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within the time period that we reasonably prescribe.

13.5 Hours of Operation

You must keep your Franchised Business open for the minimum hours and minimum days of operation as specified in the Franchise Operations Manual, which may change over the Term. Your Franchised Business must be open every day of the year, other than those approved national holidays listed in the Franchise Operations Manual, unless otherwise agreed to by us. We may require you to establish specific hours of operation and submit those hours to us for approval.

13.6 Customer Issues

You acknowledge the importance to the System and uniform standards of quality, service, and customer satisfaction, and recognize the necessity of opening and operating a Franchised Business in conformity with the System. You agree to manage the Franchised Business in an ethical and honorable manner and ensure that all those working at the Franchised Business provide courteous and professional service to customers. If you receive a customer complaint, you must promptly follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. Also, if we and/or Licensor are contacted by a customer of your Franchised Business who wishes to lodge a complaint, we reserve the right to address the customer's complaint in order to preserve goodwill and prevent damage to the Marks. Our right to address complaints may include refunding money to a dissatisfied customer, in which case you must reimburse us for these amounts, including the value of any gift card, refund, or other value we provide to the customer as part of addressing the issue. Payment shall be due within five (5) days of receipt of an invoice from us.

We may contact any customer of your Franchised Business at any time for any purpose. We, or our authorized representative, and Licensor, or its authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all client lists and documents and records related to the Franchised Business. Upon reasonable request, you must furnish to us and/or Licensor in whatever format we or they require, all client information and records for the Franchised Business, both active and inactive, which shall include, but not be limited to, names, addresses, and telephone numbers of such clients ("Customer List"). You acknowledge and agree that we and Licensor are the sole owners of the Customer List and that you shall not use the Customer List for any purpose other than for the operation of the Franchised Business or distribute, in any form or manner, the Customer List to any third party without our prior written consent.

13.7 Standards Compliance

You acknowledge the importance of every one of our and Licensor's standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks.

13.8 Payment Vendors and Data Security

You agree to maintain, at all times, credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, payment providers, merchant service providers, loyalty and gift cards, and electronic fund transfer systems (together, "Payment Vendors") that we and/or Licensor may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment. You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we

have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC, or any successor organization, or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that PCI Security Standards Council, LLC (or its successor) requires of a merchant that accepts payment by credit and/or debit cards or electronic payments.

13.9 Gift Cards and Loyalty Programs

You agree to participate in Licensor's gift card and loyalty programs, if any, and agree to make gift cards and loyalty programs available for purchase and redemption at your Franchised Business subject to the policies and procedures contained in the Franchise Operations Manual. You agree to purchase any items we require related to the gift cards and loyalty program from the supplier that we (or Licensor) designate. You agree to pay to us an amount equal to the value of any gift card purchased from your Barrio Burrito Bar Business, and we agree to hold such amount in an account. If a gift card is redeemed at your Barrio Burrito Bar Business, we will pay you an amount equal to the value of the gift card that was redeemed.

13.10 Privacy

You agree to comply with all applicable international, federal, state and local laws pertaining to the privacy of customer, employee and transactional information ("Privacy Laws"). You agree to research and proactively ensure that your Franchised Business follows Privacy Laws. You also agree to comply with our standards and policies pertaining to Privacy Laws. You agree to inform us of any conflicts between our standards and policies and any Privacy Laws that govern your Franchised Business and ensure that your conduct complies with all those Privacy Laws.

13.11 Remodeling

You agree to remodel and make all improvements and alterations to your Franchised Business that we reasonably require from time to time to reflect the then-current image, appearance, and Premises specifications. There is no limitation on the cost of any remodeling that we may require. You will not install or permit to be installed on or about the Premises any furnishings, fixtures, equipment, signs, décor, ATM machines, vending machines, video games, juke boxes, public telephones, or other type of vending machine, whether or not coin-operated, or the like that we have not previously approved. You will be required to pay a Royalty on the revenues you receive from any approved machines. You may not remodel or significantly alter your Premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications, or image requirements. You agree to complete any remodel of the Premises within nine (9) months after receiving our written request specifying the requirements. Except as otherwise provided in the Franchise Agreement, you will not be required to remodel the Franchised Business more than once every five (5) years.

13.12 Mystery Shopper

At any time, we and Licensor reserve the right to engage the services of one or more mystery shoppers or quality assurance inspection firms who will inspect your Franchised Business for quality control purposes. These inspections may address a variety of issues, including, but not limited to, customer

service, food safety, sanitation, and inventory rotation. You agree to fully cooperate with any such inspection.

13.13 Premises Maintenance

You agree to maintain your Premises in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals, and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, and redecorating of the interior and exterior of the Premises at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Premises as needed. You agree to comply with any maintenance, cleaning, or facility upkeep schedule that we prescribe from time to time.

13.14 Delivery Services

You agree to follow our policies in the Franchise Operations Manual including online and off-site policies and procedures, which may require you to provide catering and delivery services and/or utilize third-party delivery services and which may change over time in our sole discretion. You may be required to use the third-party delivery service(s) with which we have a national contract, and you may not contract with any other delivery platform without our written authorization. You are solely responsible for all costs and fees charged by any third-party delivery service platforms. You acknowledge and agree that customers should be free to order from the Barrio Burrito Bar location that they wish and, therefore, you are not guaranteed any specific territory, territorial rights or area for catering, online ordering or delivery services. Our delivery and catering policies and procedures in our Franchise Operations Manual shall be subject to change at any time. We may also allow you to provide catering and delivery services in the territories of other Barrio Burrito Bar business without compensating the operator of those restaurants. These policies may also allow other Barrio Burrito Bar business to provide catering and delivery services in your Territory without compensating you. We also may require that you discontinue catering and/or delivery services in our sole discretion.

14. TECHNOLOGY

14.1 Technology

You must utilize the technology, including software, computer hardware and components, point of sale system, cash register(s), communication equipment, and other related accessories or peripheral equipment (collectively, “**Technology**”) that we and/or Licensor require. We and/or Licensor may change the Technology that you must use for your Franchised Business at any time. You will utilize the Technology in connection with the Franchised Business pursuant to the policies and procedures as contained in the Franchise Operations Manual. You are required to pay the Technology Fee for the use of certain technologies used in the operation of your Franchised Business. For other required Technology, you agree at your expense to use any approved supplier that we or Licensor require. We and/or Licensor may change or add approved suppliers of this Technology at any time, in our or Licensor’s sole discretion. You will, at your expense, purchase and maintain any required communication services, Internet services (including the requirement to maintain a high-speed Internet connection), dedicated telephone, and power lines. You acknowledge and agree that changes to Technology are dynamic and not predictable within the Term of this Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we and/or Licensor will have the right to establish, in writing, reasonable new standards for the implementation of Technology in the System and you agree to comply

with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. You will keep the Technology in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications, or substitutions to Technology, as we may specify periodically. There is no limitation on the frequency and cost of your obligation to maintain, update, or upgrade your Technology or its components. You acknowledge that you are solely responsible for protecting your Franchised Business from computer viruses, bugs, failures, data breaches, and attacks by hackers and other unauthorized intruders in the Technology.

14.2 Proprietary Software

We and/or Licensor may also develop proprietary software or technology that must be used by Barrio Burrito Bar franchisees. If this occurs, you agree to enter into a license agreement with Licensor (or an affiliate of Licensor) and/or us (or an affiliate of ours) and pay Licensor or us (or an applicable affiliate) commercially reasonable licensing, support, and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We and/or also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology.

14.3 Our Access

You will provide any assistance we or Licensor require to connect to the Technology. We will have the right at any time to retrieve data and other information from your Technology as we, in our sole discretion, deem necessary or desirable. You shall ensure that we always have access to any Technology that we request, at your cost. You must provide us with all requested codes, passwords, and information necessary to access your Technology. You must receive our prior approval before changing such codes, passwords, and other necessary information.

15. TRANSFER BY US

This Franchise Agreement is assignable by us to Licensor, or its designee, if the Master Franchise Agreement between us and Licensor is terminated for any reason, and this Franchise Agreement shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Franchise Agreement. We may also delegate some or all of our obligations under this Franchise Agreement to one or more designees without assigning this Franchise Agreement.

This Franchise Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Franchise Agreement; provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Franchise Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Franchise Agreement to one or more designees without assigning this Franchise Agreement.

We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

16. TRANSFER BY YOU

16.1 Approval

For purposes of this Franchise Agreement, “Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order, or decree) assignment, sale, conveyance, subdivision, sublicense, or other transfer or disposition of the Franchise Agreement, the Franchised Business (or any portion thereof), or a direct or indirect ownership interest in an Entity that is the franchisee (or any interest therein), including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will, or a trust upon the death of an Owner (including the laws of intestate succession).

Neither you nor any Owner may engage in any Transfer without our prior written approval. Any Transfer without our approval shall be void and constitute a breach of this Franchise Agreement. Our consent to a Transfer shall not constitute a waiver of any claims we may have against you or the Owners, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the Franchise Agreement by the transferee.

16.2 Our Right of First Refusal

If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed, written offer from the fully-disclosed purchaser and submit an exact copy of the offer to us. We will have thirty (30) days after receipt of the offer to decide whether we will purchase the Franchised Business (our “Right of First Refusal”). If we notify you that we intend to purchase the Franchised Business within such thirty (30)-day period, you or the Owner, as applicable, must sell the Franchised Business to us on the same terms as are contained in the offer that you received; provided that we may substitute cash for any non-cash form of payment proposed in the offer.

We will have at least an additional thirty (30) days to conduct a due diligence review and to prepare for closing. You agree to provide us with all information and records that we request concerning the Franchised Business, and we will have the absolute right to terminate the obligation to purchase the Franchised Business for any reason during the due diligence period. You and we will act in good faith to agree on the terms and conditions of the written offer, and closing will take place on the sixty-first (61st) day following receipt of your offer. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to, and on the terms of, the offer, subject to the requirements of this Section (including our approval of the transferee). However, if the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the Right of First Refusal specified in this Section.

Our Right of First Refusal is fully transferable by us.

16.3 Transfer Conditions

We will not unreasonably withhold our approval of any proposed Transfer; provided that the following conditions are all satisfied (“Transfer Conditions”):

16.3.1 Written Notice. You have provided us with written notice of the proposed Transfer at least forty-five (45) days prior to the transaction. You must also submit a copy of the proposed purchase agreement together with all supporting documents and schedules between you and the proposed transferee to us for our review to ensure that the Transfer does not violate any term of this Franchise Agreement.

16.3.2 Qualified Transferee. The proposed transferee is, in our opinion, an individual of good moral character who has sufficient business experience, aptitude, and financial resources to own and operate a Franchised Business and otherwise meets all of our then-applicable standards for franchisees and the purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or threaten the future operation of the Franchised Business.

16.3.3 Monetary Obligations. All of your monetary obligations to us and our affiliates have been paid in full and you and the Owners are in full compliance with the terms of this Franchise Agreement and all other agreements with us or our affiliate(s) and have cured all existing defaults of this Franchise Agreement.

16.3.4 Training. The transferee has (or if the transferee is an Entity, its approved Responsible Owner and any Franchise Manager have) successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the training fee for each new person who must attend training).

16.3.5 Licenses and Permits. The transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Franchised Business.

16.3.6 New Franchise Agreement. You must request that the transferee be provided with our then-current form of Franchise Disclosure Document. You agree that we will not be liable for any representations that you or your Owners make that are inconsistent with such Franchise Disclosure Document. The transferee and its owners sign our then-current form of franchise agreement and related documents, including, but limited to, our then-current form of Franchise Owner Agreement or other guaranty (unless we, in our sole discretion, instruct you to assign this Franchise Agreement to the transferee), except that: (i) the Term and successor term(s) shall be the Term and successor term(s) remaining under this Franchise Agreement; and (ii) the transferee does not need to pay a separate initial franchise fee.

16.3.7 Transfer Fee and Transfer Training Fee. You pay us a transfer fee equal to fifty percent (50%) of the then-current Initial Franchise Fee (“Transfer Fee”). If we are not offering Barrio Burrito Bar franchises at the time of your Transfer, the Transfer Fee will be fifty percent (50%) of the initial franchise fee listed in the most recent Franchise Disclosure Document. You will pay the Transfer Fee to us as follows: (i) one thousand dollars (\$1,000) non-refundable deposit at the time of your transfer application request; and (ii) the remaining balance shall be due at or before the time that you consummate the approved Transfer. In addition, the transferee shall be required to pay a transferee training fee equal to fifty percent (50%) of the then-current initial franchise fee (the “Transfer Training Fee”), which is due in addition to the Transfer Fee. If we are not offering Franchises at the time of a transfer, the Transfer Training Fee will be fifty percent (50%) of the initial franchise fee listed in the most recent Franchise Disclosure Document.

16.3.8 General Release. You and each of your Owners sign a general release in the form we prescribe for all known and unknown claims against us, Licensor, our and its affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees which arise before or contemporaneously with the Transfer. If the proposed transferee has any previous relationship with Licensor, us, or our or its affiliates, then the proposed transferee must also execute a general release.

16.3.9 Right of First Refusal. We do not elect to exercise our Right of First Refusal.

16.3.10 Subordination. We may, in our sole discretion, require you to enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the Franchise Agreement.

16.3.11 Broker Costs. You must pay any broker costs, commissions, or other placement fees that we incur as a result of the Transfer.

16.3.12 Premises. Your landlord consents to your assignment of the lease for the Premises to the transferee, or the transferee is diligently pursuing an approved substitute location within the Territory.

16.3.13 Remodel. You must remodel your Premises to comply with our then-current standards and specifications, or you must obtain a written commitment from the transferee to do so.

16.3.14 Other Conditions. You and each of your Owners agree to comply with all obligations that survive the termination, expiration, or Transfer of this Franchise Agreement. The transfer must be made in compliance with any laws that apply to the transfer, including all laws governing the offer and sale of franchises. You or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

16.4 Transfer to an Entity

If you are an individual, you may transfer your ownership interests to an Entity provided that: (i) the Owner or Owners of the Entity are the same persons who signed this Franchise Agreement and (ii) you comply with the Transfer Conditions. Our Right of First Refusal will not apply for a Transfer conducted under this Section and you must reimburse us for all of our fees and costs, including attorneys' fees (in lieu of the Transfer Fee), associated with your Transfer to the Entity. In lieu of entering into a new Franchise Agreement, you will be required to enter into any required documentation, which may include an approval of transfer agreement, a general release of claims, and a Franchise Owner Agreement in the forms that we prescribe.

16.5 Death or Disability

Upon the death or disability of you (if you are an individual) or of an Owner (if you are an Entity), your interest in the Franchised Business or the Owner's ownership interest in you, as applicable, must be assigned to a third party or another Owner approved by us within one hundred eighty (180) days of such person's death or disability, as the case may be. For purposes of this Section, a person is deemed to have a disability only if the person has a medical or mental illness, problem, or incapacity that would prevent the person from substantially complying with his or her obligations under this Franchise Agreement or otherwise operating the Franchised Business in the manner required by this Franchise Agreement and the Franchise Operations Manual for a continuous period of at least ninety (90) consecutive calendar days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of disability will be determined by a licensed practicing physician selected by us, upon examination of the person; or if the

person refuses to submit to an examination, then (for the purpose of this Section) the person automatically will be considered disabled as of the date of refusal. Your (or the deceased Owner's) estate or legal representative must apply to us for the right to Transfer to the next of kin within one hundred twenty (120) calendar days after your or your Owner's death or disability. We may appoint an Interim Manager and charge you the Management Fee if the death or disability of you or any Owner has any impact on the Franchised Business.

17. INTELLECTUAL PROPERTY

17.1 Ownership and Use of Intellectual Property

For purposes of this Franchise Agreement, "Intellectual Property" means the Marks, our copyrighted materials, "Confidential Information" (defined below), the System and "Improvements" (defined below). You acknowledge that: (i) Barrio Burrito Bar USA, Inc. (our "Licensor"), or its affiliates, if applicable, is the sole and exclusive owner of the Barrio Burrito Bar Intellectual Property and the goodwill associated with the Marks; (ii) our right to use the Intellectual Property and license it to you is derived solely from our agreement with Licensor; (iii) your right to use the Intellectual Property is derived solely from this Franchise Agreement; and (iv) your right to use the Intellectual Property is limited to a license granted by us to operate your Franchised Business during the Term pursuant to, and only in compliance with, this Franchise Agreement, the Franchise Operations Manual, and all applicable standards, specifications and operating procedures that we or Licensor prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us or Licensor. Any unauthorized use of the Intellectual Property constitutes an infringement of Licensor's rights. You agree to comply with all provisions of the Franchise Operations Manual governing your use of the Intellectual Property. This Franchise Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property. You agree that during the Term and after its termination, expiration or Transfer you will not, directly or indirectly, contest Licensor's interest in the Intellectual Property.

For purposes of this Franchise Agreement, "Confidential Information" means all of our and Licensor's trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Franchised Business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System, the Franchise Operations Manual, written directives and all drawings, equipment, computer and point of sale programs (and output from such programs), and any other information, know-how, techniques, material and data imparted or made available by us to you.

For purposes of this Franchise Agreement, "Improvements" means any improvements or additions to the System, marketing, method of operation, or the products or services offered by a Franchised Business.

17.2 Changes to Intellectual Property

Licensor has the right to modify the Intellectual Property at any time in its sole and absolute discretion, including by changing the Marks, the System, its copyrights, or the Confidential Information. If Licensor modifies or discontinues use of any of the Intellectual Property, then you must comply with any such instructions from us and/or Licensor within thirty (30) days, at your expense. We and/or Licensor will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property.

17.3 Use of Marks

You agree to use the Marks as the sole identification of your Franchised Business; provided, however, you must identify yourself as the independent owner of your Franchised Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you by this Franchise Agreement). You agree to: (i) prominently display the Marks on, or in connection with, any media advertising, promotional materials, posters and displays, receipts, stationery, and forms that we designate, and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours. You agree that any use of the Marks by you and your Franchised Business shall contribute and inure to Licensor's benefit.

Upon our request, you agree to display in a conspicuous location in your Premises a sign containing a notice stating that your Franchised Business is owned and operated independently by you.

17.4 Use of Confidential Information

You acknowledge that you will use the Confidential Information only in the operation of the Franchised Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including safeguarding access to the Franchise Operations Manual. You will not copy or permit copying of Confidential Information. Your obligations under this Section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to, customer information and customer lists) is (and will be) owned exclusively by us and/or Licensor, and we and/or Licensor (as applicable) will have the right to use such data in any manner that we or it deem appropriate without compensating you. You must provide copies and/or originals of such data upon our or Licensor's request. We hereby license use of such data back to you, at no additional cost, solely for the Term and solely for your use in connection with the Franchised Business. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us and Licensor for any loss of data, including, but not limited to, customer information resulting from a breach of such data caused, in whole or in part, by you.

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

Neither we nor Licensor not make any representation or warranty that your use of the System and Confidential Information will not infringe on the patent, copyright or other proprietary rights of third parties. You agree that neither we nor Licensor will have any liability to you in the event that the System and/or any Confidential Information is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of your use of the System and Confidential Information.

17.5 Improvements

If you or your employees conceive of or develop any Improvements, you agree to promptly and fully disclose the Improvements to us and Licensor without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by Licensor, us, and any third parties that we authorize to operate a Franchised Business, without any obligation to pay you royalties or other fees. You must assign to Licensor, or its designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, Licensor will authorize you to use any Improvements that we or other franchisees develop that Licensor authorizes for general use in connection with the operation of a Franchised Business. These obligations shall survive the termination, expiration, or Transfer of this Franchise Agreement.

17.6 Notification of Intellectual Property Issues

You must notify us as soon as possible, but no later than three (3) business days of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us, Licensor, our counsel, and Licensor's counsel in connection with any such infringement, challenge, or claim. Licensor will have sole discretion to take such action as it deems appropriate. Licensor has the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Licensor's counsel, be necessary or advisable to protect and maintain Licensor's interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain Licensor's interest in the Intellectual Property.

18. BRAND COVENANTS

18.1 Reason for Covenants

The covenants in this Section 18 shall be referred to as the "Brand Covenants."

You acknowledge that the System is distinctive and has been developed by Licensor and/or its affiliates at great effort, time, and expense, and that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Franchise Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could seriously jeopardize the entire System because you and the Owners have received an advantage through knowledge of our day-to-day operations and Confidential Information related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and the System.

18.2 Unfair Competition During the Term

For purposes of this Franchise Agreement, “Competitive Business” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by the Franchised Business; or (ii) provides or offers to provide services the same as or similar to the type of services sold by you, but excludes a Franchised Business operating pursuant to a franchise agreement with us. A Competitive Business shall not include ownership of up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any business that otherwise would meet the definition of a Competitive Business.

You agree not to compete with us during the Term by engaging in any of the following activities (“Prohibited Activities”): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business; (ii) diverting or attempting to divert any business from us (or Licensor or one of our affiliates or franchisees); or (iii) inducing any customer of ours (or of one of our affiliates’ or franchisees’ or Licensor’s) to transfer their business to you or to any other person that is not then a franchisee of ours or Licensor’s.

18.3 Unfair Competition After the Term

For purposes of this Section, the “Restricted Period” means a period of three (3) years after the termination, expiration, or Transfer of this Franchise Agreement. For purposes of this Section, the “Restricted Territory” means the geographic area within: (i) a two-mile radius of the Premises; and (ii) a two (2)-mile radius from all other Premises that are operating, or under construction, as of the date of the termination, expiration, or Transfer of this Franchise Agreement.

During the Restricted Period, you agree that you will not engage in any Prohibited Activities within the Restricted Territory and that you will cause each of your Owners to not engage in any Prohibited Activities within the Restricted Territory. If you or any Owner engages in a Prohibited Activity within the Restricted Territory during the Restricted Period, then the Restricted Period applicable to you (and applicable to each non-compliant Owner under the Franchise Owner Agreement) will be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

18.4 Employees and Others

Any Franchise Manager and, if you are an Entity, any officer that does not own equity in you, must sign our current System Protection Agreement, substantially in the form attached to the Franchise Disclosure Document in Exhibit G. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Franchised Business who may have access to the Confidential Information, and who are not required to sign a System Protection Agreement, sign the Confidentiality Agreement, substantially in the form attached to the Franchise Disclosure Document in Exhibit G, before having access to the Confidential Information. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and System Protection Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement or System Protection Agreement, including reasonable attorneys’ fees and court costs.

18.5 Covenants Reasonable

The parties agree that each of the Brand Covenants will be construed as independent of any other covenant or provision of this Franchise Agreement. It is the parties' intent that the provisions of this Section be judicially enforced to the fullest extent permissible under applicable law. If all or any portion of any Brand Covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, you agree to be bound by any lesser covenant subsumed within the terms of such Brand Covenant that imposes the maximum duty permitted by law, as if the resulting Brand Covenant were separately stated in, and made a part of, this Section. Accordingly, the parties agree that any reduction in scope or modification of any part of the non-competition provisions contained herein shall not render any other part unenforceable. You acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) the use and enforcement of covenants similar to those described above with respect to other Barrio Burrito Bar franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Franchised Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You hereby waive any right to challenge the terms of the Brand Covenants as being overly broad, unreasonable, or otherwise unenforceable.

We have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any Brand Covenant without your consent (before or after any dispute arises), effective when we give you written notice of this reduction and you agree to comply with any covenant as so modified.

18.6 Breach of Covenants

You agree that failure to comply with the terms of Brand Covenants will cause substantial and irreparable damage to us, Licensor, and/or other Barrio Burrito Bar franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Section 18 will entitle us and/or Licensor to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us and Licensor under this Franchise Agreement are exclusive of any other but may be combined with others under this Franchise Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have, regardless of cause or origin, cannot be used as a defense against our enforcement of the Brand Covenants.

19. INSURANCE

Before your Franchised Business first opens for business, you will obtain insurance in the types and amounts specified herein. You will maintain all required insurance in force during the Term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits, and amounts as we may periodically require. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage, and premises/operation liability for the Franchised Business and its operations with a limit of not less than two million dollars (\$2,000,000) combined single limit, written on an occurrence form, or such greater limit as may be required as part of any lease agreement for the Franchised Business; (ii) automobile liability insurance for non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage in an amount not less than one million dollars (\$1,000,000), and this should include med-pay coverage; (iii) unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; (iv) plate glass insurance for coverage of your Franchised Business' windows and storefront displays; (v) steam boiler insurance; and (vi) all-risk personal property insurance in an amount equal to at least one hundred percent (100%) of the replacement costs of the contents and tenant improvements located at the Franchised Business.

Our insurance requirements are subject to change during the Term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us with a copy of your Certificate of Insurance or other proof of coverage prior to opening, within ten (10) days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated "A" or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us, Licensor, BBR, any affiliate we require, and our members, officers, directors, and employees as additional insureds ("Additional Insureds"); (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive thirty (30)-days' prior written notice of the termination, expiration, cancellation, or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten (10) days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances.

If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten (10) days after invoicing, all costs and premiums that we incur, plus a twenty percent (20%) administrative surcharge.

20. REPORTING REQUIREMENTS

20.1 Books and Records

You agree to record all transactions and Gross Sales of your Franchised Business in the manner that we specify. You agree to prepare and maintain for at least seven (7) years after their preparation, complete and accurate books, records, accounts, and tax returns pertaining to your Franchised Business including a list of all customers that your Franchised Business does business with and all contracts that your Franchised Business enters into. You must send us copies of your books, records, customer data, and contracts within five (5) days of our request. This obligation survives the expiration, termination, or Transfer of this Franchise Agreement.

20.2 Reports

You will prepare and submit other reports and information about your operations as we may request in writing or as required by the Franchise Operations Manual. You will submit all required reports in the formats and by the due dates specified in the Franchise Operations Manual. We may modify the deadline days and times for submission of all reports. If you do not submit any report by the due date, we will debit your Franchise Account a late fee of \$100 per occurrence and \$100 per week until you submit the required report. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense, and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

20.3 Financial and Tax Statements

You will deliver a balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis (“Financial Statements”) to us within the time period required by the Franchise Operations Manual. You must also prepare annual Financial Statements within 30 days of the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. We and Licensor have the right to use such Financial Statements in our franchise disclosure document to make financial performance representations and to share these reports on a system-wide intranet or other similar means.

You must also provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Franchised Business within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit required Financial Statements or tax returns.

20.4 Legal Compliance

You must secure and maintain in force all required licenses, permits, and regulatory approvals for the operation of your Franchised Business, and operate and manage your Franchised Business in full compliance with all applicable laws, ordinances, rules, and regulations. You are solely responsible for complying with all federal, state, and local tax laws, agree to timely pay all applicable federal, state, and local taxes, and timely file all returns, notices, and other forms required to comply with all federal, state, and local tax laws in connection with the operation of the Franchised Business. It is your responsibility to make sure that you comply with all laws that are applicable to the Technology.

You must notify us in writing within three (3) business days of the beginning of any action, suit, investigation, or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of your Franchised Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate, or rating by any governmental agency involving any health or safety law, rule, or regulation that reflects a claim that you have failed to fully comply with the law, rule, or regulation.

You agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and the Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, rules, regulations, policies, lists, and other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

21. INSPECTION AND AUDIT

21.1 Inspections

To ensure compliance with this Franchise Agreement, we and our representatives and Licensor and their representatives will have the right to enter your Premises, evaluate your Franchised Business operations, and inspect or examine your books, records, accounts, and tax returns. We may also interview personnel and customers of the Franchised Business. Our evaluation may include observing or participating during business hours. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Franchised Business, and you, your employees, and independent contractors will cooperate and not interfere with our inspection. You consent to us and/or Licensor accessing your Technology and retrieving any information that we or it deem appropriate in conducting the inspection.

If any such inspection indicates any deficiency or unsatisfactory condition, including quality, cleanliness, service, health, and authorized product line, we will notify you in writing of your noncompliance with the System, Franchise Operations Manual, or this Franchise Agreement and you shall promptly correct or repair such deficiency or unsatisfactory condition. In addition, if you fail any food safety inspection, cleanliness inspection, or other inspection or audit that we or our designee, any applicable restaurant association, or any public health and safety agency conducts, you will be required to undergo an additional inspection or audit at your sole expense. You agree to reimburse us or the third-party auditor directly upon invoicing. We may require you to take, and you agree to take, immediate corrective action, which action may include temporarily closing the Franchised Business.

21.2 Audit

We and/or Licensor have the right, at any time, to have an independent audit made of the books and financial records of your Franchised Business. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Franchise Agreement; or (ii) reveals an understatement of any amount due to us by at least two percent (2%) in any week, in which case you agree to reimburse us for the cost of the audit and inspection, including, without limitation, any amount that you owe us, together with any related expenses and Late Fees, and reasonable accounting and legal expenses and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten (10) days after invoicing. We shall not be deemed to have waived our right to terminate this Franchise Agreement by accepting reimbursements of our audit costs.

22. INDEMNITY

22.1 Your Indemnification of Us

Independent of your obligation to procure and maintain insurance, you and your Owners will indemnify, defend, and hold us, Licensor, and our affiliates, the respective officers, directors, managers, partners, shareholders, members, employees, agents, and contractors of these entities, and the successors, assigns, personal representatives, heirs, and legatees of all of these persons or entities (collectively, the “Indemnified Parties”) harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments, or obligations to make payments either (i) to or for third-party claimants by any and all Indemnified Parties, including refunds, or (ii) incurred by any and all Indemnified Parties to investigate, take action, respond to, or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorneys’ fees, experts’ fees, court costs, settlement amounts, judgments, and costs of collection (collectively, “Losses and Expenses”), incurred by any Indemnified Parties for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence, product, or service involving the Franchised Business or this Franchise Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including, but not limited to, any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; and any breach or violation of any agreement (including this Franchise Agreement), or any law, regulation, or ruling by, or any act, error, or omission (active or passive) of, you, any party associated or affiliated with you, or any of the owners, officers, directors, managers, employees, owners, and agents of you or your affiliates, including when the active or passive negligence of any Indemnified Parties is alleged or proven.

You agree to give us notice of any action, suit, proceeding, claim, demand, inquiry, or investigation described above. The Indemnified Parties shall have the right, in their sole discretion 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 an agreement to settle such claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys’ fees, within ten (10) days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses, and attorneys’ fees.

22.2 Our Indemnification of You

Provided that you are not in default under this Franchise Agreement or any other agreement with us, we will indemnify you and hold you harmless for, from, and against any and all costs and expenses incurred by you as a result of or in connection with any claim asserted against you based upon the violation of any third party’s intellectual property rights caused by your use of the Marks in strict compliance with the terms of this Franchise Agreement and Franchise Operations Manual. You must promptly notify us of any such claim and fully cooperate with us in the defense of such claim.

23. TERMINATION BY YOU

You may terminate this Franchise Agreement if you are in full compliance and we materially breach this Franchise Agreement and fail to cure the breach within ninety (90) days after you send us a written notice specifying the nature of the breach.

If you terminate this Franchise Agreement, you must still comply with your post-termination obligations described below and all other obligations that survive the expiration or termination of this Franchise Agreement.

24. TERMINATION BY US

The rights to terminate the Franchise Agreement in the Section shall be referred to as “Termination Rights.”

24.1 Automatic Termination Without Notice

You shall be in default under this Franchise Agreement, and we may automatically terminate all rights granted to you by this Franchise Agreement without notice if: (i) you file or cause to be filed a petition in bankruptcy or you are adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); or (ii) you admit to your inability to meet your financial obligations as they become due, or make a disposition for the benefit of your creditors (unless prohibited by law); or (iii) a receiver or custodian (permanent or temporary) is appointed for any of your assets or property; or (iv) a final judgment in excess of ten thousand dollars (\$10,000) against you remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment), except that we may provide you with additional time to satisfy the judgment if you demonstrate that you are using commercially reasonable efforts to resolve the issues related to the judgment.

24.2 Option to Terminate Without Opportunity to Cure

We may, in our sole discretion, terminate this Franchise Agreement immediately upon written notice to you, without opportunity to cure, upon the occurrence of any of the following events, each of which constitute material events of default under this Franchise Agreement:

24.2.1 Failure to Open. If you fail to open your Franchised Business within the time period required.

24.2.2 Material Misrepresentation. If you or any Owner commits any fraud or makes any material misrepresentation to us, whether occurring before or after the Effective Date.

24.2.3 Violation of Law. If you fail, for a period of ten (10) days after having received notification of noncompliance from us or any governmental or quasi-governmental agency or authority, to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business.

24.2.4 Criminal Offense. If you or any of your Owners, officers, directors, or key employees is convicted of, or pleads guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense, or is subject to any material administrative disciplinary action that is reasonably likely, in our sole opinion, to adversely affect our reputation, the System, or the Marks. If the crime or offense is committed by an Owner other than a Responsible Owner, then we may, in our sole discretion, terminate if such Owner fails to sell its ownership interest in the Entity to any of the other Owners within thirty (30) days after the conviction or guilty plea, whichever first occurs.

24.2.5 Under-Reporting. If an audit or investigation discloses that you have knowingly maintained false books or records, or submitted false reports to us, or knowingly understated its Gross Sales

or withheld the reporting of same, or, if, on two (2) or more occasions in any single twenty-four (24) month period, any audits or other investigations reveals an under-reporting or under-recording error of two percent (2%) or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of five percent (5%) or more, after having already committed such a breach within the prior thirty-six (36) months that had been cured.

24.2.6 Intellectual Property Misuse. If you misuse or make any unauthorized use of the Marks or otherwise impair the goodwill of our or Licensor's rights, or you take any action which reflects unfavorably upon the operation and reputation of the Franchised Business, the System, or the Barrio Burrito Bar brand generally. If your employees or independent contractors engage in any of the same actions described above, unless you shall have exercised your best efforts to prevent such disclosures or use.

24.2.7 Health or Safety Violations. If you manage or operate your Franchised Business in a manner that presents a health or safety hazard to your customers, employees, or the public.

24.2.8 Abandonment. If you abandon or fail to operate your Franchised Business for three (3) consecutive business days unless you had received our prior written authorization to do so.

24.2.9 Failure to Pay. If you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment.

24.2.10 Unauthorized Transfer. If you attempt to sell, Transfer, encumber, or otherwise dispose of any interest in you, this Franchise Agreement, or the Franchised Business in violation of Section 16 of this Franchise Agreement.

24.2.11 Brand Covenants. If you or any of your Owners violates any of the Brand Covenants.

24.2.12 License/Permits. If a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Franchised Business, even if you or the Owner still maintain appeal rights.

24.2.13 Failure to Complete Initial Training. If you or any required attendee fails to attend and complete the initial training program within the time period prescribed in this Franchise Agreement.

24.2.14 Repeated Defaults. If you commit a default of any obligation under this Franchise Agreement and have previously received two (2) or more written notices of default from us within the preceding twelve (12) months, regardless of whether any default is cured.

24.2.15 Cross Default. If we terminate any other agreement between you and us, or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

24.2.16 Franchise Owner Agreement Default. If any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement.

24.2.17 Premises Issues. If: (i) you fail to secure a fully executed lease within the time period required; or (ii) the Premises or your assets are seized, taken over, or foreclosed by a government official in the exercise of its duties, or by a creditor or lienholder provided that a final judgment against you remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); or (iii) a levy of execution of attachment has been made upon the license granted by this Franchise Agreement or upon any property used in the Premises, and it is not discharged within five (5) days of such levy or

attachment; or (iv) you permit a mechanics lien to be recorded against the Premises or any equipment at the Premises which is not released within sixty (60) days, or if any person commences any action to foreclose on the Premises or said equipment; or (v) a condemnation or transfer in lieu of condemnation has occurred; or (vi) if you default under the lease for your Premises and you do not cure the default within the cure period set forth by the landlord or your lease is otherwise terminated due to your default.

24.2.18 Interference in Our Relationship With Licensor. If you interfere, or attempt to interfere, with our relationship with Licensor.

24.3 Termination with Notice and Opportunity to Cure

In addition to our Termination Rights, we may, in our sole discretion, terminate this Franchise Agreement upon 30 days' written notice if you or an Owner fails to comply with any other provision of this Franchise Agreement (including failure to comply with any provision in the Franchise Operations Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period, each of which shall constitute a material event of default under this Franchise Agreement. If we deliver a notice of default to you pursuant to this Section, we may suspend performance of any of our obligations under this Franchise Agreement until you fully cure.

25. LIQUIDATED DAMAGES

Upon termination of this Franchise Agreement: (i) by us due to your material default of this Franchise Agreement; or (ii) following your purported termination without cause, you agree to pay to us, within fifteen (15) days after the effective date of this Franchise Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalties and Brand Fund Contribution you owed during the total months of operation preceding the effective date of termination multiplied by: (i) thirty-six (36); or (ii) the number of months remaining in this Franchise Agreement had it not been terminated, whichever is less, but in no case will such damages be less than thirty thousand dollars (\$30,000).

You and we acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties and Brand Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalties and Brand Fund Contributions would have grown over what would have been this Franchise Agreement's remaining Term. You and we consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalties and Brand Fund Contributions. It does not cover any other damages, including damages to our and Licensor's reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement other than the Royalty payments and Brand Fund Contributions. You agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the payment of Royalties and Brand Fund Contributions.

26. POST TERM OBLIGATIONS

The obligations contained in this Section shall be referred to as your "Post Term Obligations." After the termination, expiration, or Transfer of this Franchise Agreement, you agree to undertake each and every one of the obligations listed in this Section.

26.1 Cease Operations

Immediately cease to be a franchise owner of the Franchised Business under this Franchise Agreement and cease to operate the Franchised Business under the System. You agree to not hold yourself out to the public as a present or former franchise owner of the Franchised Business.

26.2 Intellectual Property

Immediately cease to use the Intellectual Property in any manner whatsoever and not use any trademarks or trade names that may be confusingly similar to the Intellectual Property. You acknowledge and agree that any continued use of the Marks would constitute trademark infringement.

26.3 Monetary Obligations

Pay us all amounts that you owe us and our affiliates.

26.4 Surviving Covenants

Comply with all covenants described in this Section and otherwise in this Franchise Agreement that apply after the expiration, termination, or Transfer of this Franchise Agreement or of an ownership interest by an Owner.

26.5 Branded Items

Return all copies of the Franchise Operations Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising, and promotional materials, forms, and any other materials bearing or containing any of the Marks, Licensor's copyrights, or other identification relating to a Franchised Business, unless we allow you to Transfer such items to an approved transferee.

26.6 Technology and Data

Return all copies of any software we or Licensor license to you (and delete all such software from your computer memory and storage), provide us the then-current customer list and contracts that your Franchised Business has entered into, and transfer all login information and data from any Technology, social media accounts, and email addresses from your Franchised Business.

26.7 Entity Name

Take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks.

26.8 Identifiers and Advertisements

Immediately stop using all telephone numbers, advertisements, domain names, and social media accounts associated with the Franchised Business. Notify all telephone companies, listing agencies, social media companies, and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use the following, and immediately transfer to us: (A) the telephone numbers, accounts, and/or domain names, if applicable, related to the operation of your Franchised Business; and (B) any online listings associated with the Marks (you hereby authorize the

Agencies to transfer such telephone numbers, domain names, and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact, to direct the Agencies to transfer the telephone numbers, domain names, and listings to us if you fail or refuse to do so).

26.9 Modifications

Remove all trade dress, equipment, software, and property owned by us and/or and make such modifications and alterations to the Premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party using any of the inventory, the Premises, and/or equipment used in the operation of the Franchised Business; provided, however, that this subsection shall not apply if your Franchised Business is transferred to an approved transferee or if we exercise our right to purchase your entire Franchised Business. If you fail to do so, you must pay us any expenses we incur to de-identify your Premises.

26.10 Customers

We may contact customers of your Franchised Business and offer such customers continued rights to use one or more Barrio Burrito Bar franchises on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising from or relating to those customers or an act or failure to act by you or your Franchised Business.

26.11 Compliance Evidence

Provide us with written satisfactory evidence of your compliance with the above obligations within thirty (30) days after the effective date of the termination, expiration, or Transfer of this Franchise Agreement.

27. RIGHT TO PURCHASE

27.1 Generally

Upon the expiration or termination of this Franchise Agreement for any reason, we and/or Licensor will have the right, but not the obligation, to purchase from you some or all of the assets used in the Franchised Business ("Acquired Assets"). We or Licensor may exercise our option to begin this process by giving written notice to you at any time following expiration or termination up until thirty (30) days after the later of: (a) the effective date of expiration or termination; or (b) the date you cease operating the Franchised Business (the "Specified Date"). We and Licensor have the right to inspect the assets used in the Franchised Business in order to determine which we and/or Licensor wish to acquire and any refusal by you to cooperate with the right to inspect will extend the Specified Date by an equal period. The term "Acquired Assets" means, without limitation, equipment, furnishings, fixtures, signs, and inventory (non-perishable products, materials, and supplies) used in the Franchised Business, all licenses necessary to operate the Franchised Business (if transferable), and the real estate fee simple or the lease or sublease for the Premises. Customer information and customer lists are owned by us and Licensor and accordingly are not included within the definition of "Acquired Assets" and must be returned to us without charge upon expiration or termination. You may not sell the information or lists to a third party. We will be entitled to the entry of interlocutory and permanent orders of specific performance by a court of competent jurisdiction if you fail or refuse to timely meet your obligations under this Section. We and/or Licensor will have the unrestricted right to assign this option to purchase the Acquired Assets. We, Licensor, or our assignee will be entitled to all customary representations and warranties, including that the Acquired Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition, and title; (2) liens and

encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Acquired Assets, whether contingent or otherwise.

27.2 Purchase Price

The purchase price for the Acquired Assets (“Purchase Price”) will be their fair market value (or, for leased assets, the fair market value of the lease), determined as of the Specified Date in a manner that accounts for reasonable depreciation and condition of the Acquired Assets; provided, however, that the Purchase Price will consider the termination of this Franchise Agreement. The Purchase Price for the Acquired Assets will not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Business nor any goodwill or “going concern” value for the Franchised Business. We may exclude from the Acquired Assets purchased in accordance with this Section any equipment, furnishings, fixtures, signs, and inventory that are not accepted as meeting then-current standards for a Franchised Business or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

If you and we are unable to agree upon a fair market value, we shall appoint an independent, third-party appraiser with experience appraising businesses comparable to your Franchised Business in the United States (“Qualified Appraiser”) within 30 days after the Specified Date. We and you shall pay for 50% of the cost of this Qualified Appraiser.

The Qualified Appraiser shall appraise the Acquired Assets as described above (“Appraised Value”). If you agree with the Appraised Value, the Appraised Value shall be the Purchase Price. If you disagree with the Appraised Value, upon written notice to us, you may hire an additional Qualified Appraiser at your expense. In such situation, the Qualified Appraiser chosen by you shall appraise the Acquired Assets at fair market value determined as described above. The average of the two values provided by the Qualified Appraisers shall be the Purchase Price.

27.3 Access to Franchised Business

The Qualified Appraiser will be given full access to the Franchised Business, the Premises and your books and records during customary business hours to conduct the appraisal and will value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section.

27.4 Exercise of Option; Operation

Within ten (10) days after the Purchase Price has been determined, we or Licensor may fully exercise our or Licensor’s option to purchase the Acquired Assets by so notifying you in writing (“Purchase Notice”). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which will take place no later than sixty (60) days after the date of the Purchase Notice. From the date of the Purchase Notice until Closing:

You will operate the Franchised Business and maintain the Acquired Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Franchise Agreement, and during such time, we may exercise Step-in Rights, and be entitled to the Management Fee. Alternatively, we may require you to close the Franchised Business during that time period without removing any Acquired Assets from the Franchised Business.

27.5 Due Diligence



For a period of thirty (30) days after the date of the Purchase Notice (“Due Diligence Period”), we and/or Licensor, as applicable, will have the right to conduct such investigations as we deem necessary and appropriate. You will grant us and our representatives access to the Franchised Business and the Premises at all reasonable times for the purpose of conducting inspections of the Acquired Assets; provided that such access does not unreasonably interfere with your operations of the Franchised Business.

Prior to the end of the Due Diligence Period, we and/or Licensor, as applicable, will notify you in writing of any objections that we have to any finding disclosed in any title lien search, survey, environmental assessment, or inspection. If you cannot or elect not to correct any such title defect, environmental objection, or defect in the working condition of the Acquired Assets, we and/or Licensor, as applicable, will have the option to either accept the condition of the Acquired Assets as they exist or rescind the option to purchase on or before the Closing.

27.6 Closing

At the closing, you agree to deliver instruments transferring to us, or Licensor, as applicable: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other seller transfer taxes paid by you; (b) all of the franchise licenses and permits which may be assigned or transferred; and (c) accounts receivable in computer-readable format.

We and/or Licensor, as applicable, will have the right to set off against and reduce the Purchase Price by any and all amounts owed by you to us or our affiliates, and the amount of any encumbrances or liens against the Acquired Assets or any obligations assumed by us and/or Licensor, as applicable. If you cannot deliver clear title to all of the purchased Acquired Assets as indicated in this Section, or if there are other unresolved issues, the Closing will be accomplished through an escrow.

The parties will execute mutual general releases of any and all claims between you and your Owners, officers, managers, employees, agents, successors and assigns, on the one hand, and our, or Licensor, as applicable, owners, officers, managers, employees, agents, successors and assigns, on the other hand.

28. DISPUTE RESOLUTION

28.1 Mediation Requirement

Except for any “Litigation Exceptions” as defined below, without limiting our Termination Rights, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Franchise Agreement, or any of the parties’ respective rights and obligations arising out of this Franchise Agreement, shall be submitted first to non-binding mediation (“Required Mediation”) prior to a hearing in binding arbitration. Before commencing any mediation against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Such mediation shall take place in Fairfax County, Virginia, unless Licensor has assumed this Agreement, in which case the venue will be Detroit, Michigan. The mediation will be conducted under the auspices of the American Arbitration Association (“AAA”), or other mediation service acceptable to us, in accordance with AAA’s Commercial Mediation Procedures then in effect. You may not commence any action against us or our affiliates with respect to any such claim unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the

mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

28.2 Arbitration

If the parties cannot fully resolve and settle a dispute through Required Mediation, all unresolved issues involved in the dispute shall be, at the request of either party, submitted to final and binding arbitration to be conducted in Fairfax County, Virginia, unless Licensor has assumed this Agreement, in which case the venue will be Detroit, Michigan. The arbitration will be conducted by AAA (if AAA or any successor thereto is no longer available for arbitration in such city, you and we will agree on another arbitration organization to conduct the arbitration proceeding), in accordance with AAA's Commercial Arbitration Rules and otherwise as set forth below on an individual basis (not a class action) ("Required Arbitration").

In any arbitration proceeding, each party will submit or file any claim that would constitute a compulsory counterclaim as defined by the Federal Rules of Civil Procedure within the same proceeding as the claim it relates to. Any claim that is not submitted or filed as required is forever barred. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Franchise Agreement including, but not limited to, any claim that all or any part of this Franchise Agreement is void or voidable.

28.2.1 Notice of Arbitration. Either party may initiate an arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone, or rescind the effectiveness of any termination of this Franchise Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

28.2.2 Selection of Arbitrator. Arbitration will be conducted before a single, neutral arbitrator who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within thirty (30) days after the arbitration demand, either party may request AAA, or a successor organization, to appoint a qualified arbitrator.

28.2.3 Discovery. The parties must exchange the following information within thirty (30) days of the appointment of the arbitrator without further order from the arbitrator. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide testimony. The parties must also disclose and provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. The arbitrator may entertain a request to compel the exchange of information or documents not provided by a party in possession of them. All discovery must be completed within 150 days following appointment of an arbitrator, unless otherwise agreed by the parties. Depositions will be limited

to a maximum of five per party and will be held within 30 days after making a request. Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition will be limited to a maximum of six hours duration. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position.

28.2.4 Statement of Case. At least five (5) days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

28.2.5 Arbitrator's Decision. The arbitrator will issue a written decision within ten (10) days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Franchise Agreement, including monetary damages and interest on unpaid amounts from date due, specific performance, injunctive and declaratory relief, and legal fees and costs, but will not have any authority to amend or modify the terms of this Franchise Agreement or to assess exemplary or punitive damages. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Franchise Agreement including, but not limited to, any claim that all or any part of this Franchise Agreement is void or voidable.

28.2.6 Time Schedule. Any award will be made within nine (9) months of the filing of the notice of intention to arbitrate and the arbitrator will agree to comply with this schedule before accepting appointment. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his or her best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his or her opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

28.2.7 Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorneys' fees and expenses) incurred in connection with the dispute.

28.3 Disputes Not Subject to Mediation or Arbitration

The following will not be subject to Required Mediation or Required Arbitration, and you or we may immediately file a lawsuit in accordance with this Section with respect to any of the following (for purposes of this Franchise Agreement, the following shall be referred to as the "Litigation Exceptions"): (i) any action that involves an alleged breach of any Brand Covenant; (ii) any action petitioning specific performance to enforce your use of the Marks or the System or to prevent unauthorized duplication of the Marks or the System; (iii) any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity, including an action to enjoin an alleged violation or harm (or imminent risk of violation or harm) to any of Licensor's rights in the Intellectual Property, copyrighted works, Marks, the System, or in any specialized training, trade secrets, or other Confidential Information, brought at any time, including prior to, or during, the pendency of any mediation or arbitration proceedings; (iv) any action seeking compliance with the Post Term Obligations; or (v) any action in ejectment or for possession of any interest in real or personal property.

28.4 Venue

All disputes and claims must be mediated, arbitrated and, if applicable, litigated in Fairfax County, Virginia (or, if Licensor has assumed this Agreement, in Detroit, Michigan), except that we or the Licensor have the option to bring suit against any you in any state or federal court within the jurisdiction where your Franchised Business is or was located or where any of your Owners lives for those claims brought under the Litigation Exceptions. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Franchise Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

28.5 Fees and Costs

If you breach any term of this Franchise Agreement or any other agreement with us, Licensor, or its or our affiliate, you agree to reimburse us or Licensor (as applicable) for all reasonable attorneys' fees and other expenses we or it incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings.

If Licensor, we, or you must enforce this Franchise Agreement in an arbitration or judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable fees for accountants, attorneys, and expert witnesses, costs of investigations and proof of facts, court costs, travel and living expenses, and other dispute-related expenses.

If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has substantially prevailed over the other party using reasonable business and arbitrator's judgment. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with this Section. If either party commences any legal action or proceeding in any court in contravention of the terms of this Section, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorneys' fees as described in this Section.

28.6 Jury Trial and Class Action Waiver

WE AND YOU IRREVOCABLY WAIVE: (I) TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT; AND (II) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

28.7 Limitation of Actions and Waiver of Punitive Damages

We and you agree that any legal action of any kind by a party arising out of or relating to this Franchise Agreement or a default of this Franchise Agreement must be commenced within one (1) year from the occurrence of the facts giving rise to any such claim or action or such claim or action will be barred provided, however, that the forgoing limitation shall not apply where required by applicable law, to the parties indemnification obligations under this Franchise Agreement or to the Litigation Exceptions. You and we, for yourselves, ourselves and on behalf of the Owners respectively, hereby waive to the fullest

extent permitted by applicable law, any right to, or claim for, punitive or exemplary damages against the other, and agree that except to the extent provided to the contrary in this Franchise Agreement, in the event of a dispute you and we shall each be limited to recovering only the actual damages proven to be sustained any legal action of any kind.

28.8 Confidentiality

Except as required by applicable law, including the required disclosure in our Franchise Disclosure Document, the entire mediation, arbitration, or litigation proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees, or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone, other than Licensor, who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

28.9 Acknowledgment

The parties acknowledge that nothing herein shall delay or otherwise limit the Termination Rights. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Franchise Agreement.

28.10 Survival

We and you agree that the provisions of this Section shall apply during the Term of this Franchise Agreement and following the termination, expiration, Transfer, or non-renewal of this Franchise Agreement. You agree to fully perform all obligations under this Franchise Agreement during the entire mediation, arbitration, or litigation process.

29. SECURITY INTEREST

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and real estate (including your interests under all real property and personal property leases and all improvements to real estate) of the Franchised Business, together with all similar property now owned or hereafter acquired, including additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business.

You are prohibited from granting a security interest in the Franchised Business or in any of your assets without our prior written consent, which shall not be unreasonably withheld. We may take a subordinate position in the security interest if a Small Business Administration participating or third-party lender requires a first or senior lien, and the appropriate subordination documentation is executed by all parties. This security interest shall be security for any and all Royalties, damages, expenses, or other sums owed to us hereunder and for any other amounts you owe to us. You agree to execute any documents, including but not limited to, a UCC-1 (or replacements, amendments, or extensions) that we reasonably believe to be necessary to perfect said security interest prior to the opening of the Franchised Business, and hereby appoint us as your attorney-in-fact for the purpose of executing such documents should you fail to do so. Except with respect to your sales of inventory in the ordinary course of business, you shall not sell, transfer, lease, sublease, assign, remove, waste, destroy, encumber, or relocate any of the property described

herein as subject to our security interest. Further, you shall take no other action which interferes with our security interest in said property, unless and until we release our security interest in the same.

30. GENERAL PROVISIONS

30.1 Governing Law

Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Franchise Agreement and the franchise relationship shall be governed by the laws of the Commonwealth of Virginia (without reference to its principles of conflicts of law), but any law of the Commonwealth of Virginia that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

30.2 Relationship of the Parties

You understand that you are an independent contractor and are not authorized to make any contract, agreement, warranty, or representation or create any obligation on our behalf under this Franchise Agreement. You understand and agree that nothing in this Franchise Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Franchised Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards, and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty, or representation, or incur any debt, in the name of, or on behalf of, the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Franchise Agreement. You further agree that fulfillment of any and all of our obligations written in the Franchise Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

30.3 Severability and Substitution

Each section, subsection, term, and provision of this Franchise Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Franchise Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Franchise Agreement. If a court concludes that any promise or covenant in this Franchise Agreement is unreasonable and unenforceable, including, without limitation, the Brand Covenants: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable, and consistent with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate your obligations under the Franchise Agreement to the fullest extent permitted by law), and you agree to be bound by the modified provisions.

30.4 Waivers

We and you may, by written instrument, unilaterally waive or reduce any obligation of, or restriction upon, the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Franchise Agreement (including the right to demand exact compliance with every term, condition, and covenant in this Franchise Agreement, or to declare any breach of this Franchise Agreement to be a default, and to terminate the Franchise Agreement before the expiration of its Term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Franchise Agreement; (ii) any failure, refusal, or neglect of us or you to exercise any right under this Franchise Agreement or to insist upon exact compliance by the other with its obligations under this Franchise Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar, or different nature, relating to other Barrio Burrito Bar franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Franchise Agreement.

30.5 Approvals

Whenever this Franchise Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. Except where this Franchise Agreement states that we may not unreasonably withhold our approval or consent, we may withhold such approval or consent, in our sole discretion. You are not entitled to any other relief or damages for our denial of approval.

30.6 Force Majeure

No party shall be liable for any loss or damage that arises directly or indirectly through, or as a result of, any delay in the fulfilment of, or failure to fulfil, its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is due to “Force Majeure.” In the event of Force Majeure, the parties shall be relieved of their respective obligations only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term “Force Majeure” shall mean any act of God, strike, lock-out, or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government, and any other similar cause which is beyond the party’s control and cannot be overcome by use of normal commercial measures. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than forty-eight (48) hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Franchise Agreement and to fulfill its obligations under the Franchise Agreement.

Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. Any delay resulting from an event of Force Majeure will extend performance accordingly or excuse performance (other than payment of money), in whole or in part, only as may be reasonable under the circumstances. However, in the event the Force Majeure continues for a period of six (6) months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by thirty (30) days’ prior written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from

liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us or Licensor, as applicable, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

30.7 Delegation

We have the right in our sole and absolute discretion to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted, the performance of any portion or all of our obligations under this Franchise Agreement and any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

30.8 Third-Party Beneficiaries

There are no intended third-party beneficiaries other than our affiliates.

30.9 Binding Effect

This Franchise Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Agreement is binding upon the parties to this Franchise Agreement and their respective executors, administrators, heirs, assigns, and successors in interest. Nothing in this Franchise Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement other than Licensor, which is expressly an intended third-party beneficiary; provided, however, that the Additional Insureds and the Indemnified Parties are intended third-party beneficiaries under this Franchise Agreement with respect to indemnification obligations of the franchisee.

30.10 Integration

This Franchise Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Franchise Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Franchise Agreement. The attachment(s) are part of this Franchise Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Franchise Agreement. No provision herein expressly identifying any term or breach of this Franchise Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material. As referenced above, all mandatory provisions of the Franchise Operations Manual are part of this Franchise Agreement; however, notwithstanding the foregoing, Licensor may modify the Franchise Operations Manual at any time.

Any representations made before entering into this Franchise Agreement do not survive after the signing of this Franchise Agreement unless they are specifically contained in this Franchise Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that

uncertainty creates economic risks for both parties which, if not addressed as provided in this Franchise Agreement, would affect the economic terms of this bargain. Nothing in this Franchise Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

30.11 Covenant of Good Faith

If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

30.12 Cumulative Rights

The rights of the parties under this Franchise Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Franchise Agreement will preclude any other right or remedy available under this Franchise Agreement or by law.

30.13 Survival

All provisions that expressly or by their nature survive the termination, expiration, or Transfer of this Franchise Agreement (or the Transfer of an ownership interest in the Franchised Business) shall continue in full force and effect, subsequent to and notwithstanding its termination, expiration, or Transfer, and until they are satisfied in full or by their nature expire.

30.14 Construction

The headings in this Franchise Agreement are for convenience only and do not define, limit, or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Franchise Agreement unless otherwise specified. All references to days in this Franchise Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Franchise Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

30.15 Release for Prior Agreements

If you or any of your affiliates, Owners, managers, directors, officers, agents, servants, and employees, have before the date of this Agreement signed any other agreement with us or any of our affiliates, you hereby release, acquit and forever discharge us, Barrio Burrito Bar USA, Inc., and its and our respective parents, subsidiaries, affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all

liability, actions, causes of action, claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to our, or our affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with us to the Effective Date. It your express intention that this release be as broad as permitted by law.

30.16 Time is of the Essence

Time is of the essence in this Franchise Agreement and every term thereof.

30.17 Notice

All notices given under this Franchise Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), certified mail, return receipt requested, or delivered by a recognized courier service to the following addresses (which may be changed upon ten (10) business days' prior written notice):

You: As set forth on Attachment A ("Franchisee Notice Address")

Us: 9516-C Lee Hwy, Fairfax, Virginia, 22031

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or a nationally recognized overnight delivery service, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

(Signature Page Follows)

The parties to this Franchise Agreement have executed this Franchise Agreement effective as of the Effective Date set forth in Attachment A.

FRANCHISOR:

**SANDHU RESTAURANT GROUP OF
VIRGINIA LLC**

a Virginia limited liability company

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

Printed Name: _____

Printed Name: _____

Printed Name: _____

ATTACHMENT A
TO FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date of the Franchise Agreement is: _____, 20____.

2. **Franchisee.** The franchisee identified in the introductory paragraph of the Franchise Agreement is: _____

3. **Notice Address.** Franchisee Notice Address is:

Attn: _____

4. **Initial Franchise Fee.** The “Initial Franchise Fee” is: (check one):

_____ \$25,000 for a single Franchise.

_____ See Multi-Franchise Addendum (in the then-current form attached to the Franchise Disclosure Document in Exhibit G). This is the first Franchise Agreement under a Multi-Franchise Addendum, and the Initial Franchise Fee owed shall be equal to the Initial Franchise Fee set forth therein.

_____ Not applicable; this Franchise Agreement is being signed as a Successor Franchise Agreement or as a result of a Transfer.

_____ Not applicable; this second, third, fourth, or fifth Franchise Agreement is being signed under a Multi-Franchise Addendum between Franchisee and Franchisor and no Initial Franchise Fee is due.

5. **Territory:** (check one)

_____ The Franchised Business will be operated in a Metropolitan Area and will not have a Territory.

_____ The Franchised Business will be operated from a Non-Traditional Location and will not have a Protected Area. You will be required to sign a Non-Traditional Location addendum.

_____ Subject to final approval of the location of the Franchised Business, the parties intend that the Franchised Business will have a Territory, which shall be set forth in Attachment A-1. We will present you with the Territory upon the identification of the site for the Franchised Business. If you do not wish to accept the Territory, you may choose another site location and we will present you with another Territory based on the site selected.

6. **Location.** If a particular site for the Premises has been selected and approved at the time of the signing of this Franchise Agreement, it shall be entered in Attachment A-1 as the Premises location, and the Territory shall be as listed in Attachment A-1, if applicable. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, once we have approved a location for your Premises, you and we will execute Attachment A-1.

FRANCHISOR:

**SANDHU RESTAURANT GROUP OF
VIRGINIA LLC,**

a Virginia limited liability company

FRANCHISEE:

[Franchisee Full Legal Name]

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

Printed Name: _____

Printed Name: _____

Printed Name: _____

ATTACHMENT A-1 TO THE FRANCHISE AGREEMENT

PREMISES AND TERRITORY

You have received approval for site location for the Premises that satisfies the demographics and location requirements minimally necessary for a Premises and that meets our minimum current standards and specifications for the buildout, interior design, layout, floor plan, signs, designs, color, and décor of a Premises. You and we have mutually agreed upon a Territory based on the site for the Premises which is indicated below. You acknowledge that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Location for the Premises:

The Premises for your Franchised Business as provided in Section 2 of the Franchise Agreement is:

Territory (select one):

_____ Not applicable. You will operate your Franchised Business at a Non-Traditional Location or within a Metropolitan Area and shall not receive a Territory.

_____ You and we have mutually agreed upon a Territory based on the site for the Premises which is indicated below:

(Signature Page Follows)

FRANCHISEE:

Entity name (if any):

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISOR:

SANDHU RESTAURANT GROUP
OF VIRGINIA LLC

By: _____

Print Name: _____

Title: _____

Date: _____

Or if Franchisee is an individual(s)

Printed Name: _____

Printed Name: _____

Printed Name: _____

ATTACHMENT B TO THE FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP

Franchisee: _____

**Form of Ownership
(Check One)**

____ Individual(s) ____ Partnership ____ Corporation ____ Limited Liability Company

INSTRUCTIONS: If the franchisee is an individual (or individuals), please complete section I below only. If the franchisee is a business entity, please complete sections II and III below.

SECTION I (For Individual(s)*):

Name	Address

*If you plan to operate your Franchised Business through a business entity in the future, you will need to notify us, transfer this Franchise Agreement to the Entity, and sign all of our transfer documents.

SECTION II (For Entities):

A. State and date of Formation/Incorporation: _____

B. Management (managers, officers, board of directors, etc.):

Name	Title

C. Owners (Members, Stockholders, Partners):**

Please include each person who is a direct and indirect owner of franchisee (attach additional sheets if necessary). If any of the owners are also business entities, please also list the owners of each of those business entities.

Name	Address	Percentage Owned

**If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.

SECTION III (For Entities):

- A. Identification of Responsible Owner.** Your Responsible Owner as of the Effective Date is _____ . You may not change the Responsible Owner without prior written approval.
- B. Identification of Franchise Manager.** Your Franchise Manager, if applicable, as of the Effective Date is _____ . You may not change the Franchise Manager without prior written approval.

This form is current and complete as of _____, 20__.

FRANCHISEE:

a(n) _____

Date: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT C TO THE FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

As a condition to the granting by Sandu Restaurant Group of Virginia LLC (“we” or “us”) of a franchise agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Franchise Owner Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20__ (“Franchise Agreement”). Capitalized words not defined in this Franchise Owner Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners’ Role. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity-controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Franchise Owner Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Franchise Owner Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to the Confidential Information are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data which we or Licensor designate as confidential will also be deemed Confidential Information for purposes of this Franchise Owner Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in the System, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we and Licensor have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration, termination, or transfer of the Franchise Agreement are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Franchise Owner Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Franchise Owner Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Continuing Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (i) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement whether now or in the future, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (ii) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Franchise Owner Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owner Agreement.

5. Transfers. Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Franchise Owner Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties, and obligations or any interest therein in this Franchise Owner Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties, and obligations shall be and remain for the purpose of this Franchise Owner Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties, or obligations of any interest therein shall, to the extent of such party's interest in the rights, duties, and/or obligations, be entitled to the benefits of this Franchise Owner Agreement to the same extent as if such assignee or transferee were us.

6. Notices.

6.1 Method of Notice. Any notices given under this Franchise Owner Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Franchise Owner Agreement is:

Sandhu Franchised Restaurant of Virginia LLC
Attn: Surinder Singh Sandhu
9516-C Lee Hwy,

Fairfax, Virginia, 22031

The current address of each Owner for all communications under this Franchise Owner Agreement is designated on the signature page of this Franchise Owner Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Franchise Owner Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Franchise Owner Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Franchise Owner Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Franchise Owner Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Franchise Owner Agreement, and any other claim or controversy between the parties, will be governed by the choice of law, jurisdiction, and venue provisions of the Franchise Agreement.

7.3 Equitable Remedies. Owners acknowledge and agree that the covenants and obligations of the Owners relate to special, unique, and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause us irreparable injury for which adequate remedies are not available at law. Therefore, Owners agree that we shall be entitled to an injunction, restraining order, or such other equitable relief (without the requirement to post bond) as a court of competent jurisdiction may deem necessary or appropriate to restrain Owners from committing any violation of the covenants and obligations contained herein. If equitable relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If equitable relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Franchise Owner Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Franchise Owner Agreement, other than those in this Franchise Owner Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Franchise Owner Agreement may be implied into this Franchise Owner Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Franchise Owner Agreement), no amendment, change, or variance from this Franchise Owner Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Franchise Owner Agreement, and any portions thereof, will be considered severable. If any provision of this Franchise Owner Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Franchise Owner Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to

effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 Third-Party Beneficiaries. Burrito Bar USA, Inc., a Delaware corporation, is the licensor of the Barrio Burrito Bar System and is an intended third-party beneficiary with full rights to independently enforce this Franchise Owner Agreement. Otherwise, nothing in this Franchise Owner Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Franchise Owner Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Franchise Owner Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Franchise Owner Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Franchise Owner Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Franchise Owner Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Owner Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor," "Owners," "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Franchise Owner Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Franchise Owner Agreement shall be cumulative.

8.8 No Personal Liability. Owners agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Franchise Owner Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us, shall be personally liable to Owners for any reason.

8.9 Franchise Owner Agreement Controls. In the event of any discrepancy between this Franchise Owner Agreement and the Franchise Agreement, this Franchise Owner Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Franchise Owner Agreement as of the Effective Date of the Franchise Agreement.

(Signature Page Follows)

OWNER(S):

Owner

Address:

Spouse

Address:

Owner

Address:

Spouse

Address:

Owner

Address:

Spouse

Address:

Owner

Address:

Spouse

Address:

EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of April 30, 2024:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone
Patel Johnson	Manish Joya	Annapurna LLC	16192 Coastal Highway	Lewes	DE	19958	302-242-0924
Ghelani ⁽¹⁾	Sandeep	Burrito Bar Development LLC	2395 W. Grand River Rd.	Howell	MI	48843	517-295-4246
Ghelani ⁽¹⁾	Sandeep	Burrito Bar Development LLC	37654 W. 12 Mile Rd.	Farmington Hills	MI	48331	517-295-4246
Ghelani ⁽¹⁾	Sandeep	Burrito Bar Development LLC	8310 Merriman Rd.	Romulus	MI	48174	517-295-4246

⁽¹⁾These outlets are operated by a master franchisee.

Franchisees with Unopened Outlets as of April 30, 2024⁽¹⁾:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Laroche Anestale	D'jack Marie	DJC&M LLC	115 Woodmont Ave	Bridgeport	CT	06606	718-877-3404	larochejack@gmail.com nestalemarie@gmail.com
Patel	Vishal	N/A	20724 Great Laurel Ave	Tampa	FL	33647	727-678-3973	vishshal@gmail.com
Tomaselli ⁽²⁾	Natale	Big Island BB LLC	12-5120 Pu'a'u'a Road	Pahoa	HI	96778	N/A	chowfarm@icloud.com
Patel Patel	Roma Ritesh		4017 N Bend Road	Cincinnati	OH	45211	513 720 9085 513 237-4360	romapatel2013@gmail.com rpatel05@yahoo.com

⁽¹⁾ See List of Former Franchisees below for three franchisees who have signed Franchise Agreements but have not opened or communicated with us within ten weeks.

⁽²⁾ This franchisee entered into two Franchise Agreements.

Former Franchisees as of April 30, 2024*

The name and last known address of every franchisee who had a Burrito Bar Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period April 30, 2023 to April 30, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system. These franchisees have signed Franchise Agreements but have not opened their outlet or communicated with us within the last ten weeks prior to issuance.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Bochorishvili ⁽¹⁾	Sopio	Beyond Belief LLC	40B Aldrich Drive	Edison	NJ	08837	201-912-5535	buddy0114@icloud.com
Bolanos ⁽²⁾	Ronaldo	N/A	Rio Sena 90. Int 5b, Colonia Cuauhtemoc	Delegacion Cuauhtemoc	Cdmx Mexico	06500	N/A	r.bolanos@trebollogistica.com
Okwuowulu ⁽¹⁾ Ugorji	Augustine Chinemerem	The Kesin Group	21107 Aristad Lane	Cypress	TX	77433	601-667-8103	chiefstrategist@theflexgrp.com ; cyugorji@yahoo.com

(1) These franchisees have signed Franchise Agreements but have not opened the locations and have not communicated with us within ten weeks of the issuance of this Disclosure Document.

(2) This franchise was to be located in Texas.

EXHIBIT E
STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SANDHU RESTAURANT GROUP OF VIRGINIA LLC

The following modifications are made to the Sandhu Restaurant Group of Virginia LLC (“Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20__ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means Virginia. When the term “Supplemental Agreements” is used, it means the Multi-Franchise Addendum.

Maryland and Virginia have laws governing the franchise relationship and franchise documents, and require modifications to the FDD, Franchise Agreement, and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement, or any Supplemental Documents.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A § 101 et seq.).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers under the Multi-Franchise Addendum to the Franchise Agreement shall be deferred until the first franchise under the Multi-Franchise Addendum opens.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Sandhu Restaurant Group of Virginia LLC shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐

Maryland

☐

Virginia

Dated: _____, 20____

FRANCHISOR:

SANDHU RESTAURANT GROUP OF VIRGINIA LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT F

FRANCHISE OPERATIONS MANUAL
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EXHIBIT G

CONTRACTS FOR USE WITH THE BARRIO BURRITO BAR FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Barrio Burrito Bar Business. The following are the forms of contracts that Sandhu Restaurant Group of Virginia LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT G-1

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Sandhu Restaurant Group of Virginia LLC, a Virginia limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Barrio Burrito Bar business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

WHEREAS, as a condition to Franchisor's consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including, without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Virginia.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

EXHIBIT G-2

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“SP Agreement”) is entered into by the undersigned (“you” or “your”) in favor of BurritoBar USA, Inc., a Delaware corporation, and its successors and assigns (“BBU”) and Sandhu Restaurant Group of Virginia, a Virginia limited liability company, and its successors and assigns (“SRG”), upon the terms and conditions set forth in this SP Agreement.

1. **Definitions.** For purposes of this SP Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products BBU and/or SRG authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services BBU and/or SRG authorize), but excludes a Barrio Burrito Bar business operating pursuant to a franchise agreement with BBU and/or SRG.

“*Copyrights*” means all works and materials for which BBU or its affiliate have secured common law or registered copyright protection and that allows franchisees to use, sell, or display in connection with the marketing and/or operation of a Barrio Burrito Bar business or the solicitation or offer of a Barrio Burrito Bar franchise, whether now in existence or created in the future.

“*Franchisee*” means the Barrio Burrito Bar franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with SRG.

“*Intellectual Property*” means, collectively or individually, BBU’s Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of BBU’s trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Barrio Burrito Bar business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means BBU’s confidential operations manual for the operation of a Barrio Burrito Bar business, which may be periodically modified by BBU.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Barrio Burrito Bar business, including “Burrito Bar,” and any other trademarks, service marks, or trade names that BBU designates for use by a Barrio Burrito Bar business. The term “Marks” also includes any distinctive trade dress used to identify a Barrio Burrito Bar business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from BBU and/or SRG (or one of BBU and/or SRG’s affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of BBU and/or SRG (or one of BBU’s and/or SRG’s affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of BBU’s or SRG’s.

“Restricted Period” means the three (3)-year period after you cease to be a manager or officer of Franchisee’s Barrio Burrito Bar business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the *“Restricted Period”* means the eighteen (18)-month period after you cease to be a manager or officer of Franchisee’s Barrio Burrito Bar business.

“Restricted Territory” means the geographic area within: (i) a two (2)-mile radius from Franchisee’s Barrio Burrito Bar business (and including the premises of the approved location of Franchisee); and (ii) a two (2)-mile radius from all other Barrio Burrito Bar businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a one (1)-mile radius from Franchisee’s Barrio Burrito Bar business (and including the premises of the approved location of Franchisee).

“System” means BBU’s system for the establishment, development, operation, and management of a Barrio Burrito Bar business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of BBU’s System. You understand that protecting the Intellectual Property and BBU’s System are vital to BBU’s success and that of BBU’s franchisees and that you could seriously jeopardize BBU’s entire System if you were to unfairly compete with BBU. In order to avoid such damage, you agree to comply with the terms of this SP Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Barrio Burrito Bar business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take reasonable steps as BBU and/or SRG may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Barrio Burrito Bar business. You further agree that you will not use all or part of the Intellectual Property, or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property, and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this SP Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to BBU and/or SRG to allow BBU to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with BBU and/or SRG at any time while you are a manager or officer of Franchisee’s Barrio Burrito Bar business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with BBU and/or SRG during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this SP Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling,

child, grandparent or grandchild). You also acknowledge that it would be difficult for BBU and/or SRG to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this SP Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this SP Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this SP Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SP AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this SP Agreement will cause substantial and irreparable damage to BBU, SRG, and/or other Barrio Burrito Bar franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this SP Agreement will entitle BBU and/or SRG to injunctive relief. You agree that BBU and/or SRG may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to BBU and/or SRG under this SP Agreement are exclusive of any other, but may be combined with others under this SP Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against BBU and/or SRG, BBU and/or SRG's owners, or BBU and/or SRG's affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against BBU's and/or SRG's enforcement of this SP Agreement.

9. Miscellaneous.

a. If BBU and/or SRG pursue legal remedies against you because you have breached this SP Agreement and prevail against you, you agree to pay BBU and/or SRG's, as applicable, reasonable attorneys' fees and costs in doing so.

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

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

d. You BBU, and SRG all believe that the covenants in this SP Agreement are reasonable in terms of scope, duration, and geographic area. However, BBU and/or SRG may at any time unilaterally modify the terms of this SP Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of

any other covenant imposed upon you under this SP Agreement to ensure that the terms and covenants in this SP Agreement are enforceable under applicable law.

e. BurritoBar USA, Inc. is an express, independent third-party beneficiary of this Agreement. There are no other intended third-party beneficiaries other than BurritoBar USA, Inc. and our and its affiliates.

(Signature on following page)

EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

EXHIBIT G-3

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Confidentiality Agreement") is entered into by the undersigned ("you") in favor of BurritoBar USA, Inc., Delaware corporation, and its successors and assigns ("BBU"), upon the terms and conditions set forth in this Confidentiality Agreement.

1. Definitions. For purposes of this Confidentiality Agreement, the following terms have the meanings given to them below:

"Burrito Bar Business" means a business that provides grilled burritos, quesadillas, tacos, nachos, salads, and other food products and related services.

"Copyrights" means all works and materials for which BBU or its affiliate(s) have secured common law or registered copyright protection and that BBU allows Barrio Burrito Bar franchisees to use, sell, or display in connection with the marketing and/or operation of a Barrio Burrito Bar Business, whether now in existence or created in the future.

"Franchisee" means the Barrio Burrito Bar franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, BBU's Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of BBU's trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Barrio Burrito Bar Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means BBU's confidential operations manual for the operation of a Barrio Burrito Bar Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Barrio Burrito Bar Business, including "Burrito Bar" and any other trademarks, service marks, or trade names that BBU designates for use by a Barrio Burrito Bar Business. The term "Marks" also includes any distinctive trade dress used to identify a Barrio Burrito Bar Business, whether now in existence or hereafter created.

"System" means BBU's system for the establishment, development, operation, and management of a Barrio Burrito Bar Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of BBU's Intellectual Property. You understand that protecting the Intellectual Property is vital to BBU's success and that of BBU's franchisees, and that you could seriously jeopardize BBU's entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Confidentiality Agreement. In order to avoid such damage, you agree to comply with this Confidentiality Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Barrio Burrito Bar Business operated by Franchisee or in any way detrimental to BBU or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable

steps as BBU may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of BurritoBar USA, Inc. You hereby assign and agree to assign to BBU any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon BBU or Franchisee's request, you will deliver to BBU or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Confidentiality Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for BBU to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Confidentiality Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Confidentiality Agreement are reasonable both in time and in scope; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Confidentiality Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS CONFIDENTIALITY AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Confidentiality Agreement will cause substantial and irreparable damage to BBU and/or other Barrio Burrrito Bar franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Confidentiality Agreement will entitle BBU to injunctive relief. You agree that BBU may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to BBU under this Confidentiality Agreement are exclusive of any other, but may be combined with others under this Confidentiality Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against BBU or against Franchisee, regardless of cause or origin, cannot be used as a defense against BBU's enforcement of this Confidentiality Agreement.

7. Miscellaneous.

a. Although this Confidentiality Agreement is entered into in favor of BurritoBar USA, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with BBU, and for all purposes in connection with such relationship, you will look to Franchisee and not to BBU.

b. If BBU pursues legal remedies against you because you have breached this Confidentiality Agreement and prevails against you, you agree to pay BBU's reasonable attorneys' fees and costs in doing so.

c. This Confidentiality Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Confidentiality Agreement.

d. Each section of this Confidentiality Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Confidentiality Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Confidentiality Agreement agrees that the court may impose such limitations on the terms of this Confidentiality Agreement as it deems in its discretion necessary to make such terms enforceable.

e. Sandhu Restaurant Group of Virginia LLC is an express, independent third-party beneficiary of this Agreement. There are no other intended third-party beneficiaries other than Sandhu Restaurant Group of Virginia LLC and our and its affiliates.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT G-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
☐ Checking ☐ Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Sandhu Restaurant Group of Virginia LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least thirty (30) days before such change becomes effective.

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.



EXHIBIT G-5

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Approval Agreement") is entered into on _____, 20____, between Sandhu Restaurant Group of Virginia LLC ("Franchisor"), a Virginia limited liability company, _____ ("Former Franchisee"), the undersigned owners of Former Franchisee ("Owners") and _____, [a/an Formation State] [corporation/limited liability company] ("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ ("Former Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate a Barrio Burrito Bar franchise located at _____ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Approval Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("New Franchise Agreement"), contemporaneously herewith.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Approval Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Approval Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Approval Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Approval Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Approval Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to

comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Barrio Burrito Bar franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3)-year period following the execution of this Approval Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to approving the Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating to New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least fourteen (14) calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Notices. Any notices given under this Approval Agreement shall be in writing, and if delivered by hand, or transmitted by a reputable overnight delivery service, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Approval Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Approval Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Approval Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Approval Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Approval Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Approval Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Virginia.

(Signatures on following page)



IN WITNESS WHEREOF, the parties have executed this Approval Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

Sandhu Restaurant Group of Virginia LLC

By: _____
Printed Name: _____
Title: _____

FORMER FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

NEW FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

EXHIBIT G-6

LEASE ADDENDUM

This Addendum to Lease ("Addendum"), dated _____, 20____, is entered into by and between _____ ("Landlord"), _____ ("Tenant") and Sandhu Restaurant Group of Virginia LLC, a Virginia limited liability company ("Franchisor"), collectively referred to herein as the "Parties."

A. Landlord and Tenant have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ ("Lease").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with Franchisor under trademarks and other names designated by Franchisor (herein referred to as "Franchised Business" or "Franchise Business").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes, and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules, and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business ("Franchise Assignee") at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease, attached hereto as Attachment 1, or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by, a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of Tenant's rights granted in the Lease including, without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum,

Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "Franchise Assignee" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Sandhu Restaurant Group of Virginia LLC
9516-C Lee Highway,
Fairfax, Virginia 22031

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend, the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment, shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to that effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the

Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:

TENANT:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

FRANCHISOR:

SANDHU RESTAURANT GROUP OF
VIRGINIA LLC

By: _____

Printed Name: _____

Title: _____

EXHIBIT G-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of _____, 20__ (“Effective Date”), the undersigned, _____ (“Assignor”) hereby assigns, transfers, and sets over unto _____ (“Assignee”) all of Assignor’s right, title, and interest as tenant, in, to, and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) with respect to the premises located at _____. This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignor’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Printed Name _____

Its: _____

ASSIGNEE:

By: _____

Printed Name _____

Its: _____

EXHIBIT G-7

MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement ("Addendum") is made and entered into _____ by and between Sandhu Restaurant Group of Virginia LLC, a Virginia limited liability company ("Franchisor," "we," or "us") and _____ ("Franchisee," "you," or "your").

BACKGROUND

A. Franchisor and Franchisee have entered into that certain Franchise agreement of even date herewith ("Franchise Agreement") pursuant to which Franchisee will operate a Barrio Burrito Bar Franchise in certain areas within the State of Maryland and Commonwealth of Virginia ("Franchise").

B. Franchisor and Franchisee desire to amend the terms of the Franchise Agreement to incorporate certain terms of this Addendum into the Franchise Agreement and supplement the terms of the Franchise Agreement in relation to the opening of additional Barrio Burrito Bar franchises. Capitalized terms not defined in this Addendum shall have the meanings set forth in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties and subject to the following terms and conditions, it is agreed as follows:

1. Initial Development Fee. Franchisee has paid the initial development fee listed in Section 2 of this Addendum. The initial development fee is fully earned immediately upon receipt and is non-refundable, regardless of whether Franchisee opens any additional Barrio Burrito Bar franchises.

2. Type of Franchise. Franchisee has purchased the right to open the number of franchises listed in the chart below, which allows Franchisee to open a certain number of additional Barrio Burrito Bar franchises at a later date ("Additional Franchises") without paying an initial franchise fee.

Number of Franchises	Initial Development Fee
Up to 3	\$50,000
Up to 4	\$62,500
Up to 5	\$75,000

3. Franchise Agreements. Franchisee shall exercise the rights under this Addendum only by entering into a separate franchise agreement with Franchisor for each Additional Franchise. Franchisee shall sign the current form of Barrio Burrito Bar franchise agreement then being used by Franchisor for a Barrio Burrito Bar franchise for each Additional Franchise. Franchisee acknowledges that the then-current form of franchise agreement may differ from this franchise agreement.

4. Limited Rights. This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Barrio Burrito Bar Businesses. Only Franchisee (and/or Franchisee-affiliated entities Franchisor approves) may develop, open, and operate Additional Franchises pursuant to this Addendum. This Addendum only grants Franchisee the right to enter into franchise agreements to open Additional Franchises subject to the terms of the franchise agreement for such

Additional Franchises. Franchisee is not granted any territorial rights or other rights except those granted under the franchise agreements for the Additional Franchises. Except for the initial franchise fee, Franchisee shall be liable for all costs and expenses incurred in opening the Additional Franchises.

5. Term. This Addendum and Franchisee's right to open Additional Franchises shall terminate as of the date of termination or expiration of the Franchise Agreement.

6. Addendum Binding. This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

7. Further Assurance. Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Addendum.

8. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions, and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the provisions of the Franchise Agreement and this Addendum, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the parties duly executed this Addendum as of the date first above written.

FRANCHISOR:

FRANCHISEE:

Sandhu Restaurant Group of Virginia LLC
a Virginia limited liability company

[Franchisee]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXHIBIT H

STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Maryland	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPTS

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sandhu Restaurant Group of Virginia LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Sandhu Restaurant Group of Virginia LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires that Sandhu Restaurant Group of Virginia LLC give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sandhu Restaurant Group of Virginia LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:	
Surinder Singh Sandhu at 9516-C Lee Highway, 9516-C Lee Highway, Fairfax, Virginia 22031 (443) 433-8020	
Aekam Kaur Sandhu at 9516-C Lee Highway, 9516-C Lee Highway, Fairfax, Virginia 22031 (443) 433-8020	

Issuance Date: October 15, 2024

I received a disclosure document dated October 15, 2024 that included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	State Addenda and Agreement Riders
Exhibit F	Franchise Operations Manual Table of Contents
Exhibit G	Contracts for use with the Barrio Burrito Bar Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sandhu Restaurant Group of Virginia LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Sandhu Restaurant Group of Virginia LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires that Sandhu Restaurant Group of Virginia LLC give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sandhu Restaurant Group of Virginia LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

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Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, print your name, and return it to Sandhu Restaurant Group of Virginia LLC, at 9516-C Lee Highway, Fairfax, Virginia 22031.

