FRANCHISE DISCLOSURE DOCUMENT

Dos Coyotes Development Company
a Nevada Limited Liability Company
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Henderson, NV 89002
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FAX: (702) 567-0477
www.doscoyotes.com

The franchises described in this disclosure document are for the development and operation of **DOS COYOTES®** Restaurants offering Fresh-Southwestern cuisine. The total investment necessary to begin operation of each franchised Restaurant is $1,471,500 to $1,793,500. This includes $55,000 that must be paid to the franchisor ($40,000 for Initial Franchise Fee and $15,000 for Opening Assistance and Training Fee) plus a Development Fee equal to $10,000 for each agreed upon additional Restaurant.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Bobby Coyote or David Sagal at the above address and telephone number.

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, like a lawyer or accountant.

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

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

Issuance Date: April 22, 2024, amended December 3, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find out 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 E.
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 F 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 Dos Coyotes 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 Dos Coyotes franchisee?	Item 20 or Exhibit E 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 similar businesses 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 registration requirement, or to contact your state, use the agency information in Exhibit D

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in the state in which our principal place of business is located (currently Orange County, California). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in the state in which our principal place of business is located (currently Orange County, California) than your own state.

2. **Personal Liability.** The principals executing the franchise agreement must personally guarantee the obligations under the franchise agreement, and if the franchisee is a legal entity, all owners must personally guarantee the obligations under the franchise agreement, thereby placing his/her personal assets at risk.

3. **Franchisor's Stockholder Equity**. The franchisee will be required to make an estimated initial investment ranging from $1,471,500 to $1,793,500. This amount exceeds the franchisor's stockholders equity of $109,553 as of December 31, 2023.

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

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

To simplify the language in this disclosure document, the words "We", "Us", or "Our" mean the franchisor Dos Coyotes Development Company LLC. "You" or "Your" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership or other business entity. Bold face terms are for ease of reference only.

The Franchisor

We are a Nevada limited liability company formed on December 11, 2012 to franchise and administer businesses using the marks DOS COYOTES BORDER CAFÉ® and DOS COYOTES® ("Restaurants"). We do not do business under any other name and Our principal business address is 2409 Cook Out Court, Henderson, NV 89002. Our agents for service of process are listed on Exhibit E.

We do not have any predecessor or parent, but We do have commonly owned and controlled entities, which operate Restaurants (together referred to as the "Company"). Their corporate offices are located at 1784 Picasso Avenue, Suite B, Davis, CA 95616.

We do not operate any Restaurants, but the Company currently owns 9 Restaurants, all of which are similar to the franchise being offered to You and is a joint venture partner in 2 additional restaurants in the Sacramento CA area. As of December 31, 2023, there were two (2) franchised Restaurants all located in Northern California.

The Restaurants are part of a dynamic 29-year-old, Fresh-Southwestern, fast-casual restaurant concept that opened its first Restaurant in the college town of Davis CA in 1991. The current restaurants are in the area of Sacramento CA, except for the location in Concord, CA. Neither We nor the Company conduct any business activities other than in connection with the Restaurants or have previously offered franchises in this or any other line of business. We have offered franchises for Restaurants since January 25, 2013.

Description of the Franchise

We offer franchises for the operation of Restaurants, which specialize in providing a unique variety of Southwestern cuisine, using freshly prepared ingredients and large portion sizes at very competitive prices. The Restaurants will use the DOS COYOTES trademark and other designated trademarks, trade names, service marks and logos ("Marks").

Each Restaurant must follow a system (the "System") developed by Our founder “Bobby Coyote” (legally Robert Davidson) starting in 1991. The System includes valuable knowhow, trade secrets, distinctive interior designs, demarks, copyrights, proprietary products and software, confidential electronic and other communications, marketing programs and other business procedures as well as Our confidential Manual (the “Manual”) or otherwise in writing. Each Restaurant will use Our System and operate according to Our standards, specifications, operating procedures and rules (the “System Standards”).

We recommend that New Restaurants not exceed 3,000 square feet with outside patio dining, seating approximately 70 to 100 persons inside and 35 to 60 persons in the patio area. They are typically located as high visibility in-line or end caps in small shopping centers and select malls. There are no current plans to develop freestanding locations.

The Restaurants have a unique ambience, identified exclusively with the DOS COYOTES and DOS COYOTES BORDER CAFÉ brand names, and every detail of the décor has been well planned to enhance the dining experience. Each Restaurant emphasizes a clean and brightly colored atmosphere with well-trained, efficient and extremely personable managers and front-of-house employees, and serves high-quality food products prepared by well-trained cooks and certified kitchen managers. Most Restaurants will offer beer, wine and margaritas.

Food and beverages are served using china, glassware and stainless flatware offering a total dining experience conducive to both a quick business lunch and a relaxing family dinner. Both full and drop-off catering services are offered at all locations. Each Restaurant has approximately 25 to 40 full and part time employees. Operating hours are typically 11 a.m. to 9:30 p.m. with extended hours on weekends.

The Company has, over the years, developed an unusual menu and its food is known for its unique flavors. The Restaurants offer these popular items from both a permanent menu and “seasonal specials”, which may vary from week to week. Examples of seasonal specials are Spicy Shrimp & Pineapple Quesadilla, Brie and Papaya Quesadilla, Mushroom Spinach Quesadilla with Smoked Gouda, Green Chile Stew, Scampi and Spinach Burrito, and Cranberry, Turkey & Avocado Wrap. These offerings may vary from one Restaurant to another. All Restaurants serve uniquely prepared and spiced Burritos, Ensaladas, Tacos, Antojitos, Southwest Plates, Taquitos, Wraps, Tortas, Soups and side dishes. The menu includes vegetarian, “Lite”, gluten-free, and children’s selections.

Area Development Agreements and Franchise Agreements

We are primarily seeking developers who will develop and open a minimum of 3, and preferably 5 or more franchised Restaurants within a designated area (“Territory”), pursuant to an Area Development Agreement (“ADA”) which will have a mutually agreed upon Development Schedule. See EXHIBIT B.

The ADA grants the exclusive right and obligation to develop a minimum number of Restaurants within the Territory during a certain time period (the "Required Restaurants"). A Developer must pay Us a nonrefundable Development Fee. The primary purpose of the Development Fee is to pay Us for reserving the designated territory. .

You must be approved both operationally and financially before signing the ADA and before opening each new Restaurant. The first step is to file a Franchise Application and Questionnaire with Us. If You are approved as a Developer, You and We will sign an ADA which will contain Our commitment to issue You DOS COYOTES Franchise Agreements for the Required Restaurants, subject only to specified conditions.

The initial term of each Franchise Agreement is ten (10) years and is renewable for one additional 10-year term, subject to certain conditions. The term of each ADA will be five (5) years or another period agreed upon by You and Us. Each Franchise Agreement executed under the ADA for the Required Restaurant will be Our then-current form of the Franchise Agreement which may be different than the Franchise Agreement attached as Exhibit A.

Competition

The food service business is highly competitive. You will compete with a variety of food service establishments which may have financial, personnel, and other resources far greater than Us or You, including mid-scale casual dining Restaurant chains and fast food chains. You will compete for business in this highly competitive environment, and You understand that there is no guarantee of Your success.

Industry Regulation

Restaurant development and operation is highly regulated at the federal, state and local levels. These include design and construction requirements and permits, restaurant health, safety and sanitation, employee tip reporting, employment conditions, alcohol and tobacco sales and usage, “dram shop” laws (which make bars and restaurants liable to persons injured by an intoxicated customer), waste and hazard materials handling and storage, advertising, access for disabled persons, advertising and food product labeling and menus. You must comply with all local, state and federal laws that apply to the operation of Your Restaurant. You should investigate the applicability of these, and possibly other regulations in the area in which you are interested in locating Your Restaurant and should consider both their effect and cost of compliance. To obtain an alcoholic beverages license, You will be subject to fairly intense governmental regulation, both in obtaining the license and properly maintaining it.

ITEM 2. BUSINESS EXPERIENCE

The business experience of Our officers, directors and key management for the last five years is as follows:

President and CEO, LLC Manager, and Founder: Robert Davidson (aka "Bobby Coyote")

Bobby Coyote, Our Founder, has been Our President and CEO and Managing Member since We were formed in December 2012. He has been the Company's President and CEO since 1991.

Executive Vice President of Development, CFO, and Assistant LLC Manager: David Sagal

Mr. Sagal has been Our Executive Vice President, CFO and LLC Assistant Manager since We were formed in December 2012. He has been a restaurant consultant since April 2008. From September 2005 to April 2008, Mr. Sagal was the Hotel Controller for Mandalay Bay Resort & Casino in Las Vegas NV and was previously a corporate executive of various Food and Beverage operating/franchising companies and the operating partner of several restaurant franchises.

Vice President of Research and Development, Executive Chef: Mark Casale

Chef Casale has been Our Vice President since We were formed in December 2012. He has been the Company's Corporate Executive Chef since January 1994 and has been responsible for the management of all kitchen functions and day-to-day supervision of the DOS COYOTES restaurants.

Vice President, Controller: Kevin Rash

Mr. Rash has been Our Vice President since We were formed in December 2012. He has been the Company's Controller since April 2006 and has been responsible for recording all financial transactions and monitoring the financial results of the company-operated restaurants.

ITEM 3. LITIGATION

Ruffo Pastor Diaz, Jaime Torres and Edgar Gomez v. Dos Coyotes Development Company, LLC, Dos Coyotes Sunrise, Inc., Dos Coyotes Concord, Inc., East Bay Coyotes, Inc., Coltam, Inc., Colmax, LLC, Trumax, LLC, Coyote Sunshine, LLC, Coyote R15, Inc., Robert H. Davison, Jason Wolenik, and Michael Topf (Superior Court, Contra Costa County, California Case No. MSC20-01670, Filed August 26, 2020). Plaintiffs filed a class and representative action lawsuit alleging Wage and Hour Violations including failure to pay all hours worked, failure to pay all overtime hours worked, failure to permit meal periods, failure to permit rest periods, failure to furnish accurate wage statements, waiting time penalties, Unfair Competition in Violation of California Business and Professions Code Sections 17200 *et. seq*. and Private Attorney General Act claims. An amended Complaint was filed February 24, 2021. Defendants filed Demurrer to Amended Complaint and Motion to Strike on May 28, 2021. Second Amended Complaint filed on June 25, 2021. Defendants filed Demurrer to Amended Complaint and Motion to Strike on July 27, 2021. Third Amended Complaint filed on October 12, 2021. Answer to Third Amended Complaint filed on October 18, 2021, by Dos Coyotes Development Company and affiliates and on November 5, 2021, by East Bay Coyotes, Wolenik and Topf. The parties attended mediation on April 6, 2023, and agreed to settle the case in the amount of $675,000. The Court granted preliminary approval of the settlement on March 20, 2024. The case will be dismissed once the Court approves the final settlement documents and a hearing is set for August 29, 2024.

<u>Ruffo Pastor Diaz v. Dos Coyotes Development Company and East Bay Coyotes, Inc.,</u> (Superior Court, Contra Costa County, California Case No. MSC21-01114, Filed June 4, 2021). Plaintiff filed a civil action for wrongful termination and age discrimination. Dos Coyotes Development Company, LLC filed an Answer to the Complaint on November 29, 2021, and East Bay Coyotes filed an Answer to the Complaint on January 7, 2022. This matter is in the early stages and will be vigorously defended. The parties attended mediation on April 6, 2023, and agreed to settle the case in the amount of $200,000 which Easy Bay Coyotes, Inc., the franchisee, will pay to Plaintiff. The case will be dismissed once the Court approves the final settlement documents and a hearing is set for June 27, 2024.

<u>Dos Coyotes LA, Inc.; DC Pasadena, LLC; and Toufic Hemaidan v. Dos Coyotes Development Company, LLC</u> (Superior Court, Los Angeles County, California Case No. BC662790, Filed May 27, 2017). Plaintiffs executed a Primary Area Developer Agreement with Dos Coyotes Development Company, LLC for the Los Angeles, California area in March 2014. Plaintiffs filed a Civil Complaint alleging Breach of Contract; Breach of Implied Covenant of Good Faith and Fair Dealing; and violations of Franchise Investment Law (Corp. Code Sections 31119 and 31200); and served the Defendant on July 10, 2017. Defendant filed an Answer and Cross-Complaint alleging Anticipatory Repudiation/Breach of Contract; Breach of Implied Covenant of Good Faith and Fair Dealing; and Breach of Personal Guaranty on August 25, 2017. Plaintiffs filed an Answer to Cross Complaint on September 22, 2017. The parties agreed to settle this matter with dismissal of the Complaint and Cross-Complaint, cancellation of all franchise agreements, and mutual general releases. The case was dismissed on October 26, 2018.

Other than these actions, no litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this ITEM.

ITEM 5. INITIAL FEES

Area Development Agreements

We are primarily looking for franchisees who will commit to developing a minimum of 3 and preferably 5 or more Restaurants pursuant to an Area Development Agreement ("ADA"), which will contain a Development Schedule with deadlines for opening and operating a specified number of Restaurants ("Required Restaurants").

The Developer must pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Restaurant plus $10,000 for each additional Required Restaurant. Our Initial Franchise Fee is $40,000. Each proposed Developer must submit a franchise application and questionnaire to Us. If We approve the Developer, You (or your designated legal entity) will execute an ADA and will pay Us the Development Fee as discussed above.

As You develop each additional Required Restaurant, You will execute Our current form of the Franchise Agreement and pay Us the Initial Franchise Fee less $10,000 credit from the Development Fee paid for that Restaurant. The $10,000 credit will apply only to Required Restaurants. There are no refunds of these payments.

Initial Franchise Fee

The Initial Franchise Fee for each new franchise Restaurant is $40,000 as payment for services rendered prior to the opening of the Restaurant. You must also pay Us an Opening Assistance and Training Fee of $15,000, plus reimbursement for the reasonable costs of Our trainers' travel, lodging and meals. You will receive any available credits from the Development Fee, as discussed above.

The Franchise Agreement (EXHIBIT A) will typically be executed after Your Designated Operator and Restaurant Manager Training is completed and Your site is approved, and before opening Your Restaurant. The Initial Franchise Fee is due in full upon execution of the Franchise Agreement. There are no refunds of any part of the Initial Franchise Fee.

Initial Training Fees

There is no charge for Initial Training for Your Designated Operator, Your General Manager (if a different person), Your Kitchen Manager and Assistant Managers (Franchise Agreement 5.1).

ITEM 6. OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE
Franchise Royalty Fee	% of Gross Sales (2) (3)	Weekly
Local Marketing Commitment	2% of Gross Sales (3)(5)	As Incurred
Marketing Production Fund Fee	Up to 1.5% of Gross Sales (3)(6)	Weekly
Marketing Media Fund Fee	Up to 2.5% of Gross Sales (2)(5)	Weekly
Supplier Approval Fee	Reasonable amount for Our costs and efforts (currently $1,000)	Upon request for approval
Additional Training	Reasonable Fee (currently $500 per day)(7)	Upon Invoice
Prototype Building Plans and Specifications	Reasonable Cost (currently $1,500)	Upon Invoice
Late Payment Fees	$250 plus interest on late amounts at 18% or highest legal rate	Upon Invoice
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding
Transfer Fee	25% of then current Initial Fee	Before actual transfer
Renewal Fee	50% of then current Initial Fee	Prior to Renewal
Audit	Reasonable Accounting and Legal Fees (8)	Upon invoice
Indemnification	Amount of claim and costs incurred (9)	Upon Demand
Insurance Premiums	What You have failed to pay the Insurer	Immediately upon Invoice
Liquidated Damages - Default	Lump Sum (Calculation based on number of months and Royalty Fee averages.) (10)	Upon Demand

FOOTNOTES:

(1) You must pay all of these payments to Us. None of these fees are refundable for any reason except errors.

(2) 2) Royalties will be calculated as a percentage of Gross Sales as set forth below. The percentage will vary depending on the level of Annual Gross Sales and will be calculated from weekly Sales and Royalty Reports on a year-to-date basis:

$2,000,000 or less	2% of Gross Sales
$2,000,001 to $2,500,000	3% of Gross Sales
$2,500,001 to $3,000,000	4% of Gross Sales
$3,000,001 and above	5% of Gross Sales

(3) "**Gross Sales**" is defined in the Franchise Agreement and includes all amounts received for services and product sales in or from the Restaurant. "Gross Sales" does not include sales taxes, the retail price of any food and/or drinks that are delivered to employees or guests for no cost or the difference between the retail price value and the amounts received by You, up to an amount not to exceed 2.5% of Gross Sales for the relevant Designated Period, refunds or proceeds from the sale of furniture, equipment or similar items used in the Restaurant.

(4) You must pay these fees no later than the third (3rd) day following the end of each week or such other time as may be designated in the Manual or other written communication from Us. You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. You must submit, for each designated period, a sales report, and ensure that each account has sufficient funds for the transfer.

(5) You must spend at least this amount monthly to conduct approved local advertising and sales programs for Your Restaurant and send Us proof of the spending. If an advertising cooperative is established in Your area, You must join it, and contributions to it will be applied toward this obligation. You will receive credit against Your Local Marketing Commitment equal to 50% of Your payments to the Marketing Media Fund, when it is established.

(6) These Funds are not yet established, and payments will not be required until We determine that establishing each Fund is appropriate for the System. We will also set the initial contribution rate at that time, which may be less than the maximum rate. See Footnote 4 above for a credit against local marketing spending. We will deposit each payment into a separate bank account to be used for advertising and marketing purposes as described in ITEM 11. The Company will make contributions at the same rate for its Restaurant(s).

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

FOOTNOTES:

(7) This estimate is for future additional training. If You want Us to provide initial manager training to additional people, You must pay Us the then current charge (presently $1,500 each) for the training described in Item 11 below.

(8) In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our audit cost if You have understated Gross Sales by more than 2% of the actual Gross Sales found by the audit. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between $1,000 and $5,000.

(9) You must indemnify Us for claims relating to Your operation of the Restaurant.

(10) If the Franchise Agreement is terminated due to Your default, You must pay Us liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is less.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CATEGORY	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
"Hard" Costs					
Construction Costs (6)	$670,000	$750,000	As Negotiated	Prior to Opening Restaurant	Architects & Engineers, Gov't Agencies, Suppliers, and Contractors
Furniture, Fixtures, Décor, Kitchen Equipment, Other Equipment, and Signs (7)	$495,000	$601,500	As Incurred	Prior to Opening Restaurant	Suppliers
Initial Inventory (8)	$55,000	$71,500	Lump Sum	As Incurred	Suppliers
Total "Hard" Costs	**$1,220,000**	**$1,423,000**			
"Soft" Costs					
Initial Franchise Fee (1)	$40,000	$40,000	Lump Sum	In Full Upon Execution of Franchise Agreement	Us
Opening Assistance and Training Fee & Expenses (2)	$20,000	$22,500	Lump Sum	Upon Execution of Franchise Agreement & Expenses Upon Invoice	Us
Training Wages and Related Travel and Living Expenses (3)	$69,000	$87,000	As Incurred	During Training	Employees, Airlines, Hotels, Restaurants
Pre-Opening Manager Wages (4)	$9,000	$10,000	As Incurred	Last Two Weeks Before Opening	Management Team Employees
Lease Deposit (5)	$25,000	$37,000	As Negotiated	Signing of Lease	Lessor
Permits and Licenses (9)	$8,500	$50,000	As Incurred	Prior to Opening Restaurant	Governmental Agencies
Grand Opening (10)	$10,000	$20,000	As Incurred	Prior to and at Restaurant Opening	Suppliers
Insurance, Miscellaneous Deposits & Prepaid Expenses (11)	$20,000	$32,500	As Incurred	Prior to Opening Restaurant	Suppliers, Utilities, Etc.
Additional Funds - Three Months (12)	$50,000	$71,500	Lump Sum	Prior to Opening Restaurant	Employees, Us, Suppliers, Utilities
Total "Soft" Costs	**$251,500**	**$370,500**			
Total (13)	**$1,471,500**	**$1,793,500**			

FOOTNOTES:

(1) For Your First Required Restaurant, you must pay the entire Initial Franchise Fee as a deposit when You submit the executed Area Development Agreement. For all subsequent Restaurants, You will receive credit of $10,000 against the Initial Franchise Fee from the Area Development Fee You paid and must pay the $30,000 balance when You sign the Franchise Agreement prior to the opening of the Restaurant. The Initial Franchise Fee is not refundable for any reason.

(2) You must pay a $15,000 Opening Assistance and Training Fee, which includes Our corporate trainers who will conduct hourly employee Opening Assistance Training for a week prior to the opening of the Restaurant and assist with operations for a week after opening. The fee is due when You submit the executed Franchise Agreement, prior to the opening of the Restaurant. You will also reimburse Us for all reasonable costs and expenses incurred by Our trainers in relation to such assistance, including, without limitation, the cost of travel, lodging and meals. The expense reimbursement is due within 30 days of receipt of an invoice from Us.

(3) All of the Managers of Your Restaurant must attend and successfully complete Our Designated Operator and Restaurant Manager Training and become certified in one of Our training Restaurants. You must pay for all expenses of attendance, such as lodging, meals, transportation and wages of trainees. The cost of these expenses will depend on the distance each must travel, type of accommodations, the number of Your employees attending training and their wages.

All of Your non-management employees must attend Our prescribed pre-opening training program in Your Restaurant, and you are responsible for the wages of these trainees. You are also responsible for the cost of food, beverage and other products utilized for training.

(4) Prior to the opening of the Restaurant, Your management team will be required to work setting up the facility and assisting Our corporate trainers in conducting the training of hourly employees. You are responsible for the wages of Your managers during this pre-opening period.

(5) These estimates are the initial lease costs and are based on the assumption that You will lease Your Restaurant space. A typical new Restaurant should contain approximately 3,000 to 3,200 square feet of indoor space for an in-line or end-cap unit. A lease normally requires advance payment of the first month's rent and possibly a deposit equal to a one month's rent. The levels of rent vary widely from area to area and for different locations within the same area. A location within a mall or large shopping center may be smaller but require higher rent. You should investigate all these costs in the area, and for the specific site where You wish to establish Your Restaurant.

(6) Includes architectural and engineering fees, building and related permit cost, and the actual cost of construction. Lessors will often contribute to the cost of remodeling or constructing the space for Your Restaurant. The Construction Cost estimates have been reduced by a typical lessor tenant improvement ("TI") allowance. You must follow Our standard development procedures and adapt them to meet the specific requirements of Your proposed Restaurant. Costs and TI allowances vary widely from area to area and for different locations within the same area. You should investigate all these costs in the area, and for the specific site, where You wish to establish Your Restaurant.

(7) This is an estimate of the cost of leasing or purchasing required Restaurant equipment, fixtures, furniture and suppliers. The Manual contains a list of mandatory items for new Restaurants with instructions for various site variations. Although You are not prohibited from doing so, We do not recommend that You purchase additional or upgraded items other than as specified in the Manual.

(8) The initial inventory consists primarily of food, beverages, uniforms, smallwares and supplies. The amount will vary depending on the sales volume You anticipate, as well as current market prices.

(9) You must obtain all necessary business permits, licenses and approvals to operate the Restaurant. You may be required to purchase an existing or new beer and wine or liquor license. The "Low" amount includes the cost of a beer and wine license, while the "High" amount includes the cost of a full liquor license. The costs of licenses and permits, especially the liquor license, can vary significantly from area to area. You should contact an attorney and the government authorities in Your area for information about the cost and level of difficulties in obtaining all necessary permits. Should the cost of a liquor license increase beyond $25,000 included in the "High" estimate, it is unlikely that a Dos Coyotes operator would elect to obtain that license and serve liquor.

(10) You and We will agree on a specific grand opening promotional program for Your new Restaurant. The cost of this mandatory promotional program will range from $10,000 to $20,000. Restaurants being opened in a new trade area may require more initial spending than where Our brand is already known.

(11) Insurance, deposits, and other prepaid expenses are included in this amount. You should have funds for one year's estimated insurance premium for property, liability, workers' comp and other insurance. The cost of insurance varies depending on many factors. Insurance must be obtained to meet minimum requirements set by the System Standards. Initial premiums for commercial general liability insurance are subject to change due to market forces. The cost of other coverage, including workers' compensation and employer liability coverage varies depending on many factors. You should contact your insurance agent and obtain an estimate of Your actual insurance costs. There may also be a requirement to pay utility and/or other deposits and to prepay certain expenses.

FOOTNOTES (CONTINUED):

(12) This category includes contingent working capital requirements, which could include expenditures for payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Restaurant. We cannot guarantee that You will not have additional expenses starting Your business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Restaurant products, the prevailing wage rate, competition, and the sales level reached during the initial period.

(13) This is Our estimate of the total expenses to start Your Restaurant. Except for Lease and other Security Deposits, none of the above payments are expected to be refundable. We will not finance any of these payments. The above are all estimates based on Our experience with the Company-operated Restaurants, but Your costs will depend to a great extent on Your area the size of Your Restaurant; how much You follow the System and its procedures; Your management skill, experience, and business acumen; and the sales level reached during the initial period. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Restaurant must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to Our specifications before any work is begun. You must design, construct, remodel, equip and supply Your Restaurant using vendors and suppliers previously approved by Us, which include Us and the Company ("**Approved Suppliers**").

You must purchase Our proprietary food products and items bearing Our Marks from Us, which We or designated suppliers will sell to You at a reasonable markup. You are not obligated to purchase anything else from Us or the Company, but You will be obligated to make 100% of Your purchases from Approved Suppliers. To ensure that the highest degree of quality and service is maintained, You must operate Your Restaurant in strict conformity with the methods, standards and specifications that We prescribe in the Manual or otherwise in writing. We may modify or add new specifications in writing.

We may negotiate purchase arrangements with suppliers, including price and terms, for the benefit of franchisees and the Restaurants operated by the Company. In order to maintain uniformity and conformity within the System, You must cooperate with Us and participate in these programs and purchase the products from suppliers designated in the Manual or other written communication from Us so long as they are also required for all other franchisees similarly situated.

You must use some supplies that are proprietary to Us, including copyrighted forms and materials bearing Our Marks. The only material benefits You may receive for using Approved Suppliers are lower prices and better services and quality, due to Our negotiations with them on behalf of the system. You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs, and to participate in these programs, as designated in the Manual or otherwise in writing. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

We will specify Approved Suppliers and the products and services that are required to be purchased or leased in the Manual or other written communication from Us. These will include without limitation a back-office computer system, polling services, broadcast background music, television broadcasting, signs, camera system, menu boards, promotional materials, website maintenance, uniforms and supplies. The list of required items will be changed to meet current needs. We may update Our list of Approved Suppliers as We deem necessary or appropriate.

Approved Suppliers and specifications are determined based on the current needs for operating the Center. We evaluate Approved Suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have the right to limit the number of vendors and suppliers for products, goods, supplies, fixtures and equipment. We also have the right to designate a single source of supply for certain products. We or an affiliate may be that single source.

We will approve additional suppliers. If you want to purchase items from another supplier, you may request Our "Supplier Approval Form" and pay Our Supplier Approval Fee (currently $1,000). Based on the information and samples you supply Us, We may test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. We are not required to make available to You or any supplier Our criteria for product or supplier approval. We will complete Our review promptly, generally within 90 days.

During the last fiscal year, neither We nor the Company received any revenues or rebates as a result of franchisee purchases. We do not have any purchasing or distribution cooperatives. If We receive rebates from suppliers based on Franchisee purchases, We use the funds to benefit the System. None of Our officers own an interest in an Approved Supplier.

Insurance:

The Franchise Agreement requires You to obtain insurance from Qualified Insurance Carriers satisfactory to Us. Each insurance company must be rated no less than A VII by A.M. Best and Company. The insurance You must obtain includes coverage during the construction of Your Restaurant and its operation. We must be named as an additional insured on each policy except workers compensation insurance. The required insurance policies must have at least the minimum coverage specified in the Section 11.2 of the Franchise Agreement.

The cost of insurance coverage will vary depending on the insurance carrier’s charges, the terms of payment and your insurance history. You must also carry the insurance required by Your landlord and applicable law.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT (“FA”), AND THE AREA DEVELOPMENT AGREEMENT (“ADA”). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	FA: §1.3, 6.3 ADA: §§1.1, 4.2	Items 1, 11
b. Pre-opening purchases/leases	N/A	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §§4, 5 ADA: §§1, 2, 4	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §5 ADA: §4	Items 1, 11, 17
e. Opening	FA: §7.8 ADA: §2	Items 5, 7, 11
f. Fees	FA: §§2, 3.2, 4.1, 4.8, 5.6, 11.5, 16.6 ADA: §§3, 4.3, 5.2(c), 6.2(e)	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §4 ADA: §4.1	Items 1, 11
h. Trademarks and proprietary information	FA: §§4.5, 14 ADA: §4.4	Items 13, 14
i. Restrictions on products & services offered	FA: §§4.4(a), 4.7, 4.8 ADA None	Items 8, 16
j. Warranty and customer service requirements	FA: §§4.3 ADA: Not applicable	Item 1
k. Territorial development and sales quotas	FA: §§1.2 ADA: §§1.1, 2, 4	Items 1, 12

Obligation	Section in Agreement	Item in Disclosure Document
l. Ongoing product/service purchases	FA: §§4.6, 4.7, 4.8 ADA: None	Items 8, 16
m. Maintenance, appearance & remodeling requirements	FA: §§ 4.3 4.4, 4.6, 6 ADA: Not applicable	Item 17
n. Insurance	FA: §11 ADA: Not applicable	Item 7
o. Advertising	FA: §7 ADA: Not applicable	Items 6, 7, 11
p. Indemnification	FA: §10.2 ADA: Not applicable	Item 13
q. Owner's participation/ management/staffing	FA: §§4.2, 4.9, 4.10, 9.4, 13.2 ADA: §§8.4, 8.5	Item 15
r. Records/ Reports	FA: §§8, 9.3, 9.4 ADA: Not applicable	Items 6, 11
s. Inspections/Audits	FA: §9 ADA: Not applicable	Item 17
t. Transfer	FA: §13 ADA: §§1.6, 1.7	Items 6, 17
u. Renewal	FA: §3.2 ADA: 1.2, 6	Items 6, 17
v. Post termination obligations	FA: §§4.9(f), 15 ADA: Not applicable	Item 17
w. Non-competition covenants	FA: §4.9 ADA: §8	Items 5, 17
x. Dispute resolution	FA: §§16.5, 16.7 ADA: §9	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee Your note, lease or other obligation. There are no waiver of defenses or similar provisions in any note, contract or other instrument executed by franchisees with Us.

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Restaurant, We will:

1. Loan you a copy of Our confidential Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules, in written and/or electronic form (Franchise Agreement, Section 4.4).

2. Conduct the Designated Operator and Restaurant Manager Training course for You and Your ADA Designated Operator Area Development Agreement Section 4.5) and for each new Restaurant, Your General Manager, Your Kitchen Manager and all Assistant Managers (Franchise Agreement, Section 5.2).

3. Provide You with assistance in locating the site for Your Restaurant (Franchise Agreement, Section 1.3).

4. Sell You, at a reasonable price, a copy of Our plans and specifications for building out a Restaurant (Franchise Agreement, Section 1.3).

5. Approve, if it meets Our standards and specifications for approval, plans submitted by You for the design of Your Restaurant (Franchise Agreement, Section 1.3).

6. Assist You in developing a marketing program designed for Your Restaurant's initial opening (Franchise Agreement, Sections 4.1, 7.8).

7. Advise and assist You in opening Your Restaurant and be available to assist with its operations for as long as reasonably needed, in Our opinion (Franchise Agreement, Section 4.1).

B. Post-opening. During the operation of Your Restaurant, We will:

1. Advise and assist You in opening Your Restaurant and be available to assist with its operations for the first month of business, as reasonably needed in Our opinion (Franchise Agreement, Section 4.1).

2. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 5.5).

3. Advise and assist You with operating Your Restaurant, including periodic visits by Our representatives (Franchise Agreement, Section 9.2).

4. Assist You in planning for Your Restaurant's grand opening (Franchise Agreement, Section 7.8).

5. Develop and administer, at Our discretion, advertising and promotion programs designed to promote the collective success of all Restaurants (Franchise Agreement, Section 7.3).

6. Provide advertising, promotional materials, and services to you. Materials provided may include video and audio tapes, copy-ready print advertising materials, posters, banners, and miscellaneous items (Franchise Agreement, Section 7.3).

7. Administer the Marketing Production Fund and Marketing Media Fund (together "Marketing Funds"), once established (Franchise Agreement, Sections 7.3 and 7.4).

8. Deposit Marketing Fund Fees received into a separate account (Franchise Agreement, Section 7.3).

9. Include information about Your Restaurant on Our website (Franchise Agreement, Section 7.9).

10. Provide You with ongoing access to the Manual, which We may update from time to time (Franchise Agreement, Section 4).

C. Site Selection.

You must select a site that meets Our approval. We will help You select a site for Your Restaurant. Within 120 days after execution of the Area Development Agreement, You should have located and obtained Our approval for the site of Your first Restaurant. If You have not done so, We may grant You one or two 60 day extensions so long as, in Our sole opinion, You have been duly diligent, after which the Area Development Agreement will be considered as abandoned if there is no approved site, and canceled without refund. You must in any event meet each deadline specified in the ADA's Development Schedule.

We will consider, as part of site approval, a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, revenue generators, traffic patterns of the area, as well as specific size, parking, and other physical characteristics of the proposed site itself. We recommend that Restaurants not exceed 3,000 square feet. Any proposed site larger than 3,000 square feet will required specific justification in order to be approved by Us. We will use reasonable efforts to make a site acceptance decision within 30 days after We acknowledge receipt of a complete site information form and any other materials we have requested. Our approval means that the site and plans meet minimum specifications and is not a warranty of their appropriateness. We do not generally own the premises and lease it to franchisees.

D. Time Before Opening.

We believe that based upon the Company's experience, You should typically open a Restaurant within twelve (12) months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a lease for an acceptable premises, financing arrangements, building or sign permits, or delays caused by zoning or local ordinances, weather conditions, labor strikes, shortages of products and installation of equipment, fixtures and signs. You must open Your Restaurant within twelve months of signing the Franchise Agreement, unless We extend the time in writing. Failure to open within the specified time period is a breach of the Franchise Agreement and Your Franchise Agreement can be terminated. (Franchise Agreement Section 1.4)

You are responsible for conforming the premises to building codes and local ordinances. You must adhere to Our standards and specifications for the construction and design of the Restaurant, which will include requirements for the interior and exterior layout, signage, equipment, fixtures and trade dress. You will be solely responsible for all hiring and employment decisions and functions relating to Your Restaurant.

E. Advertising.

We will develop marketing, promotion and advertising programs designed to promote DOS COYOTES businesses. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We currently conduct marketing at a trade area level to encourage visits from potential, as well as prior, customers. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval typically takes between 10 and 30 days. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing and promotion policies. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise in writing.

There are no restrictions on Your advertising, except that You may not advertise independently on the Internet or outside Your territory, and that Your advertising must be approved by Us, as stated above. You may not establish or maintain any website or any type of presence on the Internet or World Wide Web that in any manner whatsoever uses the Marks without Our prior written approval. You must adhere to the social media policies that We establish from time to time, and must require Your employees to do so as well. You must participate in Our online marketing campaigns, Gift Card program, Loyal Customer program and similar marketing programs as they are developed.

<u>Grand Opening</u>. You must conduct a pre-approved grand opening promotion for Your Restaurant. The cost of the grand opening promotion will range from a minimum of $10,000 to $20,000 in approved expenditures, with regard to such promotion. We will assist You in planning Your grand opening.

<u>Local Advertising.</u> You must spend at least 2% of Your Restaurant's Gross Sales monthly for pre-approved local advertising and promotion of Your Restaurant in its trade area. You must submit confirmation of Your Local Advertising following the procedures and timing requirements designated in the Manual. You will receive credit against Your Local Marketing Commitment equal to 50% of Your payments to the Marketing Media Fund, when it is established. See below.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Restaurant is located, You must join, actively participate in and contribute to the Ad Co-op; contributions to it will be applied toward Your Local Marketing Commitment. The Ad Co-op may also serve as a means of exchanging ideas, sharing information and problem solving.

The Franchise Agreement gives Us the power to require Ad Co-ops to be formed, changed, dissolved or merged. We will determine the area of each Ad Co-op. You must contribute to the Ad Co-op up to 2% or more of Your Restaurant's Gross Sales, which is in addition to Your contributions to the system wide Marketing Fund discussed below. The Ad Co-op members may agree to additional funding in accordance with its established Bylaws.

Each Ad Co-op will be organized and governed in a form and manner and will operate according to written governing documents, all of which must be approved in advance by Us. We will oversee each Ad Co-op. If You are in default of the Franchise

Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements and these will be available to You upon request. We have the right to form, change, dissolve, and merge any Ad Co-op and to create and amend any organization and governing documents of any Ad Co-op in Our sole business judgment. A copy of the governing documents for Your area will be provided upon written request.

Marketing Funds. If and when We notify You that We have established such Marketing Funds, You must contribute up to 1.5% of Your Restaurant's Gross Sales to the **Marketing Production Fund** and/or up to 2.5% of Your Restaurant's Gross Sales to the **Marketing Media Fund**. We will establish either Marketing Fund when We determine that it is appropriate to do so.

We will use monies from the Marketing Production Fund to pay for the production and development costs of materials to be used in marketing DOS COYOTES Restaurants. We will use monies from the Marketing Media Fund for advertising, marketing and promotion of DOS COYOTES Restaurants generally. Advertising may be in the form of print ads, radio, television or electronic media, and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in house advertising personnel to create and place advertising. All interest earned on monies contributed to the Marketing Funds and any funds received from suppliers based on Franchisee purchases will be used for the same purpose. Marketing Funds contributions will not be targeted to advertise or sell franchises.

The purpose of the Marketing Funds is to develop and implement advertising and marketing programs that will benefit all Restaurants wherever located. We cannot ensure that either the Marketing Production or Media Fund expenditures will be equally beneficial or proportionate to each Restaurant's contributions.

We will account for monies in the Marketing Funds separately from Our other amounts received. Money from either Marketing Fund may be used to pay Us for the reasonable salaries, administrative costs, travel expenses and overhead incurred by Us in the administration of that Fund and its programs. We will prepare an annual unaudited statement of monies collected and expenditures of the Funds and provide it to You upon Your written request. The Restaurants operated by the Company will contribute to the Marketing Funds at the same rate as Franchisees.

F. Computers; Computer Programs.

Your Restaurant must have a point-of-sale system, computer system, and printer as specified in the Manual or other written communication from Us, which will operate Our currently approved software and allow You to participate in the Network. Your Restaurant must also have one or more modems, fax machines, polling systems, digital menu boards, inventory and accounting programs, computerized safe systems, Internet access, a telephone number, and voicemail system as specified in the Manual. We may require you to upgrade or update Your equipment, such as the computers, other hardware, programs, fax machine and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing and maintaining a broadband hook-up and other reasonably necessary utilities for the Restaurant.

Currently, We use Toast POS for the Point of Sale (POS) system by Toast, Inc. You are required to use this POS system for Your Restaurant unless We have given Our prior written consent to use an alternative system. You must use Your POS system to complete all sale transactions, and provide sales, accounting, and inventory reports. We will have independent access to the information that will be generated or stored in any electronic cash register or computer system, such as financial and marketing information. You will also be responsible to pay the subscription directly to Toast, Inc. The estimated monthly subscription ranges between $300 to $400 depending on the options You select for Your Restaurant. There are no contractual limitations on Our right to access this information. You will be responsible for all ongoing computer maintenance, repairs and upgrades.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at $64,000 to $75,000. Your annual maintenance costs are estimated at $6,000 to $10,000. None of the above are proprietary properties of Us or the Company, and We are not obligated to provide or assist You in obtaining the above items or services. If We establish an online management and communication system for Restaurant Operations, You must participate fully with its requirements as stated in the Manual or other written communication from Us.

G. Confidential Manual.

You may review Our Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual, as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. (**Exhibit D**)

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H. <u>Training.</u>

Our Designated Operator and Restaurant Manager Training Program consisted of the following content with a duration of approximately eight (8) weeks according to the following general outline:

DESIGNATED OPERATOR AND RESTAURANT MANAGER TRAINING PROGRAM

SUBJECT	WEEKS	CLASSROOM HOURS	HOURS OF ON THE JOB TRAINING	INSTRUCTOR(S)	LOCATION
Orientation Menu & Plate Presentation Recipes and Food Preparation	1.8	None	88	Certified Trainers Certified Training Managers	Restaurant operated by Company
Kitchen Equipment and Smallwares Food Handling Controls Cooks' Line Stations Dishwashing Kitchen Open/Close Procedures Kitchen Manager Duties Periodic BOH Cleaning & Maintenance	2.1	None	100	Certified Trainers Certified Training Managers	Restaurant operated by Company
Guest Relations Standards Cashier Responsibilities FOH Opening, Sidework, Closing Periodic FOH Cleaning & Maintenance	1.8	None	84	Certified Trainers Certified Training Managers	Restaurant operated by Company
Management Philosophy Management Functions P.O.S./Recordkeeping Management Opening Duties Management Mid-Day Duties Management Closing Duties	2.3	None	112	Certified Trainers Certified Training Managers	Restaurant operated by Company

SEE FOOTNOTES ON SUCCEEDING PAGES

FOOTNOTES:

(1) You and/or Your Designated Operator must attend and successfully complete Our Designated Operator and Restaurant Manager Training Program within sixty (60) days of executing the Area Development Agreement. The Designated Operator must also work sufficient additional time in a company-operated restaurant, as we deem necessary in Our sole discretion, to successfully develop and operate a Dos Coyotes Border Café restaurant. We may terminate the Area Development Agreement, without refunding the Area Development Fee, for failure to successfully complete this training course and the additional in-restaurant assignment.

(2) Each of Your Restaurants' General Manager (GM), Kitchen Manager (KM) and Assistant Managers (AM) must attend and successfully complete Our Designated Operator and Restaurant Manager Training Program ("**Initial Training**"). Any prospective GM or KM that fails to successfully complete the Initial Training will not be allowed to serve in a management capacity in any Dos Coyotes restaurant. All of the above Initial Training must be successfully completed no later than two weeks before Your Restaurant opens.

(3) Up to four management employees for each restaurant (GM, KM, and two (2) Assistant Managers (AM) may attend Our Initial Training without charge. Additional managers may attend the Initial Training Program. Replacement GM's, KM's and AM's must attend and successfully complete Our Initial Training. We will charge a reasonable fee for the additional or replacement manager training. Currently, Our training fee is $1,500 per person.

(4) All of the Managers of Your Restaurant must either attend and successfully complete Our Initial Training or otherwise become certified as required by the Manual. You must always have a properly certified Manager on duty at Your Restaurant whenever it is open to the public.

(5) You will be responsible for paying all of Your personnel's wages, travel, lodging and food costs.

(6) Our Initial Training Program will be conducted in one of the Company's Restaurants. We expect to conduct these training courses several times each year.

(7) The instructors will include Certified Trainers and Certified Training Managers, each of whom have experience in restaurant operations with Us.

(8) The materials used in Our Initial Training Program are the Manual and other materials such as various videos. We may modify Our training programs at any time. We may develop audio-visual and other training materials at a reasonable charge.

FOOTNOTES CONTINUED ON NEXT PAGE

FOOTNOTES:

(9) The actual hours will depend on a variety of factors, including the trainee's prior experience and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.

(10) If You operate 3 or more DOS COYOTES Restaurants, You may apply to offer training at Your Restaurant as a DOS COYOTES training facility ("Training Facility"). We may certify You for training if You meet Our standards, Your Training Facility has been certified by Us, Your designated training manager has been certified by Us, and your designated trainers have been certified by Us or in accordance with Our certification standards. You must reimburse Us for the travel, living and other expenses Incurred in evaluating Your facility and Your training manager/team.

(11) As We deem necessary, We may require that You and Your personnel attend additional training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training. Currently, Our training fee is $500 per day. You must pay for all wages, travel, lodging and food costs for You and Your personnel. We expect that additional training will be conducted at one of Our Restaurants in the Sacramento CA area, will be one or two days in duration, and cover changes in Restaurant products and procedures. Under normal circumstances, the additional training will not occur more than once a year. See ITEM 6 for current daily charge.

(12) If You are a business entity, each of Your owners who own 10% or more of the outstanding voting interests must attend a 2 to 3 Day Overview Training, which is a condensed version of Our Designated Operator and Restaurant Manager Training Program. There is no extra charge for this training program, which will be held in Sacramento California at one of Company's Restaurants.

Opening Assistance and Training.

We will provide Your staff with opening assistance at Your Restaurant. The Opening Assistance and Training typically includes four to five of Our corporate trainers and will have a duration of two (2) weeks. The Opening Assistance Training starts one (1) week prior to Your Restaurant's opening and assists with operations for a week after opening unless We determine additional assistance is required.

You agree to pay Us a fee of $15,000 upon execution of the Franchise Agreement for assisting with and training Your employees as part of the Restaurant's opening. You will also reimburse Us for the costs of Our trainers' travel, lodging and meals. The expense reimbursement is due within 30 days of receipt of an invoice from Us.

ITEM 12. TERRITORY

You must operate each Restaurant at a specific location selected by You and approved by Us. You will have the right and obligation to operate and maintain Your Restaurant within a designated geographic area as described in this Item 12.

If Your Restaurant is a DOS COYOTES franchise Restaurant described in this Franchise Disclosure Document, We will not establish another DOS COYOTES Restaurant within five (5) miles from its then current front door (Your "Protected Area") so long as it is not in a "high density area" (as defined below).

Occasionally, a franchise Restaurant may be proposed and located in what We consider to be in a "high density area", such as a trade area with a high degree of pedestrian traffic, like a downtown portion of an urban area with high rise commercial buildings, or like a densely populated residential area with primarily multi-family or apartment units. In each case, the trade area will typically have 10,000 or more residents and/or workers. If Your Restaurant is to be located within a "high density area", then You and We will agree on its Protected Area which normally includes 100,000 or more residents and/or workers. In highly unusual circumstances, which indicate that a trade area may justify more than one Restaurant, or natural barriers such as a river or lake interfere with competition, there may not be any Protected Area. (Franchise Agreement, Attachment 1.)

You will not receive an "exclusive" territory. You may face competition from other franchisees, from outlets that We own, from other channels of distribution or competitive brands that We control, or from a franchised Restaurant located within a "Non-Traditional Venue". For this purpose, "Non-Traditional Venue" means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its food service facilities to itself or a master concessionaire or contract food service provider, and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant food facility, sports arena and stadium, supermarket, grocery store or convenience store.

We reserve all rights not expressly granted in the Franchise Agreement. The Franchise Agreement will not grant You any options, rights of first refusal or similar rights to acquire additional franchises within Your Protected Territory or contiguous areas. There is no minimum sales quota. You maintain rights to Your territory even though the population increases. Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or any other contingency, and it will not be altered except by mutual consent.

You must receive Our prior written approval before relocating the Restaurant. Any request to relocate Your Restaurant will be either approved or denied within 90 days of Our receipt of all relevant information. We may approve the relocation of Your Restaurant in certain limited circumstances, such as loss of the location due to condemnation, eminent domain destruction, or loss of Your right of possession for reasons not caused by You.

The Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or Company-owned Restaurants or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than DOS COYOTES. Neither We nor any Affiliate has established or presently intends to establish Restaurants under a different trade name or trademark, but We reserve the right to do so.

We have the sole and exclusive right to produce, license, distribute and market products using the Marks or other marks (such as pre-packaged products, beverages, books, clothing, souvenirs and novelty items) through any outlet anywhere, and through any distribution channels. We reserve the right to use or license others to use Our name and other trademarks to distribute pre-packaged products. You will not receive any of these rights. We are not required to pay You for soliciting or accepting orders from inside Your territory.

Area Development Agreement.

During the term of an Area Development Agreement (“ADA”), We will not license or allow any other party to open a DOS COYOTES Restaurant within Your designated Territory (except for one or more “Non-traditional Venue” restaurants (defined above) or pursuant to the first refusal rights contained in Your Franchise Agreement.

If You materially breach the ADA and it is terminated, We will have full rights to franchise other parties to operate Restaurants within what was Your Territory, or to operate Restaurants Ourselves within that Territory.

If before the end of the term You have opened all of the Restaurants required by the ADA and We decide that one or more additional Restaurants should be developed within Your Territory, You will have the right of first refusal for the additional Restaurant(s).

If We acquire any other restaurants with the intention of converting them to Restaurants using Our Marks, You will have a right of first refusal to purchase and convert any of those Restaurants within Your Territory.

ITEM 13. TRADEMARKS

You will receive the right to operate a Restaurant under the name DOS COYOTES BORDER CAFE. You may also use other current or future Marks as We designate to operate Your Restaurant. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your business.

The following Marks have been registered on the United States Patent and Trademark Office ("**USPTO**") Principal Register:

Mark	Date	Registration Number
DOS COYOTES (Words)	8/20/13	4387659
DOS COYOTES BORDER CAFÉ (Design)	2/28/12	4105142
DOS COYOTES BORDER CAFÉ (Design)	6/26/01	2463197
DOS COYOTES BORDER CAFÉ (Words)	1/14/97	2030368
FEEDING THE PACK	5/11/04	2839927
Have You Had Your Dos Today?	6/15/04	2853078
Interior Design Mark (no words)	6/21/05	2963130

The above marks are owned by Our Affiliate, Coltam, Inc. and Our Founder, Robert Davidson, each of which have granted Us a perpetual license for sole use of the Marks, as part of a written license agreement. All required affidavits have been filed. You must follow Our rules when You use any of the Marks.

You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques, except as We license to You or otherwise authorized in writing. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by Us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time.

No agreements limit Our right to use or franchise the use of the Marks. We do not know of any infringing uses that could materially affect Your use of the Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks.

You must notify Us immediately after learning about an infringement of or challenge to Your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements.

We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us, and used properly by You. We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. You must not contest Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVD and CD diskettes, electronic emails and confidential information. Although We have not made a copyright filing for the Manual, training materials, advertising materials and other written materials, We claim a copyright, and the information is proprietary and confidential and may only be used as provided in the Franchise Agreement. The Manual will remain Our sole property. You must keep it in a secure place on the Restaurant premises. You or Designated Operator may divulge confidential information only to those employees who must have access to it to operate the Restaurant. The Manual may not be copied, recorded or otherwise reproduced without Our prior written consent.

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

Your Designated Operator, who has successfully completed Our Designated Operator and Restaurant Manager Training Program, <u>must directly</u> supervise and participate in the actual day-to-day operation of the Restaurant.

Your Restaurant must at all times have an on-site manager approved by Us and certified as designated in the Manual or other written communication from Us. You must take steps necessary to ensure that Your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and are properly trained. You and Your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from Our name and goodwill. You will be solely responsible for all employment decisions and functions of the franchised location, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

If You are an entity, We do not require that Your Designated Operator own an equity interest in such entity. Neither You nor Your Designated Operator may have an interest or business relationship with any of Our business competitors, unless otherwise approved by Us in advance and in writing.

We have the right to approve all owners and any future owners. We may require Your officers, directors, executives, members, managers, shareholders, partners, employees, and owners to sign a non-competition agreement provided by Us. If You are a legal entity such as a corporation, partnership, or limited liability company, one of Your owners must be approved by Us to be Your full-time representative.

All of Your owner(s) must personally guarantee the Franchise Agreement and, if applicable, the Area Development Agreement. The ADA requires You to designate an "**Authorized Agent**" who will have full authority to act on Your behalf in performing, administering, or amending the ADA.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those services and products that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. or otherwise in writing. You must obtain Our prior written approval for any other products and services to be sold by Your Restaurant. You must maintain a sufficient supply of required products to meet the inventory standards We prescribe in the Manual (or to meet reasonably anticipated customer demand, if We have not prescribed specific standards). If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual or other written communication from Us.

We may change the types of authorized products and services that you must offer from Your Restaurant. There are no limits on Our right to make such changes. If You propose an additional product or service, You must submit it to Us for approval before offering it in Your Restaurant. We may approve it initially for testing only. All proposals approved by Us will become Our property.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	FA: §3.1	Initial term of Franchise is 10 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for an additional 10-year term if certain conditions are met. "**Renewal"** may require You to sign a contract with materially different terms and conditions than Your original contract.
c. Requirements for renewal or extension.	FA: §3.2	6-12 months' notice, no defaults during last 12 months, material and timely compliance with Franchise and other agreements during initial term, satisfied all monetary obligations owed to Us and Your suppliers, completed all required additional training, made all requested changes in operating personnel, modernized the Restaurant and other equipment, payment of renewal fee, and signing of new Franchise Agreement and general release.
d. Termination by Franchisee.	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	FA: §15.1	We can terminate only if You default.
g. "Cause" defined as defaults which can be cured.	FA: §15.1	You have 30 days after notice to cure defaults (except defaults in payment to Us, in which case You only have 10 days to cure after notice). Includes defaults in other Franchise Agreements with Us. No cure period for default repeated twice within any twelve-month period.

h. "Cause" defined as defaults which cannot be cured.	FA: §15.1	Non-curable defaults: Failure to open in a specified time period, failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, violation of health and safety laws, conviction of crime involving moral turpitude, failure to obtain consent to transfer rights or failure to offer first right of refusal, or repetition of default within any 12 month time period.
i. Obligations on termination.	FA: §15.3	Immediate obligations include no more use of telephone numbers, trademarks or proprietary information; remove all Marks; return Our manuals; and de-identify the Restaurant.
j. Assignment of contract by Us.	FA: §13.8	No restriction on Our right to assign.
k. "Transfer" by You-definition	FA: §13.5	Includes transfer of rights under Franchise Agreement and ownership and key management change.
l. Our approval of transfer by franchisee.	FA: §13.3	We have the right to approve all third party transfers, but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §§13.4, 13.5, 13.6	No default, assets of the Restaurant in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee, and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire your business.	FA: §13.7	We can match any offer for the franchised business.
o. Our option to purchase your business	None	
p. Your death or disability.	FA: §13.6	Approval by Us of heir or sale within six months to an approved buyer.
q. Non-competition covenants during the term of the franchise.	FA: §4.9	No interest in a Restaurant or similar business offering the same or similar food and drink items to those sold in a DOS COYOTES business ("**Similar Business**").

r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: §4.9	No interest in any Similar Business for 2 years within 10 miles of any Restaurant in U.S. or Canada.
s. Modification of the agreement.	FA: §16.12	Only written and signed modifications, but Manual subject to change.
t. Integration/ merger clause.	FA: §16.11	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	FA: §16.5	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located ("Home County"), currently Clark County, Nevada. These provisions may be subject to applicable state law.
v. Choice of forum	FA: §16.5	Except for injunctions, any arbitration or litigation must be in Home County. These provisions may be subject to applicable state law.
w. Choice of Law.	FA: §16.7	Law of the State of Nevada applies.

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This table lists important provisions of the Area Development Agreement ("ADA"). You should read these provisions in the ADA attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	ADA: §6	Initial term is mutually agreed between You and Us.
b. Renewal or extension of the term.	ADA: §6	
c. Requirements for renewal or extension.	None	
d. Termination by Franchisee.	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	ADA: §§1.5, 7	We can terminate only if You default or fail to meet the Development Schedule. The termination of the ADA will have no effect on any franchises previously issued to You.
g. "Cause" defined as defaults which can be cured.	ADA: §7	You have 30 days after notice to cure defaults. Such cause includes defaults in other Franchise Agreements developed under the ADA.
h. "Cause" defined as defaults which cannot be cured.	ADA: §7.2	Non-curable defaults: Failure to meet deadlines in Development Schedule.
i. Obligations on termination.	ADA: §1.4	No further rights or obligations.
j. Assignment of contract by Us.	None	
k. "Transfer" by You-definition	None	
l. Our approval of transfer by franchisee.	ADA: §1.7	No transfers allowed.

Provision	Section	Summary
m. Conditions for Our approval of transfer.	None	
n. Our right of first refusal to acquire your business.	None	
o. Our option to purchase your business	None	
p. Your death or disability.	None	
q. Non-competition covenants during the term of the franchise.	ADA: §8.3	No Competitive Interest in a restaurant similar to or competitive with a DOS COYOTES business.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	None	
s. Modification of the agreement.	ADA: §9.1	Only written and signed modifications.
t. Integration/ merger clause.	ADA: §9.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	None	
v. Choice of forum	None	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located ("**Home County**"), currently Clark County, Nevada. These provisions may be subject to applicable state law.
w. Choice of Law.	ADA: §9	Law of the State of Nevada applies

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises, but We may do so in the future.

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 Restaurants if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Restaurant 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.

Except as set forth below, We do not furnish or authorize Our franchise sellers to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Restaurant. If You are purchasing an existing Restaurant, however, We may provide You with the actual records of that Restaurant. 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 Our Executive Vice President David Sagal at (702) 567-0476, the Federal Trade Commission, and the appropriate state regulatory agencies.

You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. These financial statements are prepared without an audit. Substantiation of the averages will be made available to prospective franchisee upon reasonable demand. Actual results vary from area to area, and We cannot estimate the results of any particular franchise.

These financial performance representations figures include Tables showing 1) Gross Sales and 2) based on 4 different levels of Gross Sales, estimates of the costs of sales, operating expenses and other costs or expenses that must be deducted from the Gross Sales figures to calculate net income and estimated cash flow for a franchised Restaurant.

At the end of December 31, 2023, there were 11 DOS COYOTES BORDER CAFÉ locations open and operating, including 9 Company and 2 franchised locations. Two Company locations are joint ventures with a third-party operator, and their operations and management are not typical of either a Company or a franchised Restaurant. These 2 Company restaurants are not included in this Item 19.

One Company restaurant located in a power center adjacent to the Arden Square mall was closed due to Covid at the end of 2020 and did not reopen until March 2022. Prior to its reopening, the center's anchor tenant, a movie theater, closed permanently, and consequently traffic at all of the tenants, including a national restaurant chain, never rebounded. Although the Company attempted to promote its restaurant, the lack of the movie theater resulted in a permanent, significant loss of volume. Therefore, the Company now plans to close this location, and it has been included in a fourth "Very Low Volume" category in this Item 19.

TABLE NUMBER 1

TABLE NUMBER 1 below shows the Gross Sales of the remaining seven (7) Company-owned Restaurants all of which are located in the Sacramento CA Area. The Company Restaurants are well known with six having been open and operating for at least nineteen years, and one opened six years ago.

January 1, 2023 – December 31, 2023			
	High In Range	**Low In Range**	**Average**
Very Low Volume Restaurant (1)	$1,066,720	$1,066,720	$1,066,720
Low Volume Restaurants (2)	$2,218,200	$1,891,810	$2,055,020
Medium Volume Restaurants (2)	$2,436,470	$2,352,040	$2,394,270
High Volume Restaurants (2)	$3,033,920	$2,672,680	$2,853,310

TABLE NUMBER 2

TABLE NUMBER 2 below states the sales volumes of each of the two franchised restaurants as described above, as reported by the franchise owners. "Gross Sales" includes all food and beverage sales.

January 1, 2023 – December 31, 2023	
San Ramon, CA	$1,915,370
Thunder Valley Casino, Auburn, CA	$1,424,230

The Restaurant inside the Thunder Valley Casino operates limited days and hours:

Monday thru Wednesday – Closed;
Thursday – 4 PM to 11PM;
Friday – 4PM to12PM;
Sunday – 12PM to 8PM

The San Ramon Restaurant has 3,436 square feet located in the Crow Canyon Shopping Center and the Restaurant in the Thunder Valley Casino Resort has 5,430 square feet.

Your franchised Restaurant may be in a larger or smaller urban or suburban area. Accordingly, the Gross Sales achieved by the San Ramon or Thunder Valley Restaurant may be different from those typical in Your location.

TABLE NUMBER 3

TABLE NUMBER 3 below shows the sales and costs amounts and percentages based on the seven respective averages amounts within the same 4 Categories described above in Table 1.

The amounts included in the Table are based on the results during the January 1, 2023 through December 31, 2023 Operating Period and have been adjusted to omit non-recurring, extraordinary expenses which are not reflective of or relevant to the ongoing cost of company or franchisee operations. These amounts were calculated based on the average data in each Category. The Company did not necessarily spend marketing expenses at the levels required by the Franchise Agreement, primarily because the Restaurants are established well known in their trade area. For purposes of comparison, this Table includes the hypothetical costs of Franchise Royalty and Local Marketing Commitment percentages as are specified in the current Franchise Agreement

DOS COYOTES COMPANY RESTAURANTS

	PER-UNIT AVERAGE							
	VERY LOW VOLUME RESTAURANT		LOW VOLUME RESTAURANTS		MID VOLUME RESTAURANTS		HIGH VOLUME RESTAURANTS	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
SALES (1) (2)	**$ 1,066,720**	**100.00%**	**$ 2,055,020**	**100.00%**	**$ 2,394,270**	**100.00%**	**$ 2,853,310**	**100.00%**
COST OF SALES	329,640	30.90%	640,050	31.15%	749,390	31.30%	879,460	30.82%
GROSS PROFIT	**737,080**	**69.10%**	**1,414,970**	**68.85%**	**1,644,880**	**68.70%**	**1,973,850**	**69.18%**
ACTUAL OPERATING EXPENSES								
LABOR (3)	526,240	49.33%	754,950	36.74%	846,920	35.37%	881,970	30.91%
RENT AND C.A.M. (4)	90,120	8.45%	144,580	7.04%	175,610	7.33%	184,600	6.47%
TELEPHONE AND UTILITIES	43,810	4.11%	79,250	3.86%	86,020	3.59%	97,530	3.42%
OTHER OPERATING EXPENSES (5)	115,350	10.81%	233,450	11.36%	218,840	9.14%	276,570	9.69%
TOTAL OPERATING EXPENSES	**775,520**	**72.69%**	**1,212,230**	**58.98%**	**1,327,390**	**55.43%**	**1,440,670**	**50.48%**
COMPANY RESTAURANT EBITDA (6)	**(38,440)**	**-3.60%**	**202,740**	**9.87%**	**317,490**	**13.26%**	**533,180**	**18.69%**
DEPRECIATION AND AMORTIZATION (7)	184,900	17.33%	184,900	9.00%	184,900	7.72%	184,900	6.48%
COMPANY RESTAURANT PROFIT/(LOSS)	**(223,340)**	**-20.94%**	**17,840**	**0.87%**	**132,590**	**5.54%**	**348,280**	**12.21%**
LESS:								
FRANCHISE LOCAL STORE MARKETING (8)	21,330	2.00%	41,100	2.00%	47,890	2.00%	57,070	2.00%
FRANCHISE ROYALTY (8)	20,710	1.94%	50,840	2.47%	70,590	2.95%	126,640	4.44%
FRANCHISED RESTAURANT PROFIT/LOSS)	**(265,380)**	**-24.88%**	**(74,100)**	**-3.61%**	**14,110**	**0.59%**	**164,570**	**5.77%**
ADD BACK: DEPRECIATION AND AMORTIZATION	184,900	17.33%	184,900	9.00%	184,900	7.72%	184,900	6.48%
FRANCHISED RESTAURANT EBITDA (6)	**$ (80,480)**	**-7.54%**	**$ 110,800**	**5.39%**	**$ 199,010**	**8.31%**	**$ 349,470**	**12.25%**

FOOTNOTES WITH BASIS AND ASSUMPTIONS:

(1) The amounts for these 7 Company Restaurants were divided into four categories identified as “Very Low Volume”, “Low Volume”, “Mid Volume”, and “High Volume”. The “Very Low Volume” Category contains data of one (the Arden) Restaurant, while each of the other three volume Categories contain the averaged data of two (2) Restaurants within that category. As there are one or two Restaurants per Category, the average and median are the same.

The above averages were computed from the unaudited sales and profit and loss statements of 7 Restaurants operated by the Company. This Table does not include any costs of borrowing related to the Restaurants.

(2) Six of these Restaurants has been open and operating for at least 19 years, and one opened six years ago; all are located in the Sacramento CA area. The location of Your Restaurant may be in a smaller or larger urban or suburban area. Accordingly, the averages achieved by the Sacramento Restaurants may be different than those typical in Your location.

(3) Labor typically includes the salaries of one General Manager, one Kitchen Manager, and two or more Assistant Managers for each Restaurant, plus wages for its hourly employees. Payroll taxes, workers compensation insurance, and employee health insurance are included. Labor costs vary substantially for different reasons and different areas. You should consider carefully the labor costs for your area. Other labor-related expenses, such as union activity, workers compensation and health insurance in your area, should be included in Your analysis.

(4) Rent and CAM (Common Area Maintenance) charges are calculated based upon actual rents rates for these Restaurants.

All but two of the seven Company-owned Restaurants exceed the 3,000 square feet maximum size typically approved for franchised Restaurants (“**Maximum Size**”). See below.

	Square Footage	**Category**
Company Restaurant 1	2,900 + Food Court Seating	Very Low Volume
Company Restaurant 2	3,000	Low Volume
Company Restaurant 3	3,640	Low Volume
Company Restaurant 4	3,900	Mid Volume
Company Restaurant 5	3,500	Mid Volume
Company Restaurant 6	3,700	High Volume
Company Restaurant 7	3,450	High Volume

Therefore, the RENT and CAM expenses in the above table have been calculated using the actual per-square foot cost, but adjusted to reflect a 3,000 square foot building for all locations over the Maximum Size.

The level of Rent and CAM costs vary greatly for many reasons, including geographic location, which and the amount of rent You pay may have a significant effect on the level of sales Your Restaurants may reach. It is not possible to predict with any certainty the actual sales which will be achieved, because too many factors are involved, including the quality of operations and level of compliance with Our System. You should consider Rent levels in the area where your Restaurants will be located, and correlate the information in this table, such as the percentages, with the local Rent information.

(5) Other Operating Expenses primarily includes the following expenses:

Repairs and Maintenance	Property Taxes	Credit Card Discounts
Travel and Auto	Bank Charges	Laundry
Contract Services	Dues & Subscriptions	Insurance
Restaurant/Office Supplies	Licenses and Permits	Smallwares
Food and Liquor Comps	Employee Discounts	

(6) **GROSS PROFIT**: Gross Profit means Sales minus Cost of Sales.

COMPANY RESTAURANT EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization for the restaurants as operated by the company.

FRANCHISED RESTAURANT EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization for the restaurants as operated by a franchisee (deducting Franchise Local Store Marketing expenses and Franchise Royalties, which are incurred by a franchisee but not by a company-operated restaurant).

COMPANY RESTAURANT PROFIT/LOSS: Gross Profit less Actual Operating Expense, Depreciation and Amortization.

FRANCHISED RESTAURANT PROFIT/LOSS: Gross Profit less Actual Operating Expense, Franchise Local Store Marketing, Franchise Royalties, and Depreciation and Amortization.

(7) Depreciation/Amortization: Calculated on a straight-line basis for this presentation, has been computed based on an average estimated Tenant Improvement Cost of $710,000 amortized over 10 years ($71,000 per year), Furniture, Fixtures and Equipment cost of $548,300 depreciated over 5 years ($109,700 per year), and an Initial Franchise Fee of $40,000 amortized over 10 years ($4,000 per year). This is based on the assumption that the equipment has been purchased by the Franchisee and no provision is made in the table for debt service related to these investments.

Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

ITEM 20: RESTAURANTS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE RESTAURANTS SUMMARY
For Fiscal Years 2021 to 2023

Column 1 Restaurant Type	Column 2 Year	Column 3 Restaurants of the Start of the Year	Column 4 Restaurants at the End of the Year	Column 5 Net Change
Franchised	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Company - Owned	2021	9	9	0
	2022	9	9	0
	2023	9	9	0
Total Restaurants	2021	11	11	0
	2022	11	11	0
	2023	11	11	0

Table No. 2

TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
For Fiscal Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2021	0
	2022	0
	2023	0

Table No. 3
STATUS OF FRANCHISED RESTAURANTS
For Fiscal Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Restaurants at Start of Year	Column 4 Restaurants Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Restaurants at End of the Year
California	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Total	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

Table No. 4
STATUS OF COMPANY RESTAURANTS
For Fiscal Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Restaurants at Start of Year	Column 4 Restaurants Opened	Column 5 Restaurants Reacquired from Franchisees	Column 6 Restaurants Closed	Column 7 Restaurants Sold to Franchisees	Column 8 Restaurants at End of the Year
California	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	0	0	0	0	9
Total	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	0	0	0	0	9

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

STATE	FRANCHISE AGREEMENTS SIGNED BUT BUSINESS NOT OPENED	PROJECTED FRANCHISED NEW BUSINESSES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED BUSINESSES OPENINGS IN NEXT FISCAL YEAR
California	0	1	0
Totals	0	1	0

The names, addresses and telephone numbers of Our franchisees as of December 31, 2023 are listed in **Exhibit E**. The name, last known address and telephone number of every franchisee within the most recently completed calendar year who has had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with Us within 10 weeks of the date of this Disclosure Document, are listed in **Exhibit E**.

You should be aware that We are required by law to disclose Your contact information to other franchise purchasers if You become a franchisee or leave Our franchise system. During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees. We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with Our System and no such association has asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements dated December 31, 2023, December 31, 2022, and December 31, 2021 are attached as **Exhibit F**.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

A. Franchise Agreement with Exhibits and State Addenda
B. Area Development Agreement
C. Confidentiality Agreement

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit H** at the very end of this disclosure document.

It is important that You sign, date and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us. Thank you.

Our Franchise Sellers are Bobby Coyote and David Sagal. Their address and telephone number are: 2409 Cook Out Court, Henderson, NV 89002; at (702) 567-0476.

Exhibit A

DOS COYOTES®

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
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DOS COYOTES®
FRANCHISE AGREEMENT

THIS AGREEMENT dated as of _____________ 202__ ("Effective Date") is between Dos Coyotes Development Company LLC, a Nevada limited liability company ("**We**", "**Us**" or "**Our**"), and ____ ("**You**" or "**Your**"), and if You are a legal entity, the Principals identified on the signature page of this Agreement ("**Principals**")

RECITALS:

A. We own the exclusive rights to offer and sell franchises for the operation of retail Restaurants using the name and trademark DOS COYOTES BORDER CAFE®, DOS COYOTES™ and other trademarks (the "**Marks**") and following a system of operation ("**System**") to operate a chain of these Restaurants ("**Restaurants**") which was developed and used by Us and Our commonly owned companies which operate Restaurants (collectively, the "**Company**").

B. You desire to purchase a DOS COYOTES franchise and own and operate a Restaurant, and We have approved You for a DOS COYOTES franchise.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: GRANT OF FRANCHISE

1.1 Grant

Subject to the following terms and conditions, We grant to You a franchise to use the System and the Marks solely in direct connection with the sale of beverage, food and other products from a DOS COYOTES Restaurant to be operated by You at the location identified below (referred to in this Agreement as "**Your Restaurant"**). You agree to use the Marks and the System, as they may be changed, improved, and further developed by Us and Company, only in accordance with the terms and conditions of this Agreement. Changes to the System may include, without limitation, the offer and sale of new or different products or services as We may specify.

Address: ____

DOS COYOTES Restaurant No.___________

1.2 Territorial Rights

(a) We agree that, unless Your Restaurant is in a “high density area” (as defined below), We will not operate and will not authorize any other person to operate a DOS COYOTES Restaurant within five (5) miles from the current front door of Your Restaurant except one or more “Non-traditional Venue” restaurants defined in subsection (iv) below (“Protected Area”).

(b) Except for the foregoing, You and We agree that this franchise is non-exclusive, We reserve all other rights, including the right, directly or indirectly:

(i) To operate, and authorize others to operate, DOS COYOTES Restaurants at any location and of any type or category whatsoever outside the Protected Area;

(ii) To operate, and authorize others to operate a business under any name *other than* DOS COYOTES, at any location and of any type or category whatsoever;

(iii) To produce, license, distribute and market products and services using the Marks or other marks through any business anywhere and through any established distribution channel, at wholesale or retail, including but not limited to, by means of the Internet (or any other existing or future form of electronic commerce), mail order catalogs, direct mail advertising and other distribution methods. Other distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, military installations, or industry locations (e.g. manufacturing site, office building). We are not required to pay You for soliciting or accepting orders from inside Your Protected Area;

(iv) To operate, and to authorize others to operate, a DOS COYOTES Restaurant at a Non-Traditional Venue near Your Restaurant. “**Non-Traditional Venue”** means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its food service facilities to itself or a master concessionaire or contract food service provider and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant food facility, sports arena and stadium, supermarket, grocery store or convenience store.

(c) A “**high density area**”, to be determined by Us in Our full discretion, is typically an area with a high degree of pedestrian traffic such as a downtown portion of an urban area with high-rise commercial buildings or a densely populated residential area with primarily multi-family or apartment units. If We determine that Your Restaurant is located within a “high density area”, any territorial rights will be stated in **Attachment 1** to this Agreement.

(d) If You want to offer catering or delivery service from Your Restaurant, You must obtain Our prior written approval. Any catering or delivery services must meet Our written standards and shall only be conducted in Your Protected Area. You also must charge the same price for products offered by Your Restaurant for any catering or delivery services. All catering or delivery services income must be included in Gross Revenues for purposes of the Royalty Fee, Local Marketing and System Fund Fees.

1.3 <u>Site Selection and Relocation</u>

(a) Site Selection. You must select a site that meets Our approval and follow the procedures set forth in Our Manual or otherwise in writing. We will provide You with site selection guidelines and assistance that We consider necessary and appropriate. You agree (i) that although We may have been involved in the site selection process for Your Restaurant and approved its location, You have sole responsibility for selecting the above location for Your Restaurant and (ii) that We make no warranty, representation or guaranty of any kind with respect to Your Restaurant's location, success or profitability.

(b) Site Approval. You must locate and obtain Our approval for the site of Your Restaurant within three (3) months of executing this Agreement. If You have not done so, We will grant You an extension so long as We are satisfied that you are proceeding in good faith and with due diligence.

(c) Construction. After approval of the site, You agree to purchase from Us, at a reasonable price, a copy of Our prototype plans and specifications for building out a Restaurant, and You agree to employ an architect, designer and other necessary persons (all of which must have been approved by Us) to revise the plans as necessary for Your site. Except as may be expressly provided in the Manual, no changes of any kind in design, equipment or decor will be made in, on or about Your Restaurant premises without prior written approval of in each instance. In any event, You must obtain Our prior approval of the final plans and specifications for Your Restaurant before submitting them to any landlord, property owner, or governmental agency and/or before beginning the construction or remodel. You agree to construct and equip Your Restaurant in accordance with all of Our standards, policies, and procedures at such time, and be in strict compliance with Our deadlines as stated in the Manual or other written communications from Us.

(d) Relocation. You will not relocate Your Restaurant without Our prior written consent. We will consent to a relocation to an alternative, pre-approved location under limited circumstances only, such as loss of the location due to condemnation, eminent domain destruction, loss of Your right of possession for reasons not caused by You, or a very substantial and detrimental change in the business potential and character of the location. If We consent to the relocation of Your Outlet, You must comply with such reasonable site selection and construction procedures as We may require. You must conduct a Grand Opening Promotion as required by Section 7.8 below. You will be solely responsible for the expense of any such relocation and will pay Us a reasonable fee for Our services in connection with such relocation. If We consent to the relocation of Your Restaurant, You must comply with such reasonable site selection and construction procedures as We may require and following relocation. You will be fully responsible for closing the existing location and must comply with Section 15.3 below regarding de-identification.

1.4 Opening Date

You must open Your Restaurant and commence business within twelve (12) months following the Effective Date of this Agreement. You may not open Your Restaurant without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual or other written communication from Us and the installation of all equipment, fixtures, furnishings and signs included in the plans and specifications approved by Us. Your failure to open the Restaurant in full compliance with these provisions will be a material event of default under this Agreement, and We may prevent You from opening the Restaurant.

ARTICLE 2: FEES

2.1 Fees

You agree to pay Us:

(a) A non-refundable "**Initial Franchise Fee"** of $40,000, due upon execution of this Agreement, as payment for services rendered prior to the opening of the Restaurant and fully earned;

(b) A "**Royalty Fee**" equal to a percent (%) of Your Restaurant's Gross Sales as payment for the continuing right to use the System and Marks. The percentage of Gross Sales will vary depending on the level of annual Gross Sales as follows, and will be calculated on the weekly Sales and Royalty Report on a year-to-date basis:

$2,000.000 or less	2%
$2,000,001 to $2,500,000	3%
$2,500,001 to $3,000,000	4%
$3,000,000 and above	5%

(c) An **"Opening Assistance and Training Fee"** of $15,000, due upon execution of this Agreement, as set forth in Section 4.1 below;

(d) At such time as We notify You that We have established a DOS COYOTES Marketing Production Fund, a "**Marketing Production Fund Fee"** of up to one and one-half percent (1.5%) of Your Restaurant's Gross Sales, to be applied as described in Section 7.3 below; and

(e) At such time as We notify You that We have established a DOS COYOTES Marketing Media Fund, a "**Marketing Media Fund Fee"** of up to two and one-half percent (2.5%) of Your Restaurant's Gross Sales, to be applied as described in Section 7.3 below.

2.2 No Fees Refundable

You agree that these Fees are not refundable in whole or part under any circumstances and have been fully earned by Us by the grant of this franchise.

2.3 Payment of Fees

(a) You agree to pay Us the Royalty Fee and Marketing Fund Fees, no later than the third (3^{rd}) day following the end of each week or such other time as may be designated in the Manual or otherwise in writing, such as daily transfers ("**Designated Period**"). You must make payments in strict accordance with Our requirements as set forth in the Manual, including EFT payments as described below, and delivery of a sales report for the Designated Period. TIME IS OF THE ESSENCE regarding payment of such Fees.

(b) You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. Such method of payment will be determined by Us in Our sole discretion, and may be changed from time to time.

(c) You agree at Our request to furnish the information, execute forms, make arrangements and complete procedures as are reasonably necessary to establish direct EFT or ACH payments automatically from Your account(s) to the account(s) We may designate in order to pay directly such Fees within each payment period. Without limiting the foregoing, You specifically agree to obtain the necessary equipment used by the System to transmit sales and other polling information which will allow Us to cause such transfers to be made and You are required to give Us access to such equipment as set forth in Section 8. You further agree to maintain sufficient funds in Your account(s) to allow timely honoring of each payment to Us by Your bank or other financial institution. You hereby specifically authorize Us to make such direct transfers of the Fees so long as such transfers are limited to amounts computed with reference to sales information furnished by You, or if You fail to furnish such information, with reference to good faith estimates by Us.

(d) All fees due under this Agreement which are not paid when due will bear interest from and after their respective due dates at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. Any late payment of such Fees will be accompanied by a late payment administrative charge of $250.00.

2.4 Gross Sales

The term "**Gross Sales"** as used in this Agreement will mean the total of all cash or other form of payment received for the use of the Restaurant and sales of products and services in or from the Restaurant, including sale of food, drinks, clothing and other tangible property of every kind, or for entertainment charges, made or sold at, in, upon or from Your

Restaurant and from any vending, game or other type of machine or similar device located at Your Restaurant ; and any and all other amounts which are received as compensation for any services rendered from Your Restaurant including catering and delivery services. All amounts collected and paid out for sales taxes levied on the sale of such food, drinks, property, services and receipts and the proceeds from the sale of any furniture, fixtures or equipment previously used at Your Restaurant are excluded from Gross Sales. Additionally, Gross Sales does not include the retail price value of any food and/or drinks that are delivered to employees or guests for no cost or the difference between the retail price value and the amounts received by You, up to an amount not to exceed 2.5% of Gross Sales for the relevant Designated Period, which in each case shall be calculated and specified in the relevant sales report as set forth in the Manual.

ARTICLE 3: TERM; RENEWAL

3.1 Initial Term

Subject to earlier termination, this Agreement has an Initial Term of ten (10) years ("**Initial Term"**) or the length of Your lease for Your Restaurant, whichever is less. The Initial Term will commence on the date on which You first operate Your Restaurant as a DOS COYOTES Restaurant. You agree to send Us written notice of Your Restaurant's opening date.

3.2 Renewal

You may renew this Agreement for one additional ten (10) year term), so long as all of the following conditions have been met before the end of the Initial Term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement, Area Development Agreement, or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must be in good standing as a DOS COYOTES franchisee and be approved by Us operationally and financially;

(d) You must have paid all amounts owed to Us and our affiliated companies (“**Affiliates**”) and Our approved suppliers (as defined in Section 4.8), and have timely paid all such amounts throughout the current term;

(e) We may send You a written notice of required changes to be made at Your Restaurant, such as (i) additional training requirements, (ii) personnel changes and (iii) modernization of Your Restaurant and its equipment, and/or redecorating Your Restaurant and installing new equipment and signs to reflect the then current DOS COYOTES standards and image, in which case You must make all of such changes as and when requested by Us;

(f) You must have obtained an extension or renewal of Your Lease for the Restaurant to cover the renewal term and delivered to Us a fully executed copy of such Lease.

(g) You must execute and deliver to Us Our then-current form of Franchise Agreement to apply to the renewal term, but in no event shall the term be longer than Your right to occupy the Restaurant. Such Franchise Agreement will contain the then-current Royalty Fee rate and Marketing Fund Fees amounts required of new franchisees;

(h) You must pay Us a "**Renewal Fee**" equal to fifty percent (50%) of the amount of Our Initial Franchise Fee in effect at the time renewal begins; and

(i) You must execute Our form of a general release of any and all claims against Us, the Company and other Affiliates, and Our and their officers, directors, agents and employees.

3.3 Interim Period

If You do not exercise Your right to renew this Agreement prior to the expiration of the Agreement, and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at Our option, this Agreement may be treated either as (i) expired as of the date of expiration with You then operating a franchise without the right to do so and in violation of Our rights, or (ii) continued as a month-to-month basis ("Interim Period") until one party provides the other with written notice of its intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate. In the latter case, all of Your obligations and restrictions shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on You upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

ARTICLE 4: OPERATING SYSTEM AND PROCEDURES

4.1 Operating Assistance

We will advise and assist You in operating Your Restaurant, including periodic visits by Our representative(s), to the extent We deem necessary. You agree to pay Us $15,000 for assisting with and training Your employees as part of the Restaurant's opening. The fee is due when You submit the executed Franchise Agreement, prior to the opening of the Restaurant. You will also reimburse Us for all reasonable costs and expenses incurred by Our trainers in relation to such assistance, including, without limitation, the cost of travel, lodging and meals. The expense reimbursement is due within 30 days of receipt of an invoice from Us.

4.2 Designated Operator

The individual named in this Section must be an experienced food professional with multi-unit restaurant supervisory experience, who will devote his or her full time, best efforts and constant personal attention to the day to day operation of Your Restaurant, with full authority to act on Your behalf and on behalf of the Principals with regard to the operation of Your Restaurant: ______________________________(the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for operations. Certification and approval of the Designated Operator includes both satisfactory completion of Our Designated Operator and Restaurant Manager Training Program, and also working sufficient additional time in a company-operated restaurant, as we deem necessary in our sole discretion, to successfully develop and operate a Dos Coyotes Border Café restaurant. Any change in the identity of Your Designated Operator must be approved by Us in writing. Any failure to comply with this Section 4.2 will be a material breach of this Agreement.

4.3 Operation of Your Restaurant

Unless You have received Our prior written approval to the contrary, You will:

(a) Keep Your Restaurant open for business during the hours We specify;

(b) Operate Your Restaurant in a clean, safe and orderly manner, providing courteous, first-class service as provided in the Manual or other written communications from Us and passing all quality inspections and reports conducted by Us or a designated third party;

(c) Construct, equip, and operate Your Restaurant in accordance with all Dos Coyotes standards, policies, and procedures as may be established from time by Us, as stated in the Manual or other written communications from Us.

(d) Maintain a competent, conscientious, trained staff and take any and all steps necessary to ensure that Your employees preserve good customer relations and comply with any dress code as may be established from time by Us, as stated in the Manual or other written communications from Us.

(e) Comply with all health, safety and other laws applicable to the operation of Your Restaurant, maintain at least a 90%, “A” or better health inspection score, cure any deficiencies immediately after a governmental inspection and request another inspection as soon as possible thereafter;

(f) Diligently promote and make every reasonable effort to increase the business of Your Restaurant;

(g) Diligently participate in all promotional campaigns, special offers, and other programs, which are prescribed from time to time by Us.

(h) Advertise and operate Your Restaurant by the use of the Marks and any other insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or established from time to time by Us as stated in the Manual or other written communication from Us;

(i) Prevent the use of Your Restaurant for any immoral or illegal purpose, or for any other purpose, business activity, use or function which is not expressly authorized by this Agreement or in the Manual or other written communication from Us;

(j) Keep current in all monetary obligations owed Us, Our affiliated companies and Approved Suppliers;

(k) Obtain and use only the equipment and technology required by the Manual or other written communications from Us, such as without limitation, a computerized point of sale cash collection system ("**POS System**") which among other things will allow Us to poll information about Your Restaurant, credit card and/or debit card system, computer equipment and related software and communications systems;

(l) Never manipulate or tamper with the POS System or other required software and equipment without Our prior written approval. Maintain Our full and complete independent access to Your Point of Sales System or other accounting or CRM systems designated by Us;

(m) Not establish, register, or operate for Your Restaurant or otherwise any websites, social media site, domain name, or other digital presence in any media or on any platform using the Marks without Our prior written consent;

(n) Adhere to any social media policies that We establish from time to time and require all of Your employees to do so as well;

(o) Consistently maintain Your Restaurant and conduct Your Restaurant operations in compliance with all applicable laws, regulations, codes, insurance requirements and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to Your Restaurant; and

(p) Never sell any food or beverage product at Your Restaurant that contains any ingredients which were not purchased from a supplier approved by Us or which does not meet Our specifications.

4.4 <u>Confidential Manual</u>

(a) We will loan You for Your Restaurant one copy of Our Confidential Manual (the "**Manual**"). You agree to comply strictly with and perform all things required by the Manual, such as those dealing with site selection, lease requirements, Restaurant design and construction, the selection, purchase, storage, preparation, packaging, service and sale (including menu content and presentation) of all food and beverage products, maintenance and repair of Your Restaurant's buildings, grounds, furnishings, fixtures and equipment, operating hours and days, employee uniforms and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations. You must at all time treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential.

(b) The Manual, as presently written and as We may in the future amend and supplement them from time to time, is incorporated into and made part of this Agreement by reference. Such changes to the Manual may be in the form of electronic updates or other written communications from Us. All references to the Manual in this Agreement are to the Manual as most recently revised as of the relevant date and may be in the form of several manuals. The Manual may be in paper form or available in electronic form or a combination of both media.

(c) You agree that the purpose of the Manual is to provide a means of communicating to all Franchisees specific details of Our System which will enhance uniformity and conformity among all Restaurants. You specifically agree that the Manual is an integral, necessary and material element of the System and that it will be necessary for Us, in order to maintain the high quality of the System and maximize its competitive position, to revise and update the Manual from time to time. We have the right at any time and from time to time, in the good faith exercise of Our reasonable business judgment, to revise, delete from and add to the materials contained in the Manual. You expressly agree to comply promptly with all obligations and changes to the Manual.

4.5 Confidentiality; Our Property

(a) You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except an employee of Yours required by his or her work to be familiar with such information. You agree to promptly disclose to Us all innovations whether or not protectable and whether created by or for You or Your owners or employees. All such innovations will be deemed our sole and exclusive property. We have the right to incorporate such innovations into the System. You agree to keep and respect all confidential information received from Us, to obtain from each of Your Restaurant's managers and other employees an agreement to keep and respect all such confidences and to be responsible for Your employees' keeping this information confidential. A copy of the employee confidentiality agreement is attached hereto as **Attachment 3.**

(b) The Manual and all other confidential materials furnished to You are on loan only, will remain Our property, and You will return all copies of such documents to Us immediately upon the expiration or termination of this Agreement. The Manual may be in hard copy or electronic form and may include more than one volume.

4.6 Uniformity and Conformity

In all regards, You agree that strict conformity by You with this Agreement, the System and the Manual, is vitally important to the collective success of all DOS COYOTES Restaurants, including Your Restaurant, because of the benefits You and other DOS COYOTES operators will derive from uniformity in menu items, identity, quality, appearance, facilities and service among all DOS COYOTES Restaurants. Any material failure to adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

4.7 Products and Services

(a) You specifically agree that You will never sell any food or beverage product at Your Restaurant that contains ingredients which were not purchased from a supplier approved by Us and which does not meet Our specifications. You agree that designated proprietary products and mixes may only be available for purchase from Us, in which case We will sell it to You at reasonable markup.

(b) You agree to offer for sale from Your Restaurant, at all times when Your Restaurant is open for business, all of the food, beverages and other products expressly described in the Manual, unless You have received Our prior written consent to any exception. We have the right to make modifications to these items from time to time, and You agree to comply with any modification.

(c) No other product, brand or service other than those identified in the Manual will be offered or sold at or from Your Restaurant without Our prior written consent in each case. You agree to submit to Us in writing any additional product, brand or service proposed by You for Our consideration and final determination before You implement any such change. We may approve it initially for testing only. You understand and agree that at Our discretion any such proposal may be utilized on a test basis only, subject to the terms of a written test agreement. All proposals approved by Us will become Our property upon submission.

4.8 Approved Suppliers: Proprietary Ingredients

(a) In order to assure uniformity and conformity among Restaurants in the System, You agree to purchase all equipment, signage, inventory, furnishings, supplies, and products for sale at Your Restaurant only from suppliers who are at that time approved in writing by Us as an approved supplier ("**Approved Supplier**") "), which may include one of our Affiliates. You acknowledge and agree that an Approved Supplier may be the only source for certain items. We and Our Affiliates have and reserve the right to retain 100% of all revenues received through license fees, promotional fees, advertising allowances, rebates or services paid by suppliers and to use them for whatever purposes elected.

(b) If You want to purchase any items from a supplier who is not an Approved Supplier, You will notify Us of such supplier, pay an approval fee and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the costs involved in these approval procedures. You understand and agree that at Our discretion any such proposals may be utilized on a test basis only subject to the terms of a written test agreement. You may not sell or offer for sale any products or services of the proposed supplier until Our written approval of the proposed supplier is received.

(c) You agree to buy to the extent required by the Manual any designated proprietary products, ingredients or equipment from Us or a designated supplier (which may be an Affiliate). You agree that such ingredients are prepared pursuant to secret, proprietary recipes and/or procedures belonging to Us.

4.9 Approved Suppliers: Restaurant Construction and Appearance

In order to assure uniformity and conformity among Restaurants in the System, You agree to use architects, contractors, and other vendors that affect the appearance of Your Restaurant who are at that time approved in writing by Us as an Approved Supplier. If You want to use a supplier who is not an Approved Supplier, You will notify Us of such supplier, pay an approval fee and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the costs involved in these approval procedures.

4.10 Your Covenants

(a) You agree that DOS COYOTES Restaurants, including Your Restaurant, must compete against similar businesses (as defined below) which may have far greater financial resources and may be better established in the food service industry. For purposes hereof, a "**Similar Business**" is any food service outlet or similar business which primarily offers for sale the same or similar products sold in a DOS COYOTES Restaurant at that time.

(b) Therefore, You agree on behalf of Yourself and each and every person with an ownership interest in Your Restaurant ("**Owner**") to take all necessary action to assure compliance throughout the term of this Agreement with the requirements of this Section 4.10 and the other Sections in this ARTICLE 4, including obtaining and delivering to Us a written agreement from each such person that he or she agrees to each of the covenants set forth in this Section 4.10.

(c) Neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business without Our prior express written consent.

(d) Neither You nor any Owner will perform any services for or become a landlord of any Similar Business without Our prior express written consent.

(e) Neither You nor any Owner will divert or attempt to divert any business or customer of Your Restaurant, or of any other DOS COYOTES Restaurant, to any Similar Business by direct or indirect inducement, advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks.

(f) For a period of two (2) years following the transfer, expiration or termination of this Agreement, neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business which is located within ten (10) miles of any DOS COYOTES Restaurant without Our prior express written consent. You agree that this length of time will be tolled for any period during which You are in breach of this covenant or any other period during which We seek to enforce this Agreement.

(g) You agree that any violation of this Section 4.10 would result in irreparable injury to Us and the System, and that We would be without an adequate remedy at law. You agree that in the event of a breach or threatened breach of any such covenant, We will not be required to prove actual or threatened damage from such breach in order to obtain a temporary and/or permanent injunction and a decree for specific performance of the terms of this Section 4.10. In addition to injunctive relief, We shall be entitled to any other remedies which We may have under this Agreement, at law or in equity.

(h) The parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 4.10 is held unenforceable by a court having valid jurisdiction in a final decision between the parties hereto and from which no appeal has or may be taken, You expressly agree to be bound by the remaining portion of such covenant.

4.11 Employees

You acknowledge that You are an independent business and responsible for control and management of Your Restaurant, including but not limited to, employment decisions and related matters. You and You alone will be solely responsible for all hiring and employment decisions and functions relating to Your Restaurant, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from Us on these subjects or not. Any guidance We may give You regarding employment policies should be considered merely examples. You acknowledge that We have no power, responsibility, or liability in respect to the hiring, discharging employees, setting work schedules, maintaining all employment records, and setting and paying of wages or related matters. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law. At no time will You or Your employees be deemed to be Our employees or employees of Company.

4.12 Software

(a) You agree to use in Your Restaurant the software designated by Us in the Manual for Franchisees to use for franchise management, online ordering system, making estimates, preparing invoices, keeping accounting records and other aspects of the Business. We may in Our sole discretion consent to use of alternative software in Your Restaurant and such agreement will be communicated in writing.

(b) The software will be available to You on the same terms available to other Franchisees and as specified in the Manual. The computer software package developed for use in Your Restaurant may include proprietary software. You may be required to license the proprietary software from Us or a third party and You also may be required to pay a software licensing or user fee in connection with Your use of the proprietary software.

4.13 Online Management and Communication System; Website

(a) We may establish an online management and communication system for DOS COYOTES Restaurant Operations and You agree to participate and perform all things necessary to set up and connect to the online communication system and comply strictly with its requirements.

(b) We may require You, at Your expense, to participate in Our website, Our intranet system or extranet system or other online communications. We have the right to determine the content and use of Our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. You acknowledge that certain information related to Your participation in Our website or intranet system may be considered Confidential Information, including access codes and identification codes. We retain all rights relating to Our website and intranet system and may alter or terminate Our website, extranet system, or intranet system.

(c) You acknowledge that We and Company are the lawful, rightful and sole owner of the Internet domain name www.doscoyotes.com and any other Internet domain names registered by Us. You unconditionally disclaim any ownership interest in such domain names and any Internet domain names similar thereto. You agree not to register any Internet domain name that contains words used in or similar to any brand name owned by Us and/or Our Affiliate, or any abbreviation, acronym, phonetic variation or visual variation of those words. You may not participate in any website or social media platform that markets goods and services similar to a DOS COYOTES Restaurant or operate a website or social media pages for Your Restaurant, without Our prior written approval. You acknowledge that certain information related to Your participation in Our website or intranet system may be considered Confidential Information, including access codes and identification codes.

4.14 Data Security

You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. You agree that Your Restaurant will comply at all times, with all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**") and all other successor or additional laws, and all other data security requirements We prescribe. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide Us with evidence of such compliance at Our request. You also must provide notice to Us of any potential or actual data security breach relating to cardholder data.

4.15 Crisis Management.

(a) "**Crisis Management Event**" means any event that occurs at or about Your Restaurant premises or in connection with the operation of Your Restaurant that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

(b) Upon the occurrence of a Crisis Management Event, You agree to immediately inform Us of such event and to cooperate fully with Us, Our designated representatives, and the appropriate authorities with respect to the investigation and resolution of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, You must cooperate fully with Us with respect to management statements and other responses to the Crisis Management Event.

ARTICLE 5: TRAINING

5.1 Initial Training

We will provide without charge at a place or places designated by Us Our DOS COYOTES Designated Operator and Restaurant Manager Training Program for Your Designated Operator (as identified in this Agreement), and Your General Manager (if a different person), Your Kitchen Manager and Assistant Managers.

5.2 Training Required

Your Designated Operator, General Manager and Kitchen Manager and Assistant Managers must each attend and complete Designated Operator and Restaurant Manager Training Program to Our reasonable satisfaction. All of the Managers of Your Restaurant must attend and successfully complete Our Designated Operator and Restaurant Manager Training and become certified as required by the Manual. You must always have a properly certified Manager on duty at Your Restaurant whenever it is open to the public.

5.3 Training Employees

You will be responsible for full compliance at Your Restaurant with the requirements taught at Our Designated Operator and Restaurant Manager Training and will cause Your Restaurant's employees to be trained in those requirements which are relevant to the performance of their respective duties. We may require Your employees to be trained and certified in the performance of their duties, and with Our consent You may have employees approved as certified trainers for the other employees. No employee of Yours will be deemed to be an employee of Ours for any purpose whatsoever.

5.4 Pre-Opening Parties; Assistance

(a) Prior to opening Your Restaurant Premises for business, You agree at your own expense to conduct mock service and pre-opening operations following the requirements of the Manual ("**Pre-Opening Parties**").

(b) We will advise and assist You in operating Your Outlet, including periodic visits by Our representative(s), to the extent We deem necessary.

5.5 Continuing Training

You and such employees as We may designate will, from time to time, personally attend and complete refresher courses in Restaurant operations and food and drink preparation and any training sessions held for the purpose of introducing new products or procedures.

5.6 Fees; Expenses

You agree to pay a reasonable fee for any continuing and other training courses offered by Us.

ARTICLE 6: MAINTENANCE; LEASE PROVISIONS

6.1 Repairs and Maintenance

(a) You agree to maintain Your Restaurant (interior and exterior), and its grounds and parking area in a "like new" condition and in conformity with the requirements set forth in the Manual or other writings issued by Us. You agree to replace Restaurant equipment, fixtures, furnishings, trade dress and signage as necessary or required by Us and to obtain any new or additional equipment as may be reasonably required by Us for new products or procedures. You agree to take all such action as requested by Us promptly within a reasonable time period after receipt of such request. If You have failed to take any action within fifteen (15) days after Our notice, We may, in addition to all other remedies, enter Your Restaurant and effect the corrective action contained in the notice, and You shall immediately pay the costs incurred by Us in taking such action.

(b) Except as may be expressly provided in the Manual, no changes of any kind in design, signs, equipment or decor will be made in, on or about Your Restaurant premises without prior written approval of in each instance. You will obtain, repair, maintain and replace all equipment, signs and other Restaurant items at Your sole cost.

6.2 Modernization

In order to compete effectively and to assure the continued success of Your Restaurant, You agree, from time to time, as reasonably required by Us (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Restaurant premises, parking area, and equipment to Our then current standards and specifications. You must use architects, contractors, and vendors previously approved by Us. You understand and agree that this obligation is in addition to other obligations under this Agreement, such as repair, maintenance and purchase of new equipment. No such modernization will be required by Us unless and until the Company has at that time implemented such standards and specifications in at least twenty-five percent (25%) of its Restaurants located in the continental United States. You acknowledge and agree that the requirements of Article 6 are reasonable and necessary to ensure continued public acceptance and patronage of Dos Coyotes Restaurants and to avoid deterioration or obsolescence in connection with the operation of Your Restaurant. If You fail to make the repairs, maintenance or modernization as required by this Article 6, We may, in addition to Our other rights in this Agreement, effect such repairs, maintenance or modernization and You must reimburse Us for the costs We incur.

6.3 Lease Provisions

If You are or become a lessee of Your Restaurant premises, You will provide Us for Our review and comment with a copy of the proposed lease at least 15 days prior to its being finalized and executed. You must after execution furnish with a true, correct, complete and executed copy of the lease. Such lease must contain the option required by Section 15.5 below and a provision which precludes any other food or beverage service vendor selling predominantly products similar to DOS COYOTES Restaurants from operating in the same business center or five (5) miles from Your Restaurant for any property under landlord control, and the alteration and de-identification rights required by this Agreement, where the premises will no longer be operated as a DOS COYOTES Restaurant. Such lease will also require the lessor (a) to give Us reasonable notice of any lease termination and a reasonable time in which to take and make the above actions and alterations and (b) provide that You have the unrestricted right to assign such lease to Us. These lease provisions may be subject to the reasonable consent of the lessor.

ARTICLE 7: MARKETING AND ADVERTISING

7.1 Marketing, Promotion and Advertising Programs

The parties recognize the value of marketing, advertising and promotions to enhance the goodwill and public image of the System. We agree that We will develop marketing, promotion and advertising programs designed to promote and enhance the collective success of all DOS COYOTES Restaurants. It is expressly agreed that in all respects of such marketing, promotion and advertising (such as type, quantity, timing, placement and choice of media, market areas and advertising agencies), Our decisions made in good faith will be final and binding. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established. You must use and honor only system-wide gift cards, certificates and checks that We designate, and You must obtain all certificates, cards or checks from an Approved Supplier.

7.2 Local Advertising

(a) You agree that during the term of this Agreement, yYou will spend currently no less than two percent (2%) of Gross Sales for conducting advertising and sales promotion programs for Your Restaurant. We may require You to provide proof of all such marketing, promotion and advertising expenditures. You acknowledge and agree that You must obtain Our prior written approval for all of Your local programs in order for them to qualify for required spending. This obligation is in addition to Your obligation for grand opening promotion. Payments to an approved Advertising Cooperative ("**Ad Co-op**") will be applied to this Local Advertising obligation.

(b) We agree that You will receive credit towards Your Local Advertising commitment for one half of any payments made by you for Marketing Media Fund Fees discussed above in Subsection 2.1(d) and below in Section 7.3.

(c) You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any such organization) in the name of Your Restaurant or otherwise associate with the Marks, without our prior express written consent.

(d) You will not establish Your own “eclub” or online marketing campaigns, Gift Card programs, Loyal Customer programs, any websites or any social media accounts, or other such programs as designated in the Manual without Our prior written approval.

(e) You will not issue any press release without Our prior express written approval.

(f) You agree to diligently participate in all promotional campaigns, customer loyalty programs, special offers, and other programs, which are prescribed from time to time by Us.

7.3 Marketing Funds

(a) In order to maximize the general public recognition and acceptance of DOS COYOTES Restaurants, We may, when We believe it is appropriate to do so, establish a DOS COYOTES Marketing Production Fund and/or a DOS COYOTES Marketing Media Fund and require You as a Franchisee to contribute to such Marketing Fund(s).

(b) We will use monies from the Marketing Production Fund to pay for the production and development costs of materials to be used in marketing DOS COYOTES Restaurants.

(c) We will use monies from the Marketing Media Fund for advertising, marketing and promotion of DOS COYOTES Restaurants generally, including without limitation, costs and expenses related to the employment of advertising agencies, payment of talent and residuals, research and development, design and development of trademarks and logos, promotions, public relations market research, reimbursement to Us, Our Affiliates or the Company of general and administrative expenses, and allowances directly related to marketing of DOS COYOTES Restaurants and clearance of marketing, advertising and promotional programs.

(d) The Company will also contribute to the Marketing Production Fund and the Marketing Media Fund the same percentages of the Gross Sales from its operation of DOS COYOTES Restaurants in the continental United States.

(e) We will deposit the Marketing Production Fund Fees and Marketing Media Fund Fees in separate accounts, which will not be considered one of Our assets.

(f) We agree to cause an annual accounting of the two Marketing Funds and to make the results of such accounting available to You upon request. If such accounting is made by an independent accounting firm, the expenses thereof shall be paid from the respective Marketing Fund.

(g) We agree that if We receive advertising promotional allowances and/or advertising rebates from suppliers or distributors which relate directly to purchases by DOS COYOTES Restaurants operated by franchisees, We will cause such monies to be paid into one of the Marketing Funds, with the understanding that You and We may retain all such payments paid directly to You or Us, respectively.

(h) You agree that We have no obligation in administering the Marketing Funds to make expenditures for You or others which are equivalent or proportionate to the contribution(s) made or to ensure that any particular franchisee benefits directly or pro rata from any marketing program or advertising.

7.4 Marketing Fund Policies

(a) We will develop and modify from time to time as necessary Marketing Fund Policies which will include procedures and guidelines for disbursements and expenditures from the Marketing Funds.

(b) All monies in the Marketing Funds, including any interest or other income earned from the investment of such monies, must be spent and disbursed only in accordance with this Agreement and the Marketing Fund Policies, which may be modified from time to time at Our discretion so long as all monies are used to pay for marketing, promotion and advertising programs for DOS COYOTES Restaurants in the United States of America.

7.5 Temporary Investment

We may temporarily invest any or all of the monies held in the Marketing Funds from time to time at Our sole discretion in accordance with the Marketing Fund Policies. We will use any interest or other income received from such investments to pay for the expenses of administering the Marketing Fund pursuant to the Marketing Fund Policies. Interest or income received from temporary investments that exceed the reasonable expenses of administering the fund will be considered part of the Marketing Funds.

7.6 Ad Co-ops

(a) We may at Our discretion designate any geographical area as a basis for an Ad Co-op for the purpose of marketing, advertising and promoting DOS COYOTES Restaurants in that area, including the Company Restaurants. The Ad Co-op will also serve as means of exchanging ideas, sharing information and problem solving.

(b) You agree to become a member of an Ad Co-op at any time the Restaurant is located within the designated area for such Ad Co-op.

(c) You agree to execute and deliver any such Ad Co-op agreements or undertakings required by such Ad Co-op, to make contributions as required of its members, and to maintain Your status as a member in good standing of such Ad Co-op at all times.

(d) We may establish and revise the requirements for approval of Ad Co-ops, the amount of contribution by members to each such Ad Co-op, and exemptions from membership or temporary suspensions of contributions. All such contributions will be credited toward Your Local Advertising Spend.

(e) The mandatory contribution to an Ad Co-op may exceed Your Local Advertising requirement if the Ad Co-op members agree to additional funding in accordance with established Bylaws.

(f) Each Ad Co-op will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Us. Each Ad Co-op will be organized for the exclusive purpose of administering advertising programs in the geographical area and standardizing advertising materials for use by the members in local advertising.

7.7 Approval of Advertising

(a) You must use only advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise in writing. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing and the promotion policies.

(b) If You wish to use other or modified materials, You must submit to Us, in each instance and at least thirty (30) days prior to first use, the proposed advertising copy and materials for approval in advance of publication. You may use only advertising materials which have been approved in writing by Us.

(c) In no event will Your advertising contain any statement or material which may be considered (i) in bad taste or offensive to the public or to any group of persons or (ii) defamatory of any person or an attack on any competitor, (iii) will not be misleading and (iv) will conform to the highest standards of ethical marketing and the promotion policies that We prescribe from time to time.

7.8 Grand Opening

You agree to conduct an approved grand opening promotion for the Restaurant shortly after its opening, and to spend at least $10,000 in approved expenditures in regard to such promotion. We will assist You in planning for Your grand opening.

7.9 Websites and Internet Advertising

You shall not, indirectly or directly, establish or use any Internet web page, web site address, Internet directory listing, or any other social networking site as defined in the Manual or otherwise in writing, relating in any way to Your Restaurant, or which uses the Marks without Our prior written consent. Except email communications, You may not conduct any aspect of Your Restaurant business through the Internet without Our prior consent. You will adhere to any social media policies that We establish from time to time and will require all of Your employees to do so as well. We will include information about Your Restaurant on Our website.

7.10 Social Media

We have sole discretion and control over any profiles using or relating to the Marks, or that display the Marks, that are maintained on social media outlets, including without limitation Facebook, Twitter, Instagram or other similar outlets that may exist in the future. We may use part of the Fund monies We collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish a social media policy and guidelines pursuant to which You may establish profiles or otherwise establish a presence on such social media outlets. In that event, You shall comply with the standards, protocols and restrictions that We impose from time to time on such use.

ARTICLE 8: ACCOUNTING AND RECORD KEEPING

8.1 Point of Sales System

(a) Before the opening of Your Restaurant and at Your own expense, You agree to procure and install the computer hardware, software, Internet connections and service, required dedicated telephone and other computer-related accessories, peripherals and equipment that are required in the Manual or otherwise in writing (the **"Point of Sales System"**).

(b) You agree to accurately, consistently and completely record and provide through the Point of Sales System all information concerning the operation of Your Restaurant that We require, in the form and at the intervals that We require, as set forth in the Manual.

(c) You acknowledge and agree that We will have full and complete independent access to Your Point of Sale System, and We may retrieve from Your Point of Sale System all information that We consider necessary, desirable or appropriate.

8.2 Accounting Information

You understand and agree that We may under Section 8.1 require You to use software which will generate accounting information which will be accessible to Us electronically. You also agree that We may require You, following written notice or as part of the Manual, to send to Us, in the form and within the time schedules set forth in the Manual, hard copy or other form of reports and information. These may include Profit and Loss Statements, Balance Sheets and Statements of Cash Flow, sales tax returns, and income tax returns.

8.3 Accounting Records

You agree to maintain and preserve for a minimum of seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by the Manual or otherwise in writing.

8.4 Sales Tax Returns; Other Reports

You agree to deliver to Us, on or before the dates specified in the Manual, sales reports, a copy of all sales tax returns, occupation tax reports, and other similar returns or reports prepared by or on behalf of the Restaurant for the relevant period set forth in the Manual or otherwise in writing.

ARTICLE 9: AUDITS AND INSPECTIONS

9.1 Audit Rights

You agree that We will at all times have the following audit rights:

(a) Our representatives may on a reasonable basis review, inspect and copy any and all accounting records, tax records and other such documents, as they determine, in their sole discretion as being necessary to audit Your compliance with this Agreement.

(b) If any inspection or audit reveals that the Gross Sales reported in any report or statement are less than the actual Gross Sales calculated during such inspection, and/or fees owing are otherwise miscalculated, then You will immediately pay Us the additional amount of fees owing by reason of the understatement of Gross Sales previously reported and/or other miscalculation, together with interest as provided in Section 2.3. In the event that any report or statement by You understated gross sales and/or fees owing by more than two percent (2%) as calculated during Our inspection, You will, in addition to paying for the additional fees and interest, pay and reimburse Us for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments will be without prejudice to any other rights or remedies We may have under this Agreement or otherwise. In addition, We may at Our sole discretion require a complete and full audit in accordance with generally accepted accounting principles and by a certified public accountant acceptable to Us, at Your expense.

9.2 Inspection

(a) You agree to, at Your expense, participate in Our approved inspections and surveys regarding guest satisfaction and Restaurant inspections as stated in the Manual. In addition, You will cause the reports of all such inspections or surveys be sent to Us.

(b) We will make periodic calls or visits to Your Restaurant as We deem advisable. You agree that Our representatives will have the right at any time, and from time to time, without notice to enter Your Restaurant for the purpose of inspecting its condition and its operations for compliance with Our requirements contained in this Agreement and in the Manual, and for any other reasonable purpose connected with the operation of Your Restaurant.

(c) You agree to incorporate into Your Restaurant any reasonable corrections and modifications We require to maintain Our standards of quality and uniformity, as quickly as is reasonably possible and using all resources at Your disposal.

9.3 Books and Records

Without limiting the generality of Section 9.2, Our representatives will have the right at all times during normal business hours to confer with Your Restaurant's employees and customers, and to inspect Your books, records and tax returns, or such portions thereof as pertain to the operation of Your Restaurant. All of Your books, records and tax returns will be kept and maintained at Your Restaurant, at Your primary office or such other place as may be agreed to from time to time in writing by the parties.

9.4 Ownership Records

If You are not an individual or sole proprietorship, You must maintain an accurate ownership register or other list of names, addresses and interests of all Your record and beneficial owners. Upon ten days written notice from Us, You will deliver to Us a copy of such register and/or list of owners, certified by Your chief executive officer to be correct. During any audit or other inspection under this Section 9, You will allow Our representatives to inspect and copy such register and/or list.

ARTICLE 10: RELATIONSHIP OF PARTIES AND INDEMNIFICATION

10.1 Relationship

You acknowledge that You are an independent business and solely responsible for control and management of Your Restaurant. You are not, and will not represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regards to You. You will not use the name DOS

COYOTES or any similar words or symbols as part of the name of a corporation or other business entity directly or indirectly associated with You, unless otherwise authorized by Us in writing.

10.2 Indemnification

(a) You must immediately notify Us in writing of any claim; litigation or proceeding that arises from or affects the operation or financial condition of Your Dos Coyotes business or Restaurant.

(b) You will indemnify Us, Our Affiliates and their officers, directors, employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of Your Restaurant or Restaurant premises, the conduct of Your Restaurant's business, the ownership or possession of real or personal property, any negligent act, misfeasance or nonfeasance by You or any of Your agents, contractors, servants, employees or licensees, (ii) Your failure to perform any of Your obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by Us or on Our behalf in the investigation of or defense against any and all such claims. We reserve the right to select Our own legal counsel to represent Our interests.

(c) We indemnify and hold You harmless from all direct expenses and liabilities arising solely from any third-party claim that Your use of Our Marks or Our intellectual property in connection with Your operation of Your Restaurant infringes upon the trademarks or intellectual property of such third-party claimant, so long as You were operating the Restaurant in strict compliance with this Agreement. We will not indemnify or defend You against such third-party claims unless Your use of the Marks complies with the requirements of this Agreement and the System.

ARTICLE 11: INSURANCE

11.1 Insurance

You will obtain before beginning construction or remodeling of Your Restaurant and will maintain in full force and effect during the entire term of this Agreement, at Your sole cost and expense, an insurance policy or policies protecting You and Us against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of Your Restaurant or Your Restaurant premises. We will be named as an additional insured in all such policies, workers' compensation excepted.

11.2 Policies

In all events, the insurance policy or policies will include at least the following:

(a) Comprehensive general liability insurance, including products liability coverage with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.
(b) Liquor liability coverage (if any alcoholic beverages are offered for sale from the Restaurant) with minimum coverage of $1,000,000 and $2,000,000 in the aggregate.
(c) Property insurance covering the perils of fire and extended coverage, vandalism and malicious mischief with coverage to be at replacement cost.
(d) Liability for owned, non-owned and hired vehicles with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.
(e) Umbrella liability insurance policy providing a minimum of $5,000,000 coverage including the above limits.
(f) Course of construction insurance at replacement cost.
(g) Workers' compensation insurance as required by applicable state law.
(h) Business interruption insurance (reasonable coverage and time limit).

Your obligation to maintain this insurance will not be limited in any way by reason of any insurance maintained by Us.

11.3 <u>Qualified Insurance Carrier</u>

All insurance policies required by this Agreement must be written by a responsible insurance company or companies satisfactory to Us, and in accordance with the minimum limits set forth in Section 11.2 above, which may be changed from time to time by Us at Our discretion to reflect changed conditions. Each insurance company must be rated no less than A VII by A.M. Best and Company. You must maintain such additional insurance coverage and increased limits that We may reasonably consider advisable for a Restaurant business in the area where Your Restaurant is located.

11.4 <u>Certificates</u>

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, You will deliver to Us for Our approval certificates of insurance showing compliance with the requirements of Section 11.1. Such certificates must state that the policy or policies will not be canceled or altered without at least thirty (30) days' prior written notice to Us. Maintenance of such insurance and the performance by You of Your obligations under this Section 11 will not relieve You under the indemnity provisions of this Agreement or limit such liability.

11.5 <u>Failure to Insure</u>

If You, for any reason, fail to obtain and maintain the insurance coverage required by this Section, We will have the right and authority to obtain immediately such insurance coverage, and to charge the cost thereof plus a ten percent (10%) processing fee to You, which charges will be paid immediately upon notice and will be subject to charges for late payments in the manner set forth in Section 2.3 above.

11.6 Changes in Insurance Requirements

You agree that to meet then current needs and situations We may in the Manual or otherwise in writing revise and add to the above requirements.

ARTICLE 12: DEBTS AND TAXES

12.1 Debts and Taxes

You will pay promptly when due all debts and other obligations incurred directly or indirectly in connection with Your Restaurant and its operation; including, without limitation, all taxes and assessments that may be assessed against Your Restaurant land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all liens and encumbrances of every kind and character incurred by or on behalf of You in conducting Your Restaurant business. You may protest or contest any of such amounts so long as such protest or contest does not adversely affect the continued business of Your Restaurant or possession of Your Restaurant premises.

ARTICLE 13: PRINCIPALS, SALE AND ASSIGNMENT, RESTRICTIONS

13.1 Definition of Principals and Key Management; Personal Guarantees

For purposes of this ARTICLE 13, the term "**Principals**" will include the persons signing this Agreement as Principals, any of Your future owners and the spouses, minor children or any trust for the benefit of any such Principal. If You are a legal entity, the term "**Key Management**" will include Your President, Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. We have unrestricted right to approve all owners and any future owners, all present and future Key Management, and all present and future Corporate Directors or LLC Managing Members. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement. A copy of the Personal Guarantee is attached hereto as Attachment 2**.**

13.2 Authorized Agent

You and the Principals appoint the following person with full authority (the **"Authorized Agent")** to act on behalf of You and the Principals in regard to performing, administering or amending this Agreement: ____________________________. We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You and the Principals of the appointment of a successor to the Authorized Agent.

13.3 Personal Contract; Consent Mandatory

You agree that a material part of the consideration for Our entering into this Agreement is the personal confidence We have in You and the Principals. No person will succeed to any of Your rights under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors, other legal process or transfer not expressly authorized and consented to by Us. Except as expressly provided for in this Agreement, any attempt by You to transfer any of Your rights or interest under this Agreement will constitute a material breach of this Agreement, and in such event We will have the right to terminate this Agreement upon written notice to You. We will not be bound by any attempted transfer in any manner whatsoever, by law or otherwise, of any of Your rights or interests under this Agreement except as permitted by this ARTICLE 13.

13.4 Form of Legal Entity

(a) If You have been organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**") or if Your interests in this Agreement are to be transferred to a Legal Entity, such Legal Entity must be expressly approved in advance and in writing by Us and You must comply with this Section 13.4 and any other condition which We may require, including a limitation on the number of owners of the Legal Entity. We will not charge a transfer fee for forming such a Legal Entity. The organization documents must be promptly submitted for Our review.

(b) We have the unrestricted right to approve all owners and any future owners, all present and future Key Management, and all present and future Corporate Directors or LLC Managing Members.

(c) Unless We provide Our prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of operating DOS COYOTES Restaurants.

(ii) The Principals will own and control not less than fifty and one-tenth percent (50.1%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) There will not be more than ten (10) owners of the Legal Entity in addition to the Principals.

(iv) True and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents and amendments thereto relating to Your ownership, organization, capitalization, management and control have been reviewed and have been found acceptable by Us.

(v) You have provided Us with such documentation as We have requested to evidence the foregoing.

(d) You must notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after its receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with DOS COYOTES Restaurants or having a known history, reputation or character which is adverse to the interests of DOS COYOTE Restaurants. A failure by Us to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 13.4, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 13.4 are satisfied and We receive <u>prior written notice</u> of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold Our approval of any transfer so long as the Principals maintain operational control over You.

(f) The organization documents of the Legal Entity must contain the restrictions set forth in Subsections 13.4(b) and (c) above and this Subsection 13.4(f). You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"The transfer of ownership in this company is subject to the terms and conditions of a DOS COYOTES Franchise Agreement.
Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company."

(g) You agree at Our request to furnish information, execute forms, and take all such action as requested by Us, to provide Us with such documentation to support this ARTICLE 13. You agree to provide Us with such documentation within fifteen (15) days after receipt of such request.

13.5 <u>Written Consent</u>

(a) Except as otherwise expressly set forth in this ARTICLE 13, neither Your rights and interests under this Agreement nor any ownership interests in You (if You are a Legal Entity) may be sold, assigned, encumbered or otherwise transferred (all of which are hereinafter included within the term "**transfer**") in whole or in part in any manner whatsoever without Our prior express written consent.

(b) We will not unreasonably withhold Our consent to a transfer. In considering a request for transfer, We will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee as if he or she were a prospective direct purchaser of a franchise from Us. In addition, but without limitation, We will require as conditions to the granting of Our consent all of the following:

(i) There must be no existing default in the performance or observance of any of Your obligations under this Agreement or any other agreement with Us, and Your Restaurant will be in condition and appearance satisfactory to Us and in accordance with Our System standards at that time;

(ii) You must settle all outstanding accounts with Us and our Affiliate(s);

(iii) You must pay Us Our then current Transfer Fee, to compensate Us for Our expenses incurred in connection with investigating the qualifications of the proposed transferee, training the proposed transferee and the direct administrative costs of effectuating the transfer. The amount of the Transfer Fee will be twenty-five 25% of our then current Initial Franchise Fee;

(iv) The proposed transferee must appoint a Designated Operator acceptable to Us; Designated Operator and the proposed transferee (at its option, if different) must, prior to the transfer, personally attend and satisfactorily complete Our Designated Operator and Restaurant Manager Training Program;

(v) The owners of the proposed transferee (with 10% or more of the outstanding voting interests) who have not attended Our initial training program, must attend and satisfactorily complete Our Franchise Principal Orientation;

(vi) The proposed transferee and other person(s) designated by Us must execute Our then current form of Franchise Agreement for the remaining term of this franchise;

(vii) The transfer documents must contain a non-competition agreement by You similar to that set forth in this Agreement at subsection 4.10(f);

(viii) If You and/or Your Principals finance any part of the sale price of the transferred interest, You and Your Principals must agree that all of the proposed transferee's obligations are subordinate to the transferee's obligations to pay amounts due to Us and Our Affiliate(s); and

(ix) Such other requirements as We may in Our discretion deem reasonably necessary, including a general release of any claims against Us.

(c) Neither this Agreement, any of the rights conferred on You hereunder nor any ownership interests in the purchasing franchisee may be retained by You as the transferring franchisee as security for the payment of any obligation that may arise by reason of any such transfer.

13.6 Death and Disability

(a) Except as provided for herein to the contrary, the death or disability of an owner of a Legal Entity shall have the legal results of applicable law. In the event of the death or legal incapacity of one of the Principals, the decedent's estate or You must immediately notify Us of such death, and within thirty (30) days after such notice further notify Us of a proposed successor to the decedent's interests (the "**Successor**"). If We approve the Successor, he or she will replace the decedent as a Principal hereunder.

(b) In the event We do not approve the Successor, We will so notify You, and You or the decedent's estate will use Your best efforts within the six (6) months from the date of such written notice from Us to sell the interests in this Agreement and Your Restaurant to a bona fide purchaser in accordance with and subject to all of the provisions of this ARTICLE 13. If by the end of such six-month period, You have not consummated a transfer of such interest or stock in a transaction which meets the requirements of this ARTICLE 13, We will have the option to purchase all of such interest in Your Restaurant and franchise or in the ownership of the Legal Entity at the fair market value thereof as determined in good faith by an independent appraiser selected as set forth in subsection (c) below.

(c) The procedure for determining the fair market value or other terms of purchase shall be that We and You shall each select one appraiser and such two appraisers shall select a third appraiser, and the third appraiser shall make the necessary determination, with the costs of appraisal to be borne equally by You and Us.

(d) If We in Our discretion decide that the death or disability of an individual, a Principal or a Successor will result in unsatisfactory operation of Your Restaurant, We may take over operation of Your Restaurant temporarily, and You will reimburse Us for all of Our costs and compensate Us for Our efforts at an amount equal to 5% of Gross Sales during such time.

13.7 Right of First Refusal

(a) You must give written notice to Us of any planned, attempted transfer or offer to transfer by You in any manner whatsoever of any interest in or under this Agreement or of any transfer of the controlling ownership interest in You if You are a Legal Entity. You grant Us the right of first refusal in regard to any such offer or transfer to purchase such interest on the same terms and conditions (or on terms and conditions determined by Us which will result in the same net financial benefits to You as transferor). In exercising Our right of first refusal, We may pay the transferor cash at closing in the same amount as the principal amount of any promissory note(s) otherwise required by the transferee or in the amount of the fair market value of any other non-cash purchase price, and if stock is provided for, may substitute stock of Ours or an affiliated corporation in an equivalent value to the stock contained in the offer of first refusal. Any determination of fair market value, equivalent value or net financial benefits made by Us in good faith shall be deemed an acceptance of the offer. Until We have accepted or rejected the offer of first refusal from You, You will neither consider nor accept any other offer and will keep confidential all of the terms of such transfer.

(b) The first refusal offer to Us must be in writing and must include complete details of all of the terms, conditions and provisions of the proposed transfer, including copies of all agreements which may be assumed by or assigned to the transferee. After receipt of all of such information, We will have thirty (30) days after actual receipt of all of such documents within which to accept or reject it. Our failure to accept within such thirty (30) days will constitute a rejection. If rejected, You may consummate the transfer to a third party if all other provisions of this Agreement are satisfied, but the transfer must be consummated within six (6) months and only upon the terms, conditions and provisions previously offered to Us.

(c) After any rejection by Us, You must in all events submit a fully executed copy of all final transfer documents to Us at least three (3) days in advance of any proposed consummation or closing date for Our review and comparison with the first refusal offer previously submitted to it. Any variation will require an offer of first refusal to Us on the varying terms following the same procedures set forth above. Our right of first refusal will be unrestricted and absolute, and We will in all cases have at least thirty (30) days to consider and act on each offer or any change in the terms and conditions of offer.

(d) Nothing contained in this Section 13.7 will in any way be deemed to limit Our discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

13.8 Assumption

This Agreement and Our rights, interests and obligations hereunder may be transferred to the benefit of any entity in whole or part which succeeds to Our business and assumes Our obligations hereunder.

ARTICLE 14: TRADEMARKS

14.1 Ownership

You agree that We have the sole and exclusive right (except for rights granted under existing and future franchise agreements) to use the Marks in connection with the products and services to which they are or may be applied by Us. You represent, warrant and agree that neither during the term of this Agreement nor after its expiration or other termination will You directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Us or take any action whatsoever in derogation of the rights claimed therein by Us. The license granted under this Agreement to use the Marks does not give You any ownership interest or other interest in or to the Marks.

14.2 Nonexclusive License

The license granted under this Agreement to use the Marks is nonexclusive except to the extent otherwise specified herein, and We, in Our sole and absolute discretion, may grant other licenses in, to and under the Marks in addition to those licensees already granted, both within and outside Your Restaurant's trading area, and to develop and license other names and marks on any such terms and conditions as We deem appropriate.

14.3 Other Uses

You expressly agree that We have the exclusive, unrestricted right to engage directly and indirectly, through alternative channels of distribution, including without limitation by Internet commerce or e-commerce, at wholesale, retail, catering and otherwise, within Your Restaurant trading area and elsewhere, in (a) the production, distribution and sale of food products and beverages under the Marks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Us. The license granted to You under this Agreement does not include any right or authority of any kind whatsoever to pre-package or sell prepackaged food or drink products under the Marks. We have the sole and exclusive right to such rights at all times and at all locations.

14.4 Goodwill

Nothing contained in this Agreement will be construed to vest in You any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith or any right in the design or any Restaurant building, other than the rights and license expressly granted herein of the term hereof. Any and all goodwill associated with or identified by the Marks will inure directly and exclusively to Our benefit, including without limitation any goodwill resulting from operation and promotion of Your Restaurant.

14.5 Use of Marks

You will not use the Marks in the connection with the offer or sale of any products or services which We have not authorized for use in the System. Except as permitted in the Manual, You may not use the Marks as part of any domain name, homepage, electronic address, or otherwise in connection with any sites on the Internet, unless We have agreed, in advance, in writing . You must follow Our rules when You use the Marks, including giving proper notices of trademark registration and obtaining fictitious or assumed name registrations required by law, and may not make any changes or substitutions to the Marks unless We direct in writing. You will not use the Marks in connection with any statement or material which may, in Our judgment, be in bad taste or inconsistent with the DOS COYOTES public image, or tend to bring disparagement, ridicule or scorn upon Us, the Marks or the goodwill associated therewith. You, whether doing business as a proprietorship or Legal Entity, will not adopt, use or register (by filing a certificate or articles of incorporation, a fictitious business name statement, or otherwise) any trade name or business name, style or design which includes, or is similar to, any of DOS COYOTES identifying characteristics. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

14.6 Changes in Marks; Protection

We will have the right at any time and from time to time upon notice to You to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes will be as effective as if they were incorporated in this Agreement. All such additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interest of DOS COYOTES Restaurants generally. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. We will protect and preserve the integrity and validity of the Marks by taking the actions deemed by Us in Our discretion to be appropriate in the event of any apparent infringement of the Marks.

14.7 Infringements

You must notify Us promptly of any claims or charges of trademark infringement against Us or You, as well as any information You may have of any suspected infringement of the Marks. You will take no action with regard to any such matters without Our prior written approval, and will cooperate fully with Us in dealing with any infringement or claim of infringement. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement. We have the right, in Our sole discretion, to determine whether any action will be taken because of possible infringement or illegal use of the Mark, component of the System or any part of the copyrighted materials. You agree to fully comply with Our decisions related to such and to cooperate with Us in any related disputes or litigation.

ARTICLE 15: EXPIRATION AND TERMINATION

15.1 Events of Default; Liquidated Damages

(a) We will have the right to terminate this Agreement immediately upon written notice to You if any of the following events occur:

(i) In the event of any breach or default under Sections 1.4 (opening date), 4.3(c) (failure to comply with applicable laws), 5.2 (mandatory training), 9.2 (inspection), 13.3 and 13.5 (unauthorized transfer) or 13.7 (right of first refusal);

(ii) If a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization is filed by or against You, or if You make any assignment for the benefit of creditors, or if a receiver or trustee is appointed for Your Restaurant, unless remedied to Our satisfaction within twenty (20) days;

(iii) If You for any reason lose Your right to possession of Your Restaurant premises;

(iv) If We discover that You have made any material misrepresentation or omitted any material fact in the information furnished by You in connection with the grant of this franchise;

(v) If You (or any Principal or Key Management) are convicted of any felony or other criminal conduct which is relevant to operation of Your Restaurant or if You, or any Principal or Key Management engage in conduct which reflects materially and unfavorably upon the operation and reputation of the DOS COYOTES business or System.

(vi) If You abandon Your Restaurant by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Restaurant (except as a result of fire, flood, earthquake or similar causes beyond Your control);

(vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice; or

(viii) If We make a reasonable determination that continued operation of Your Restaurant by You will result in an imminent danger to any of its customers or to public health or safety.

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only five (5) days written notice is required). If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure. A default in any other DOS COYOTES franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement.

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period.

(d) The provisions of this Section 15.1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default.

(e) Liquidated Damages

(i) Upon termination of this Agreement due to Your action or failure to take action according to its terms and conditions, You agree to pay Us within thirty (30) days after termination, in addition to any amounts owed Us or Our Affiliates, liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(ii) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's current remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.2 Termination by You

You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period.

15.3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must:

(a) immediately discontinue the use of the Marks and the System, including all DOS COYOTES recipes and proprietary procedures;

(b) unless We consent to the contrary, remove the Marks from Your Restaurant building and its signs, fixtures and furnishings, eliminate entirely DOS COYOTES trade dress and alter and paint Your Restaurant building and other improvements a design and color which is basically different from the DOS COYOTES image and design so that there will no longer be any indication to the public that Your Restaurant was a DOS COYOTES Restaurant. If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Restaurant premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand;

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us;

(d) immediately deliver to Us all copies of the Manual and any items bearing the Marks or which are confidential;

(e) pay all sums due Us or to become due to Us pursuant to this Agreement;

(f) comply with the post-termination covenants set forth in Section 4 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

(g) transfer all rights and access to any proprietary software program used in connection with the DOS COYOTES Restaurant and immediately cease using any proprietary software, hardware or other proprietary technology, including without limitation the Designated Software, used in connection with the DOS COYOTES Restaurant; and

(h) execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this ARTICLE 15.

15.4 Trademark Infringement

If You refuse to comply with a written notice of termination sent by Us and a court later upholds such termination of this Agreement, any operation of Your Restaurant by You from and after the date of termination stated in such notice will constitute trademark infringement by You and You will be liable to Us for damages resulting from such infringement in addition to any royalties paid or payable hereunder, including, without limitation, Your profits.

15.5 Option

If Your Restaurant premises are leased by You from a third party, You will have included in such lease and any subsequent lease of the premises the right by You to assign such lease to Us without further consent by the lessor. We may elect to have the lease automatically assigned to Us under such provision if this Agreement is terminated, whether it is terminated by Us or by You. If We so elect, You will immediately vacate the premises, and We will be entitled to take possession of said premises, including all fixtures and leasehold improvements, and We will pay to You the fair market value of the interests owned by You in Your Restaurant's furnishings and equipment. Fair market value will be determined by mutual agreement or an appraiser selected by Us or the American Arbitration Association if We cannot agree.

ARTICLE 16: MISCELLANEOUS

16.1 No Effect

The waiver by Us of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Us and any franchisee will not be deemed a waiver of any subsequent or continuing breach or default of the same or any other terms, covenants or conditions contained in this Agreement, or in any other agreement between Us and any franchisee.

16.2 Right and Remedies

All of Our rights and remedies will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. Our rights and remedies will be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement will not discharge or release You from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

16.3 Consents

Whenever the consent of a party is sought or required hereunder, such consent will not be unreasonably withheld.

16.4 Partial Invalidity

If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid; provided, however, that in the event any part hereof relating to the payment of fees to Us, or the preservation of the Marks, trade secrets or secret formulae licensed or disclosed hereunder is for any reason declared invalid or unenforceable, then We will have the option of terminating this Agreement upon written notice to You.

16.5 Arbitration; Jurisdiction

The parties each expressly waive all rights to any court proceeding, except as expressly provided in this Section 16.5. Any unresolved dispute between You and Us or Company arising out of, or in any way relating to, this Agreement or any other agreement by and between You and Us or Company, or any of the parties' respective rights and obligations arising from such agreement ("**Unresolved Dispute**"), must be processed in the following manner:

(a) Except as set forth in Subsection 16.5(b), any unresolved dispute between the parties arising out of or related to this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. The parties may agree to arbitration before another body, but the decision must be mutually agreed upon or arbitration mut remain before AAA. Any arbitration mut be conducted by a single arbitrator at least five (5) years of significant experience in franchise law. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**") (currently Clark County, Nevada). At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Arbitrators shall apply the law of the State of Nevada (without giving effect to any conflict of law principles) as set forth in section 16.7 below.

(b) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

16.6 Attorney Fees

If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

16.7 Governing Law

The parties agree that the law of the State of Nevada (without giving effect to any conflict of laws principles) will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto.

16.8 Notices

All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number with copy by regular mail, sent by an established overnight delivery service or mailed by certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: Dos Coyotes Development Company LLC
2409 Cook Out Court
Henderson, NV 89002
ATTN: LLC Manager

With a copy to:
Mr. Bobby Coyote
1784 Picasso Avenue, Suite B
Davis, CA 95618

You: ______________________________

____

____

16.9 Terms and Headings

All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Definitions are presented in bold face solely for ease of reference.

16.10 Compliance with Laws

You will at Your own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof. Without limiting the generality of the foregoing, You will abide by all applicable rules and regulations of any Public Health Department.

16.11 Entire Agreement

This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof.

Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document.

16.12 Amendment or Modification

Except as expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both Us and You.

16.13 Our Rights

Whenever this Agreement provides that We have a certain right, that right is absolute, and the parties intend that Our exercise of that right will not be subject to any limitation or review. The exercise of Our rights will be within Our sole discretion. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

16.14 Acknowledgment

BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AND AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED BUSINESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITIES AND EFFORTS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED BUSINESS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST SEVEN CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

[Execution on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

You: **Us:**

______________________________ Dos Coyotes Development Company LLC

______________________________ By: ______________________________
Robert Davidson, President & LLC Manager

PRINCIPALS:

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Attachment 1 (*if applicable*)

PROTECTED TERRITORY

The geographic area described below is the **Territory** referred to in Section 1.2(b) of the Franchise Agreement because the Restaurant has been determined by Us to be located within a "**high density area**":

You: ______________________________

By: ________________________________

Title: ______________________________

Us: Dos Coyotes Development Company LLC

By: ____
Robert Davidson, President & LLC Manager

Attachment 2

PERSONAL GUARANTY

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of the franchisee ("**Franchisee**") under the foregoing DOS COYOTES Franchise Agreement dated _____________, 202____ by and between the Franchisee and Dos Coyotes Development Company LLC, the DOS COYOTES franchisor ("**DCF**") and hereby individually undertakes to be bound by all of the terms of such Franchise Agreement.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require DCF or its assignee to proceed against Franchisee or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. DCF may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty as of the date set forth below.

_______________________________ _______________________________

_______________________________ _______________________________

("**Guarantors**")

Dated:__________________________

Attachment 3

CONFIDENTIALITY AGREEMENT

The undersigned Employee of ______________________ (the “**Employer**”), which has applied for or received a DOS COYOTES franchise from Dos Coyotes Development Company LLC (the “**Franchisor**”) hereby agrees that Employee shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a DOS COYOTES franchised business including, but not limited to, the DOS COYOTES Manual (“**Confidential Information**”); provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others. Nothing in this agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employ has reason to believe is unlawful.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives (“Innovations”) at any time during, and for a period of one year after employment in a DOS COYOTES Restaurant. All such Innovations will be deemed the sole and exclusive property the Franchisor. The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges and agrees that Employer alone will be solely responsible for all hiring and employment decisions and functions relating to Employer’s DOS COYOTES franchised business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Employer has received advice from Franchisor on these subjects or not. Employee is not employed by Franchisor.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and the Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Franchisee, including without limitation the DOS COYOTES Confidential Manual(s).

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: ______________________

Print Name:_______________________________

Signature: _______________________________

("**Employee**")

Exhibit
B

DOS COYOTES®

AREA DEVELOPMENT AGREEMENT

DOS COYOTES®
AREA DEVELOPMENT AGREEMENT
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DOS COYOTES®
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT dated ________________, 202__, is between Dos Coyotes Development Company LLC, Nevada limited liability company ("**We**", "**Us**" or "**Our**", on the one hand, and ___________________________________, a ___________organized under the laws of the State of _________________ ("**You**" or "**Your**"), and the person(s) executing this Agreement as "**PRINCIPAL**S" (the "**Principals**"), on the other hand.

In consideration of the mutual promises set forth herein, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development of Territory. We hereby grant to You the right to open and operate DOS COYOTES franchise restaurants ("**Restaurants**") in the geographic area which is specified in **Exhibit A** attached hereto and incorporated herein by reference (the "**Territory**").

1.2 Your Territorial Rights. (a) During the term and any extension or renewal of this Agreement, We will not (a) license or allow any other party to operate a Restaurant within the Territory except one or more "**Non-traditional Venue"** restaurants defined in subsection 2.1(c) below, or (b) open or operate, directly or indirectly, any Restaurants within the Territory (except pursuant to any first refusal rights contained in any Franchise Agreement between You and Us, or as otherwise provided in Article 5 below).

(b) Notwithstanding the foregoing, if You have opened the minimum number of Restaurants referred to in Section 2.1 below and We determine in Our discretion that one or more additional Restaurants should be developed within the Territory, We will notify You in writing of such determination and offer You the right of first refusal to develop such Restaurant(s). If after 30 days following mailing of such notice, We have not received Your written acceptance of such right of first refusal, We may develop such Restaurants within the Territory or authorize other(s) to do so.

1.3 Termination. If this Agreement is terminated as a result of a material breach by You, We will have the full and absolute right to operate or franchise or license other parties to operate DOS COYOTES Restaurants within the Territory.

1.4 Other Products and Outlets. You agree that We retain the unrestricted right within the Territory and elsewhere to produce, license, distribute and market products and services using the Marks or other marks through any established distribution channel, at wholesale or retail, including by means of the Internet (or any other existing or future form of electronic commerce), mail order catalogs, direct mail advertising and other distribution methods. Other distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, military installations, or industry locations (e.g. manufacturing site, office building). We are not required to pay You for soliciting or accepting orders from inside Your Territory.

1.5 Not Transferable. This Agreement is a personal, non-transferable commitment by You to Us based on the personal confidence reposed by Us in the Principals. Accordingly, both parties agree that any attempt without the prior express written consent of Us to transfer, encumber or assign this Agreement by You or by the Principals in any manner whatsoever will cause the immediate and automatic termination of this Agreement, and We will have no further liability or obligation to You or the Principals pursuant to this Agreement.

2. DEVELOPMENT OF TERRITORY

2.1 Development Schedule. (a) You agree to develop at least a total of **___________** (____) DOS COYOTES Restaurants (the "**Required Restaurants**") within the Territory during the term of this Agreement in strict accordance with the Development Schedule set forth in **Exhibit B** attached hereto and incorporated herein by reference (the "**Development Schedule**").

(b) The Development Schedule contains a specific number of Required Restaurants to be opened and operated by You within the Territory during certain time periods. If any Restaurants within the Territory are closed for business (except for authorized holidays or temporarily for major repairs or otherwise with Our prior written consent), such Restaurants will not be included in computing the number of open and operating Required Restaurants and in satisfying the deadlines set forth in the Development Schedule.

(c) The number of Required Restaurants for purposes of the Development Schedule will not without Our prior written consent include a Restaurant located at a "**Non-Traditional Venue",** which means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its food service facilities to itself or a master concessionaire or contract food service provider and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant food facility, sports arena and stadium, supermarket, grocery store or convenience store.

2.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (a) create any obligation to grant additional modifications, amendments, consents or waivers or (b) be effective unless made by written mutual agreement of the parties.

3. DEVELOPMENT FEE

3.1 Development Fee. In consideration of Our grant to You of the right to develop DOS COYOTES Restaurants in the Territory as provided for herein, You agree to pay to Us upon execution of this Agreement the Initial Franchise Fee for the first Required Restaurant plus $10,000 for each additional Required Restaurant (the "**Development Fee**"). The Development Fee is non-refundable and is fully earned by Us upon Our execution hereof as a result of the grant of rights to You and Our forbearance from developing the Territory Ourselves or through other parties. You will not be entitled to a refund of such fee under any circumstances.

3.2 Amount of Fee. The total Development Fee to be paid by You upon execution of this Agreement is $_______________.

4. DEVELOPMENT PROCEDURES

4.1 Mandatory Compliance. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for Restaurants developed hereunder. We will not approve any pending franchise application or site approval request by You for additional Restaurant(s) if You are in material breach of any Franchise Agreement.

4.2 Site Approval. You will utilize Your own financial, real estate, construction and any other resources required to develop Restaurants using architects, contractors, and vendors previously approved by Us. You agree to comply with the requirements of the Franchise Agreement and any additional requirements provided for in the Manual.

4.3 Franchise Agreements and Fees. You will receive $10,000.00 credit from the Development Fee toward the Initial Franchise Fee for each Required Restaurant, except that the total Initial Franchise Fee for the first Required Restaurant will be included in the Development Fee. You must pay the balance of the Initial Franchise Fee and execute Our then-current form of DOS COYOTES Franchise Agreement, for each other Required Restaurant. For the second and each of the other Required Restaurants opened pursuant to Your Development Schedule, the Restaurant's Initial Franchise Fee and Royalties will be the same as those contained in Your first Required Restaurant.

4.4 Confidentiality Agreements. You agree to obtain from each of the Principals and any other Your representatives a Confidentiality Agreement in the form attached hereto as **Exhibit C** and incorporated herein by reference. You further agree to comply fully with the terms of such Confidentiality Agreement. A copy of all such signed agreements shall be delivered to Us within one week of their execution.

4.5 Designated Operator. The individual named in this Section must be an experienced culinary professional with multi-unit restaurant supervisory experience who, will devote his or her full time, best efforts and constant personal attention to the operation and development of the Required Restaurants, with full authority to act on Your behalf and on behalf of the Principals with regard to the operation of Your Restaurants:____(the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for development and restaurant operations.. Certification and approval of the Designated Operator includes both satisfactory completion of Our Designated Operator and Restaurant Manager Training Program, and also working sufficient additional time in a company-operated restaurant, as we deem necessary in our sole discretion, to successfully develop and operate a Dos Coyotes Border Café restaurant. Failure of the Designated Operator to successfully complete this training and the additional in-restaurant assignment to Our satisfaction constitutes a material breach of this Agreement. Any change in the identity of Your Designated Operator must be approved by Us in writing.

5. EXISTING RESTAURANTS; ACQUISITIONS

5.1 Company Restaurants. If We or another entity under common control with Us ("**Affiliate**") currently operate DOS COYOTES Restaurants within the Territory, such Restaurants are specified on **Exhibit A** attached hereto and incorporated herein by reference ("**Company Restaurants**") and any present or proposed franchised Restaurants in the Territory are specified on **Exhibit A** as "**Franchised Restaurants**". Unless You are purchasing the Company Restaurants or Franchised Restaurants pursuant to separate agreement, You agree that Company Restaurants and Franchise Restaurants may continue to be operated as DOS COYOTES Restaurants notwithstanding their location in the Territory. In any event, such Restaurants will not be included under any circumstances toward meeting Your development obligations hereunder.

5.2 Acquisitions; First Right of Refusal.

(a) We may during the term hereof acquire a chain of Restaurants from a third party with the intention of converting some or all of such Restaurants to DOS COYOTES Restaurants, in which event You agree that We may so convert any of such Restaurants located within the Territory so long as We satisfy the following conditions:

(i) We will first send You a written offer to purchase all such Restaurants within the Territory at Our total acquisition cost (including without limitation "soft" costs as defined below) for such Restaurants.

(ii) You will have thirty days from the date such offer is sent to accept such offer, and until You have either rejected such offer or such thirty-day period has lapsed, no conversion or other offer to third parties will be made by Us.

(iii) Your failure to accept such offer within such thirty-day period will constitute a rejection.

(b) If You have accepted the above offer and converted such Restaurant(s) to Our satisfaction, such Restaurants(s) will apply toward meeting Your development obligations under the Development Schedule. If We convert or franchise another party to convert such Restaurants, such Restaurants will not have any effect on Your obligations under the Development Schedule.

(c) For purposes herein, "**soft costs**" will mean all internal and external costs incurred by Us in connection with the acquisition. These will include, without limitation, cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each Restaurant being offered to You.

6. TERM; RENEWAL

6.1 Term; Renewal. (a) The initial term of this Agreement ends five (5) years from the date set forth above **or if initialed**, until the following date:

_______________, 20__. ___________ _______________

6.2 Renewal

You may renew this Agreement for one additional five (5) year term so long as all of the following conditions have been met before the end of the current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must have paid all amounts owed to Us and our affiliated companies (“**Affiliates**”) and have timely paid all such amounts throughout the current term;

(d) You and We must have agreed upon a new Development Schedule to apply during the next term and the additional Required Restaurants;

(e) You must pay Our then current “**Renewal Development Fee**” times the number of the additional Required Restaurants specified in the new Development Schedule; and

(f) You must execute Our form of a general release of any and all claims against Us, the Company and other Affiliates, and Our and their officers, directors, agents and employees.

7. DEFAULT

7.1 Default by You. We will have the right to terminate this Agreement upon thirty (30) days written notice to You if You fail to perform any of Your material obligations contained in this Agreement and fail to cure such failure within thirty (30) days of Your receipt of such notice.

7.2 Deadlines Missed by You. TIME IS OF THE ESSENCE of this Agreement. Your failure to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 7.1 hereof. If You fail to meet such a deadline, We may at any time thereafter immediately terminate this Agreement effective upon written notice from Us. The termination of this Agreement will have no effect on any franchises previously issued to You or on franchises to be issued for sites where We have already approved the site and the franchise.

7.3 Other Defaults. A default by You under any DOS COYOTES Franchise Agreement developed under this Agreement will constitute a material default under this Agreement, in which event We may terminate this Agreement unless such default is timely cured in accordance with the term of the pertinent Franchise Agreement or applicable law.

8. PRINCIPALS; LEGAL ENTITY; COVENANTS

8.1 Definition of Principals and Key Management. For purposes of this Article 8, the term "**Principals**" will include the persons executing this Agreement as Principals, their spouses, minor children or any trust for the benefit of such persons. If You are a legal entity, the term "**Key Management**" will include Your President, Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. We have the unrestricted right to approve all owners and any future owners, all present and future Key Management, and all present and future Corporate Directors or LLC Managing Members. The organization documents must be promptly submitted for Our review.

8.2 Personal Guarantees. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement and under each and every Franchise Agreement to be entered into pursuant hereto.

8.3 Conflicts of Interest. During the term of this Agreement, neither You nor any Principal will, without Our prior express written consent of, directly or indirectly, engage in, or acquire any financial or beneficial interest in, any Restaurant which is similar to or competitive with the business of DOS COYOTES Restaurants ("**Similar Busines**s")

8.4 Authorized Agent. You and the Principals appoint the following person with full authority (the "**Authorized Agent**") to act on Your behalf and on behalf of the Principals in regard to performing, administering or amending this Agreement and any and all Franchise Agreements related to it: ___________________________________
We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You of the appointment of a successor to the Authorized Agent;

YOUR INITIALS: __________

8.5 Form of Legal Entity. (a) If You are organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**"), the Principals must notify Us of the form of such Legal Entity and have received Our written approval and You must comply with this Subsection 8.5 and any other condition which We may require. We have unrestricted right to approve all equity owners and any future owners. We will not charge a transfer fee for forming such a Legal Entity.

(b) Unless We provide its prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of developing and operating DOS COYOTES Restaurants.
(ii) The Principal(s) (as defined in Section 8.1 above) will collectively own and control not less than fifty-one percent (51%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.
(iii) Not more than twenty percent (20%) in the aggregate of the voting rights of the Legal Entity will be owned beneficially or of record by institutional firms or publicly-held corporations.
(iv) True and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents and amendments thereto relating to Your ownership, organization, capitalization, management and control have been reviewed and have been found acceptable by Us.
(v) There will be no public offerings of debt or equity ownership by or in the Legal Entity without Our prior written consent and approval.

(vi) Prior to the end of ___ days after the date of this Agreement, at least $100,000 times the number of Required Restaurants ($___________) cash will be invested in Your Legal Entity, which will be its minimum start up capitalization. You agree to furnish Us with written evidence of such investment on or before the above date.

(vii) You must at all times maintain in the Legal Entity (A) positive working capital and (B) a net worth of at least $100,000 multiplied by the number of Required Restaurants developed hereunder.

(viii) All persons with a 10% or greater interest in You must execute the Personal Guaranty in the form attached hereto as **Exhibit D**.

(ix) You have provided Us with such documentation as We have requested to evidence the foregoing.

(c) Throughout the term of this Agreement, the Legal Entity will not make any transfer of value to any of its beneficial or record owners or any affiliate of such owner ("**Owner")** which would create negative working capital or would cause the net worth of the Legal Entity to be less than $100,000.00 multiplied by the number of Required Restaurants to be developed hereunder. Similarly, there will at no time be any transfer of value to any Owner unless You are fully current in all payments to Us and Our Affiliates and all Advertising Cooperatives in the Territory. For purposes herein, "**transfer of value**" will include but not be limited to gifts, bonuses, salaries, benefits or other compensation, dividends of any nature, loans, cancellation of debt, purchases or sales, or similar transfers.

(d) You agree to notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with DOS COYOTES Restaurants, or having a known history, reputation or character which is adverse to the interests of DOS COYOTES Restaurants. Our failure to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 8.5, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 8.5 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold approval of any transfer so long as the Principals maintain operational control of Your Legal Entity.

(f) The organization documents of the Legal Entity will contain the restrictions set forth in this Section 8.5. You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"Transfer of ownership in this company is subject to the
terms and conditions of a DOS COYOTES
Area Development Agreement and Franchise Agreement(s).
Reference is made to such Agreements and to the restrictive provisions
contained in this company's organization documents."

(g) You agree at Our request to furnish information, execute forms, and take all such action as requested by Us, to provide Us with such documentation to support this Article 8. You agree to provide Us with such documentation within fifteen (15) days after receipt of such request.

8.6 Financial Statements. You and the Principals agree that each will furnish Us every year during the term hereof a certified copy of the same form of annual financial statements required of the Franchisee in the Franchise Agreements provided for herein. Such financial statements must be received by Us not later than one hundred twenty (120) days after the last day of each fiscal year. Any amendments to such information will be sent to us promptly. TIME IS OF THE ESSENCE with respect to completion and submission of each such document.

8.7 Security Interest. You may not grant a security interest in this Agreement or in any Dos Coyotes Franchise Agreement to any third party.

9. MISCELLANEOUS

9.1 Miscellaneous. (a) Each of the parties hereto agrees that the terms and conditions of this Agreement are confidential and restricted to the knowledge of the parties and their respective attorneys, accountants, advisors and only other persons whose knowledge of this Agreement are necessary for the implementation of the transaction contemplated hereby.

(b) The terms hereof are intended only to benefit the parties to this Agreement, and no one else is entitled to any benefits as a result of this Agreement or its terms and conditions.

(c) If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid.

(d) Except as set forth in Section 9.1(e), any unresolved dispute between the parties arising out of or related to this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. The parties may agree to arbitration before another body, but the decision must be mutually agreed upon or arbitration must remain before AAA. Any arbitration must be conducted by a single arbitrator with at least five (5) years of significant experience in franchise law. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**") (currently Clark County, Nevada). At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification, or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter.

(e) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

(f) The parties agree that except for conflict of laws issues, the law of the State of Nevada will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed according to the Federal Arbitration Act; and (b) trademark rights will be governed by and construed according to the Lanham Act.

(g) If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

(h) All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by registered or certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: Dos Coyotes Development Company LLC 2409 Cook Out Court Henderson, NV 89002 ATTN: LLC Manager	With a copy to: Mr. Bobby Coyote 1784 Picasso Avenue, Suite B Davis, CA 95618

You: ______________________________

____

____

(g) All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. All terms used herein shall have their customary meanings unless specified to the contrary. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Words in bold face are done so for ease of reference only.

(h) Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document. This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Except as may be expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both parties.

9.2 Acknowledgment. BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED RESTAURANTS WILL BE LARGELY DEPENDENT UPON THE ABILITIES AND EFFORTS OF YOU AND THE PRINCIPALS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED RESTAURANTS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST 7 CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU, AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

9.3 <u>No Waiver or Disclaimer of Reliance in Certain States</u>.

The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

****

[Signatures on next Page]

IN WITNESS WHEREOF, the parties have executed the Agreement as of the day, month and year first above written.

Sign here if the Area Developer is an individual(s):

"You"

Print Name: ___________________________ Print Name:____________________________

Signature: _____________________________ Signature: _____________________________

Sign here is the Area Developer is a company and/or legal entity:

You: ________________________________

By: _________________________________

Title: _______________________________

Principals:

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

Printed Name: ___________________________ %Ownership: _____

Signature: ______________________________

DOS COYOTES DEVELOPMENT COMPANY LLC

By ____
Robert Davidson, President & LLC Manager

EXHIBIT A

TERRITORY

Your Name:

Description of Territory:

Existing Restaurants (if any):

APPROVED:

YOU: ____________________________

By: __________________________
Title: _________________________

US: DOS COYOTES DEVELOPMENT COMPANY LLC

By _______________________________________
Robert Davidson, President & LLC Manager

EXHIBIT B

DEVELOPMENT SCHEDULE

1. DOS COYOTES Restaurants Development. We have granted to you the right to develop and operate and you agree to develop and operate a minimum number of ________ (__) DOS COYOTES franchise Restaurants in accordance with the terms of the Agreement.

2. Development Obligations. You agree to have the minimum number of DOS COYOTES Restaurants ("**Restaurants**") open in the Development Area during the Development Periods and in operation at the end of each of the Development Periods listed below:

DEVELOPMENT PERIOD	**DEVELOPMENT REQUIREMENTS**	
ENDING ON:	TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE

APPROVED:

YOU: ____________________________

By: _________________________

Title: _________________________

US: DOS COYOTES DEVELOPMENT COMPANY LLC

By _______________________________________

Robert Davidson, President & LLC Manager

EXHIBIT C

CONFIDENTIALITY AGREEMENT

In consideration of receiving information regarding the operation of DOS COYOTES Restaurants (the "**Restaurants**") the undersigned ("**Recipient**") agrees that:

1. Recipient will not (a) make unauthorized copies of, (b) disclose to any unauthorized person or (c) use for Recipient's benefit or a DOS COYOTES competitor's benefit any trade secrets or confidential information, knowledge or know-how about the methods of operating the Restaurants ("**Confidential Information**") except only for information which Recipient can show was known by him or her before receiving such information from Dos Coyotes Development LLC or information which has become a part of the public domain through publication or communication by others.

2. Recipient agrees that any breach of this Confidentiality Agreement will cause DOS COYOTES operators irreparable injury, and agrees that in addition to any other right or remedy provided for by law or equity, Dos Coyotes Development Company LLC shall be entitled to specific performance of, or an injunction against violation of, this Confidentiality Agreement.

3. Recipient agrees that upon request he or she will return immediately all copies of any DOS COYOTES Manuals and other documents containing Confidential Information to Dos Coyotes Development Company LLC.

IN WITNESS WHEREOF, the undersigned has executed this document as of the date set forth below.

DATED: ____________________

Print Name:______________________________

Signature: ______________________________

EXHIBIT D

PERSONAL GUARANTY

This Personal Guaranty is given to induce Dos Coyotes Development Company LLC (the "**Franchisor**") to enter into that certain DOS COYOTES Area Development Agreement, dated _________, 202___ with ____________________________ ("**Area Developer**").

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of Area Developer, including, without limitation, all obligations arising out of the Area Development Agreement and any other agreement; including, without limitation, all DOS COYOTES Franchise Agreements entered into under the Area Development Agreement, and hereby individually undertakes to be bound by all of the terms of such agreements.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require Franchisor or its assignee to proceed against Area Developer or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds, and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors, and assigns. The Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

In connection with any litigation or arbitration to determine Guarantors' liability under this Personal Guaranty, Guarantors expressly waive Guarantors' right to trial by jury, if any, and agree to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty on _______________ [date].

"Guarantors"

Print Name: _________________________	Print Name: __________________________
Signature: ___________________________	Signature: ___________________________
Print Name: _________________________	Print Name: __________________________
Signature: ___________________________	Signature: ___________________________

Exhibit
C

EXHIBIT C

CONFIDENTIALITY AGREEMENT (OPERATIONS MANUAL)

This Confidentiality Agreement dated as of ______________________, 202____ by and between the undersigned ("You" and "Your") and Dos Coyotes Development Company LLC ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

____________________________ Printed Name:__________________________

DOS COYOTES DEVELOPMENT COMPANY LLC

By: _______________________________

Title: _____________________________

Exhibit D

NAMES AND ADDRESSES OF AGENTS FOR SERVICE OF PROCESS AND STATE REGULATORY AUTHORITIES

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Commissioner of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90023-2344 (213) 576-7505 or (866) 275-2677 Website: www.dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677 Website: www.dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Securities Compliance Branch Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892
INDIANA	Secretary of State Administrative Offices 201 State House Indianapolis, IN 46204	Securities Commissioner Securities Division, Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020	Maryland Attorney General Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottowa P.O. Box 30213 Lansing, MI 48909

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
		(517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903	Associate Director and Superintendent of Securities Division of Securities Bldg 69, 1st Floor, 1511 Pontiac Ave. Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Division of Securities South Dakota Department of Revenue and Regulation 445 E. Capitol Avenue Pierre, SD 57501	Franchise Administrator Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4013
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 266-3432

Exhibit E

EXHIBIT E

LIST OF CURRENT FRANCHISEES
As of December 31, 2023

Thunder Valley Casino Resort
10720 Indian Hill Road
Auburn, CA 95603
(916) 408-8208

East Bay Coyotes, Inc.
8728 Creekside Drive
Dublin, CA 94568
(530) 304-4379

LIST OF FORMER FRANCHISEES
As of December 31, 2023

None

Exhibit
F

Financial Statements

Dos Coyotes Development Company, LLC

December 31, 2023 and 2022

Haynie & Company
(a professional corporation)

Certified Public Accountants and Management Consultants
4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITORS' REPORT

To the Board
DOS COYOTES DEVELOPMENT COMPANY, LLC
Henderson, Nevada

Opinion

We have audited the accompanying financial statements of Dos Coyotes Development Company, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members' 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 Dos Coyotes Development Company, LLC, as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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 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.

Haynie & Company

April 22, 2024
Newport Beach, California

DOS COYOTES DEVELOPMENT COMPANY, LLC
Balance Sheets
December 31, 2023 and 2022

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	$ 33,664	$ 21,558
Accounts receivable, net of allowance for credit losses of $0 and $0, respectively	4,239	1,527
Total current assets	37,903	23,085
Due from affiliate	159,224	108,401
Total assets	$ 197,127	$ 131,486
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ -	$ 10,070
Deferred revenues, current portion	3,000	3,000
Total current liabilities	3,000	13,070
Deferred revenue, net of current portion	9,000	12,000
Loan payable - affiliates	25,574	25,574
Total liabilities	37,574	50,644
Members' equity	159,553	80,842
Total members' equity	159,553	80,842
Total liabilities and members' equity	$ 197,127	$ 131,486

See notes to financial statements.

DOS COYOTES DEVELOPMENT COMPANY, LLC
Statements of Income and Members' Equity
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues:		
Area development and initial franchise fees	$ 3,000	$ 3,000
Franchise royalties	158,629	166,777
Total revenues	161,629	169,777
Operating expenses:		
Accounting and auditing fees	8,630	8,580
Legal and professional fees	27,251	63,493
License and permit fees	675	1,025
Outside services	44,530	44,760
Other	1,943	1,403
Total operating expense	83,029	119,261
Operating income	78,600	50,516
Other income (expense):		
Miscellanous income	111	2
Total other income	111	2
Income before provision for income taxes	78,711	50,518
Provision for income taxes	-	-
Net income	78,711	50,518
Members' equity, beginning of year	80,842	30,324
Members' equity, end of year	$ 159,553	$ 80,842

See notes to financial statements.

DOS COYOTES DEVELOPMENT COMPANY, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	$ 78,711	$ 50,518
(Increase) decrease in assets:		
Accounts receivable	(2,712)	(37)
Due from affiliate	(50,823)	(54,234)
Increase (decrease) in liabilities:		
Accounts payable	(10,070)	(480)
Deferred revenue	(3,000)	(3,000)
Loans payable- affiliates	-	350
Cash from operating activities	12,106	(6,883)
Cash flows from investing activities:	-	-
Cash from investing activities	-	-
Cash flows from financing activities:	-	-
Cash used in financing activities	-	-
Increase (decrease) in cash	12,106	(6,883)
Cash, beginning of year	21,558	28,441
Cash, end of year	$ 33,664	$ 21,558

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Dos Coyotes Development Company, LLC, is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Nature of operations

Dos Coyotes Development Company, LLC, (the Company) was organized in 2012 in the State of Nevada to franchise and license the rights to operate Dos Coyotes Restaurants.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash consists of money held in a checking and savings account. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of December 31, 2023 and 2022, there were no amounts in excess of FDIC insurance limits.

Accounts receivable

Accounts receivable represents an amount due from a franchisee in connection with franchise royalties. The carrying amounts of accounts receivable approximates fair value. The Company's determination of the allowance for credit losses (if any) includes a number of factors, including the age of the balance and past experience with the franchisee. As of December 31, 2023 and 2022, allowance for credit losses totaled $0 and $0, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

The Company is a limited liability company and, as such, the tax attributes pass through to the individual members who report the income or loss on their respective income tax returns.

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of income and members' equity. As of December 31, 2023 and 2022, the Company had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Company files income tax returns in the U.S. federal and California jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019, and they are no longer subject to California income tax examinations by tax authorities for years before 2018.

Fair value of financial instruments

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, and short-term borrowings approximate their fair values due to the short-term nature of these investments.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has evaluated the long-lived assets and has not identified any impairments as of December 31, 2023.

Leases

The Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification (if applicable).

The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. When a lease includes renewal options which can extend the lease term, only those options that are reasonably expected to be exercised and that the Company can exercise at its sole discretion are included in the measurement of lease assets and liabilities.

The adoption of the new lease standard did not result in any recognition of right-of-use-assets and lease incentives or operating lease liabilities as of December 31, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for credit losses

On January 1, 2023, the Company adopted Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and certain other financial assets. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost and determined that the adoption did not have a material impact to the previously reported allowance amounts.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the periods ending December 31, 2023 and 2022 were zero.

Revenue recognition and deferred revenue

The Company adopted Accounting Standard Codification 606 ("ASC 606") as of January 1, 2020 using the modified retrospective method and applied the new guidance to all contracts that had not been completed as of that date. Accordingly, results for the year ended December 31, 2023 and 2022 are presented in accordance with ASC 606.

ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; second, any remaining revenue will be recognized over the agreement term.

The new revenue guidance in ASC 606 did not impact the timing of continuing franchise fees.

Beginning January 1, 2020, the Company now recognizes a portion of franchise payments revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are typically due upon the execution of an area development or franchise agreement. Then also upon execution of a renewal agreement. The Company's performance obligation with respect to franchise payments revenues consists of pre-opening obligations including conducting an operation's training course, developing a marketing program designed for the restaurant's initial opening, providing assistance in locating a restaurant site and assisting with the coordination of pre-opening activities. Subsequent to the restaurant's opening, the Company continues to provide advice and assistance with general restaurant operations, training as deemed necessary, and the administration and maintenance of advertising programs designed to promote the collective success of all restaurants for a specified period of time, which is satisfied over the life of each franchise agreement.

Deferred revenue resulting from cash collected for initial franchise fees paid by franchisees are classified as liabilities in the balance sheets based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the changes in deferred revenue:

Deferred revenue, December 31, 2021	$	18,000
Cash collected for initial franchise payments		-
Revenue recognized		(3,000)
Deferred revenue, December 31, 2022	$	15,000
Cash collected for initial franchise payments		-
Revenue recognized		(3,000)
Deferred revenue, December 31, 2023	$	12,000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2023:

	Contract Revenue
Year ended December 31:	
2024	$ 3,000
2025	3,000
2026	3,000
2027	3,000
	$ 12,000

The following table illustrates revenues recognized according to timing of the transfer of goods or services from the adoption of ASC 606 as of December 31:

	2023	2022
Revenue recognized at a point in time	$ 158,629	$ 166,777
Revenue recognized over time	3,000	3,000
Total revenue recognized	$ 161,629	$ 169,777

2. FRANCHISE INFORMATION

The Company did not sell any new franchise locations during both the 2023 and 2022 year. Two franchise restaurants were open and in operation, however, these two operating locations were temporarily closed due to COVID-19 restrictions. One of these locations was reopened in September of 2020 and the other reopened in June of 2021. There were no purchases of restaurants during both the 2023 and 2022 year.

2. FRANCHISE INFORMATION (CONTINUED)

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee of $40,000, and continuing royalty fees based upon gross revenues. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval and training. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement are performed. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense.

Initial fees included in revenues for the years ended December 31, 2023 and 2022 were $3,000 and $3,000, respectively.

3. CONCENTRATION OF CREDIT RISK

The financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash deposits and trade accounts receivables. Management does not believe there is exposure to credit risk with these financial instruments as of December 31, 2023.

4. DEFERRED REVENUE

As of December 31, 2023 and 2022, deferred revenue totaled $12,000 and $15,000, respectively.

5. DUE FROM AFFILIATES

During the 2018 year, the Company paid approximately $29,000 of consulting fees on behalf of a certain related party and during the 2020 year, the Company advanced approximately $25,000 of funds to a related affiliate Company and has recorded a related receivable. During the 2022 year, the Company paid approximately $54,000 of legal fees on behalf of a certain related party. In addition, during the 2023 year, the Company paid approximately $27,000 in legal fees and approximately $24,000 in various other expenses on behalf of a certain related party. As of December 31, 2023 and 2022, the total of these affiliate receivables were $159,224 and $108,401, respectively.

6. LOAN PAYABLE - AFFILIATES

The Company has received funds during the 2018 and 2017 years from a related party, which it has used, or will use, to fund pre-opening costs and obligations due to any Company franchisees, and/or related operating expenses. During the 2022, 2021 and 2020 years, a related party paid for certain expenses on behalf of the Company. The loan is non-interest bearing and has no fixed repayment schedule. This loan will be paid back as the Company begins to accumulate cash flows in future years.

The loan payable consisted of the following:	2023	2022
Loan payable	$ 25,574	$ 25,574

Annual principal payments are anticipated to approximate the following:

Year ending December 31:	
2024	$ -
2025	25,574
	$ 25,574

7. RELATED PARTY TRANSACTIONS

As discussed in Note 6 above, the Company has received funds as a loan from a related party. This loan will be paid back as the Company begins to accumulate cash flows in future years. As of December 31, 2023 and 2022, the related outstanding loan balance totaled $25,574 and $25,574, respectively.

The Company has two trademark licenses with related parties. Based on the terms of the agreements, the Company from time to time may be obligated to pay a royalty to these related parties. As of December 31, 2023 and 2022, the Company was not required to pay a royalty fee to the licensor.

As discussed in Note 5, the Company paid for consulting fees and legal fees on behalf of a certain related party. As of December 31, 2023 and 2022, the related receivable totaled $159,224 and $108,401, respectively.

8. CONCENTRATIONS

The majority of the Company's revenue included royalty income received from operating restaurant locations.

9. CONTINGENCIES

Litigation

In August of 2020, a class and representative lawsuit was filed against the Company and other related entities. In April 2023, the parties agreed to settle the case (which needs Court approval) for $675,000. Because the entire $675,000 obligation payable relates entirely to wages, interest, and penalties due to employees of the related parties, these related parties have agreed to be responsible for the payment of the settlement and are not seeking any contribution from the Company. As such, as of December 31, 2023, the Company has not recognized any liability relative to this settlement.

In June of 2021, a discrimination and wrongful termination lawsuit was filed against the Company and other related entities including a franchisee of the Company. In April 2023, this case was settled with only the related franchisee being responsible to contribute $200,000 to the settlement proceeds. As such, the Company has not recognized any liability as of December 31, 2023 in connection with this matter.

The management of the Thunder Valley Resort Casino has verbally notified the Company of its current intent to close the Dos Coyotes restaurant sometime near the end of 2024 (approximately five years before the end of the term of the Franchise Agreement, and in violation of that Agreement), and indicated that if they do so, they will submit a settlement proposal for the Company's consideration. Royalty revenues from this franchise location were approximately $69,000 for the year ended December 31, 2023.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 22, 2024, the date which the financial statements were available.

Financial Statements

Dos Coyotes Development Company, LLC

December 31, 2022 and 2021

Haynie & Company
(a professional corporation)

Certified Public Accountants and Management Consultants
4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITORS' REPORT

To the Board
DOS COYOTES DEVELOPMENT COMPANY, LLC
Henderson, Nevada

Opinion

We have audited the accompanying financial statements of Dos Coyotes Development Company, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and members' 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 Dos Coyotes Development Company, LLC, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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 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.

Haynie & Company

April 20, 2023
Newport Beach, California

DOS COYOTES DEVELOPMENT COMPANY, LLC
Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,558	$ 28,441
Accounts receivable, net of allowance for doubtful accounts of $0 and $0, respectively	1,527	1,490
Total current assets	23,085	29,931
Due from affiliate	108,401	54,167
Total assets	$ 131,486	$ 84,098
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,070	$ 10,550
Deferred revenues, current portion	3,000	3,000
Total current liabilities	13,070	13,550
Deferred revenue, net of current portion	12,000	15,000
Loan payable - affiliates	25,574	25,224
Total liabilities	50,644	53,774
Members' equity	80,842	30,324
Total members' equity	80,842	30,324
Total liabilities and members' equity	$ 131,486	$ 84,098

See notes to financial statements.

DOS COYOTES DEVELOPMENT COMPANY, LLC
Statements of Income and Members' Equity
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Area development and initial franchise fees	$ 3,000	$ 3,000
Franchise royalties	166,777	96,820
Total revenues	169,777	99,820
Operating expenses:		
Accounting and auditing fees	8,580	10,451
Legal and professional fees	63,493	39,861
License and permit fees	1,025	350
Outside services	44,760	36,490
Other	1,403	1,413
Total operating expense	119,261	88,565
Operating income	50,516	11,255
Other income (expense):		
Interest income	2	-
Total other income	2	-
Income before provision for income taxes	50,518	11,255
Provision for income taxes	-	-
Net income	50,518	11,255
Members' equity, beginning of year	30,324	19,069
Members' equity, end of year	$ 80,842	$ 30,324

See notes to financial statements.

DOS COYOTES DEVELOPMENT COMPANY, LLC
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	$ 50,518	$ 11,255
(Increase) decrease in assets:		
Accounts receivable	(37)	(412)
Due from affiliate	(54,234)	-
Increase (decrease) in liabilities:		
Accounts payable	(480)	2,600
Deferred revenue	(3,000)	(3,000)
Loans payable- affiliates	350	450
Cash from operating activities	(6,883)	10,893
Cash flows from investing activities:	-	-
Cash from investing activities	-	-
Cash flows from financing activities:	-	-
Cash used in financing activities	-	-
Increase (decrease) in cash	(6,883)	10,893
Cash, beginning of year	28,441	17,548
Cash, end of year	$ 21,558	$ 28,441

Supplemental disclosure of cash flow information:

	2022	2021
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Dos Coyotes Development Company, LLC, is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Nature of operations

Dos Coyotes Development Company, LLC, (the Company) was organized in 2012 in the State of Nevada to franchise and license the rights to operate Dos Coyotes Restaurants.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash consists of money held in a checking and savings account. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of December 31, 2022 and 2021, there were no amounts in excess of FDIC insurance limits.

Accounts receivable

Accounts receivable represents an amount due from a franchisee in connection with franchise royalties. The carrying amounts of accounts receivable approximates fair value. The Company's determination of the allowance for doubtful accounts receivable (if any) includes a number of factors, including the age of the balance and past experience with the franchisee. As of December 31, 2022 and 2021, allowance for doubtful accounts totaled $0 and $0, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

The Company is a limited liability company and, as such, the tax attributes pass through to the individual members who report the income or loss on their respective income tax returns.

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of income and members' equity. As of December 31, 2022 and 2021, the Company had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Company files income tax returns in the U.S. federal and California jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019, and they are no longer subject to California income tax examinations by tax authorities for years before 2018.

Fair value of financial instruments

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, and short-term borrowings approximate their fair values due to the short-term nature of these investments.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has evaluated the long-lived assets and has not identified any impairments as of December 31, 2022.

Leases

The Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification (if applicable).

The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. When a lease includes renewal options which can extend the lease term, only those options that are reasonably expected to be exercised and that the Company can exercise at its sole discretion are included in the measurement of lease assets and liabilities.

The adoption of the new lease standard did not result in any recognition of right-of-use-assets and lease incentives or operating lease liabilities as of December 31, 2022.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the periods ending December 31, 2022 and 2021 were zero.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue

The Company adopted Accounting Standard Codification 606 ("ASC 606") as of January 1, 2020 using the modified retrospective method and applied the new guidance to all contracts that had not been completed as of that date. Accordingly, results for the year ended December 31, 2022 and 2021 are presented in accordance with ASC 606.

ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; second, any remaining revenue will be recognized over the agreement term.

The new revenue guidance in ASC 606 did not impact the timing of continuing franchise fees.

Beginning January 1, 2020, the Company now recognizes a portion of franchise payments revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are typically due upon the execution of an area development or franchise agreement. Then also upon execution of a renewal agreement. The Company's performance obligation with respect to franchise payments revenues consists of pre-opening obligations including conducting an operation's training course, developing a marketing program designed for the restaurant's initial opening, providing assistance in locating a restaurant site and assisting with the coordination of pre-opening activities. Subsequent to the restaurant's opening, the Company continues to provide advice and assistance with general restaurant operations, training as deemed necessary, and the administration and maintenance of advertising programs designed to promote the collective success of all restaurants for a specified period of time, which is satisfied over the life of each franchise agreement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

Deferred revenue resulting from cash collected for initial franchise fees paid by franchisees are classified as liabilities in the balance sheets based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the changes in deferred revenue:

Deferred revenue, December 31, 2020	$	21,000
Cash collected for initial franchise payments		-
Revenue recognized		(3,000)
Deferred revenue, December 31, 2021	$	18,000
Cash collected for initial franchise payments		-
Revenue recognized		(3,000)
Deferred revenue, December 31, 2022	$	15,000

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2022:

		Contract Revenue
Year ended December 31:		
2023	$	3,000
2024		3,000
2025		3,000
2026		3,000
2027		1,500
Thereafter		1,500
	$	15,000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table illustrates revenues recognized according to timing of the transfer of goods or services from the adoption of ASC 606 as of December 31:

	2022	2021
Revenue recognized at a point in time	$ 166,777	$ 96,820
Revenue recognized over time	3,000	3,000
Total revenue recognized	$ 169,777	$ 99,820

2. FRANCHISE INFORMATION

The Company did not sell any new franchise locations during both the 2022 and 2021 year. Two franchise restaurants were open and in operation, however, these two operating locations were temporarily closed due to COVID-19 restrictions. One of these locations was reopened in September of 2020 and the other reopened in June of 2021. There were no purchases of restaurants during both the 2022 and 2021 year.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee of $40,000, and continuing royalty fees based upon gross revenues. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval and training. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement are performed. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense.

Initial fees included in revenues for the years ended December 31, 2022 and 2021 were $3,000 and $3,000, respectively.

3. CONCENTRATION OF CREDIT RISK

The financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash deposits and trade accounts receivables. Management does not believe there is exposure to credit risk with these financial instruments as of December 31, 2022.

4. DEFERRED REVENUE

As of December 31, 2022 and 2021, deferred revenue totaled $15,000 and $18,000, respectively.

5. DUE FROM AFFILIATES

During the 2018 year, the Company paid approximately $29,000 of consulting fees on behalf of a certain related party and during the 2020 year, the Company advanced approximately $25,000 of funds to a related affiliate Company and has recorded a related receivable. In addition, during the 2022 year, the Company paid approximately $54,000 of legal fees on behalf of a certain related party. As of December 31, 2022 and 2021, the total of these affiliate receivables were $108,401 and $54,167, respectively.

6. LOAN PAYABLE - AFFILIATES

The Company has received funds during the 2018 and 2017 years from a related party, which it has used, or will use, to fund pre-opening costs and obligations due to any Company franchisees, and/or related operating expenses. During the 2022, 2021 and 2020 years, a related party paid for certain expenses on behalf of the Company. The loan is non-interest bearing and has no fixed repayment schedule. This loan will be paid back as the Company begins to accumulate cash flows in future years.

The loan payable consisted of the following:	2022	2021
Loan payable	$ 25,574	$ 25,224

Annual principal payments are anticipated to approximate the following:

Year ending December 31:	
2023	$ -
2024	25,574
	$ 25,574

7. RELATED PARTY TRANSACTIONS

As discussed in Note 6 above, the Company has received funds as a loan from a related party. This loan will be paid back as the Company begins to accumulate cash flows in future years. As of December 31, 2022 and 2021, the related outstanding loan balance totaled $25,574 and $25,224, respectively.

The Company has two trademark licenses with related parties. Based on the terms of the agreements, the Company from time to time may be obligated to pay a royalty to these related parties. As of December 31, 2022 and 2022, the Company was not required to pay a royalty fee to the licensor.

As discussed in Note 5, the Company paid for consulting fees and legal fees on behalf of a certain related party. As of December 31, 2022 and 2021, the related receivable totaled $108,401 and $54,167, respectively.

8. CONCENTRATIONS

The majority of the Company's revenue included royalty income received from operating restaurant locations.

9. CONTINGENCIES

Litigation

In August of 2020, a class and representative lawsuit was filed against the Company and other related entities. In April 2023, the parties agreed to settle the case (which needs Court approval) for $675,000. Certain related parties have agreed to be responsible for the payment of the settlement and are not seeking any contribution from the Company. As such, as of December 31, 2022, the Company has not recognized any liability relative to this settlement.

In June of 2021, a discrimination and wrongful termination lawsuit was filed against the Company and other related entities including a franchisee of the Company. In April 2023, this case was settled with only the related franchisee being responsible to contribute $200,000 to the settlement proceeds. As such, the Company has not recognized any liability as of December 31, 2022 in connection with this matter.

9. CONTINGENCIES (CONTINUED)

Pandemic

The development and fluidity of the COVID pandemic presents uncertainty and precludes any prediction as to any ultimate material adverse impact to the Company. The Company continues to monitor the situation and navigate the many resources available to it; however, the uncertainty presents risks with respect to the Company, its performance, and its financial results.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 20, 2023, the date which the financial statements were available.

As discussed in note 9, the Company and certain related parties settled certain legal matters in April of 2023.

Exhibit G

STATE ADDENDA

CALIFORNIA STATE LAW ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT

The following modifications are to the DOS COYOTES Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law and certain portions of the Franchise Agreement dated ____________________, 202__.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation..

None of the persons identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

In connection with Item 17 of the Franchise Disclosure Document, the following paragraphs are included pursuant to California law:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The Franchise requires a franchisee to execute a general release of claims upon renewal or transfer of the agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

6. The Agreements require application of the laws of Nevada. This provision may not be enforceable under California law.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur at the franchisor's home county, currently Clark County, NV with the costs borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of civil Procedure Section 1281 and the Federal Arbitration Act) to ay provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

8. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

9. Re: Website: www.doscoyotes.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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

11. Personal Guaranty. Franchisees owning 10% or more must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's martial and personal assets at risk, perhaps including your house, if your franchise fails.

12. 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.

13. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

State Effective Dates

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

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

State	**Effective Date**
California	July 2, 2024

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 H

ITEM 23. RECEIPT (YOUR 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 Dos Coyotes Development Company LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Dos Coyotes Development Company LLC does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

The franchisor is Dos Coyotes Development Company LLC, located at 2409 Cook Out Court, Henderson, NV 89002. Its telephone number is (702) 567-0476.

Issuance Date: April 22, 2024, amended December 3, 2024

The franchise seller(s) for this offering are David Sagal and Robert H. Davidson at 2409 Cook Out Court, Henderson, NV 89002. Any additional individuals franchise sellers involved in offering the franchise are:

____

____

Dos Coyotes Development Company LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a disclosure document dated April 22, 2024, amended December 3, 2024 that included the following Exhibits:

A. Franchise Agreement and Related Materials
B. Area Development Agreement
C. Confidentially Agreement
D. State Agents and State Administrators
E. List of Franchisees
F. Financial Statements
G. State Addenda
H. Receipt

___________ ____
Date Franchisee

Printed Name:__________________________

You may return the signed receipt either by signing, dating, and mailing it to Dos Coyotes Development Company LLC at 2409 Cook Out Court, Henderson, NV 89002, or by faxing a copy of the signed and dated receipt to Dos Coyotes Development Company LLC at (702) 567-0477.

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New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Dos Coyotes Development Company LLC does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

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___________ ___________________________________

Date Franchisee

Printed Name:_________________________

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