

FRANCHISE DISCLOSURE DOCUMENT



KJ-Licensing, LLC
a Florida Limited Liability Company
23110 SR 54 #139
Lutz, Florida 22549
(813) 388-6830
franchising@capitaltacos.com
<http://www.capitaltacos.com>

As a Capital Tacos® franchisee, you will operate a fun, fast-casual, Tex-Mex restaurant with a scratch kitchen that focuses on unique flavors and quality ingredients. We offer three types of franchises: 1) a traditional brick and mortar franchise generally operated from traditional retail restaurant space; 2) a static trailer franchise generally operated from lightly used commercial space; and 3) a mobile event trailer franchise that typically operates at events and other on-premises locations such as festivals, weddings, fairs, parties, concerts, apartment complexes, schools, etc. These franchises may be purchased individually or may be purchased as a 3-unit flex pack or a 5-unit empire builder. If you purchase a 5-unit empire building, at least 3 of the 5 units must be traditional brick and mortar franchises.

The total investment necessary to begin operation of a single Capital Tacos® franchise business is \$129,330 to \$427,500; \$388,350 to \$1,281,600 for a 3-unit flex pack; and \$892,500 to \$2,136,000 for a 5-unit empire builder. These amounts include the \$59,000 to \$216,000 that must be paid to the franchisor or its affiliates for a single Capital Tacos® franchise business; \$232,000 to \$644,000 that must be paid to the franchisor or its affiliates for a 3-unit flex pack; and \$275,000 to \$597,500 that must be paid to the franchisor or its affiliates for a 5-unit empire builder.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact James Marcus at franchising@capitaltacos.com and (813) 388-6830.

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

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

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 13, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit “D.”
How much will I need to invest?	Items 5 and 6 list fees that you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit “C” includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Capital Tacos® 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 Capital Tacos® franchisee?	Item 20 or Exhibit “D” lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

**STATE REGULATIONS
FOR THE STATE OF MICHIGAN**

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents under a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment notation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure failure after being given written notice thereof and a reasonable opportunity, which in no event need to be more than 30 days, to cure failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area after to the expiration of the franchise or the franchisee does not receive at least 6 months' advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

b. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

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

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

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

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

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

Any questions regarding this notice may be directed to the following address:

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-7117

TABLE OF CONTENTS

ITEM NO.	PAGE NO.
1. The Franchisor and any Parents, Predecessors, and Affiliates	11
2. Business Experience.....	14
3. Litigation	14
4. Bankruptcy	14
5. Initial Fees	14
6. Other Fees.....	16
7. Estimated Initial Investment	23
8. Restrictions on Sources of Products and Services	32
9. Franchisee’s Obligations.....	35
10. Financing.....	36
11. Franchisor’s Assistance, Advertising, Computer Systems, and Training.....	36
12. Territory	45
13. Trademarks.....	49
14. Patents, Copyrights and Proprietary Information	51
15. Obligation to Participate in the Actual Operation of the Franchise Business.....	53
16. Restrictions on What the Franchisee May Sell	54
17. Renewal, Termination, Transfer and Dispute Resolution.....	54
18. Public Figures.....	61
19. Financial Performance Representations.....	61
20. Outlets and Franchisee Information.....	65

ITEM NO.	PAGE NO.
21. Financial Statements	68
22. Contracts	68
23. Receipts.....	68

Addenda of State Regulations

EXHIBITS

- A. Franchise Agreement and its Exhibits
- B. Statement of Prospective Franchisee
- C. Financial Statements
- D. Schedule of Franchisees
- E. List of Agents for Service of Process
- F. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
- G. Table of Contents for Policies and Procedures Manual
- H. Release Agreement (Form)
- I. Signing Checklist
- J. Area Development Agreement
- K. 3-Unit Flex Pack Agreement
- L. Trailer Purchase Agreement

RECEIPTS

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The name of the franchisor is KJ-Licensing, LLC. In this disclosure document KJ-Licensing, LLC is referred to as “we” or “us” or “our” or “Capital Tacos”; “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchisee that is a corporation, partnership, or other entity. If you are a corporation, partnership or other entity, your owners must sign an agreement that all provisions of the franchise agreement will also apply to your owners, and they must personally guarantee and be personally bound by your obligations under the franchise agreement.

Our limited liability company was organized on January 09, 2018 in the state of Florida under the name KJ-Licensing, LLC. Our principal place of business is 23110 SR 54 #139, Lutz, Florida 22549. Our agents for service of process in various states are disclosed in Exhibit “E.”

Franchisor’s Business Activities

We do not have any other business activities other than franchising the Capital Tacos brand, and we do not do business under any name other than KJ-Licensing, LLC or Capital Tacos®.

As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business. We began offering and selling franchises under the Capital Tacos® brand in January 2022.

Parent, Affiliate, and/or Predecessor Business Activities Involving Capital Tacos

Our parent, Capital Tacos Holdings, LLC, was organized on October 09, 2020 in the state of Florida. Its principal place of business is 23110 SR 54 #139, Lutz, Florida 22549. Capital Tacos Holdings, LLC, does not conduct a Capital Tacos® business similar to the one you will operate, and it has not offered nor sold franchises in this line of business or any other line of business.

Affiliates

Our affiliate Premier Mobile Food Solutions, LLC, a Florida limited liability company was organized in the state of Florida on March 23, 2022. Its principal business address is 42164 West Rummy Road, Maricopa, Arizona 85138. It is a distribution company for our trailers and other items sold to our franchisees.

We also have affiliate entities that operate Capital Tacos® restaurants in Florida. These entities have operated Capital Tacos® restaurants since 2017. We plan to use some of these restaurant locations for franchisee training purposes.

We have no other parents, predecessors or affiliates required to be disclosed in this Item.

Franchise Offered

We license and train others to operate Capital Tacos® businesses. A Capital Tacos® business is a fun, fast-casual, Tex-Mex restaurant with a scratch kitchen that focuses on unique flavors and quality ingredients. We offer three types of franchises: 1) a traditional brick and mortar franchise generally operated from traditional retail restaurant space; 2) a static trailer franchise generally operated from lightly used commercial space; and 3) a mobile event trailer franchise that typically operates at events and other on-premise locations such as festivals, weddings, fairs, parties, concerts, apartment complexes, schools, etc. These franchises may be purchased individually or may be purchased as a 3-unit flex pack or a 5-unit empire builder. If you purchase a 5-unit empire builder, at least 3 of the 5 units must be traditional brick and mortar franchise.

The grant of a Capital Tacos® franchise authorizes you to engage in our complete system under the name Capital Tacos® and other proprietary marks. Our system includes, among other things, confidential manuals, specifications for the franchisees to follow, teaching methods to the franchisees and to the customers, specific target marketing, specific colors, specific décor, recipes, proprietary ingredients, menus, the sale of products and services to the public, uniform or mandated pricing, the purchase of specific materials, supplies and equipment, the use of proprietary manuals, and other confidential business information, procedures, specifications, and services as we may develop.

You will be required to purchase specific materials, supplies and equipment and to strictly follow our standards, methods, policies and procedures in the operation of your franchise business that are described in more detail in our franchise agreement attached as Exhibit “A” to this disclosure document.

Development Agreement or 3-Unit Flex Pack Agreement

If you purchase a 5-unit empire builder franchise, then you will enter into a separate area development agreement with us for the development of your brick and mortar franchise units, and you will be granted a protected area in which to develop your brick and mortar locations (see Exhibit “J”). The size of the development area depends on the number of brick and mortar locations you will develop. The length of the development schedule also depends on the number of brick and mortar locations you will develop. We generally grant 12 months per brick and mortar location to be developed. For example, if you committed to developing 3 brick and mortar franchises, your development schedule would be 36 months.

If you purchase a 3-unit flex pack, you will enter into a separate 3-unit flex pack agreement (see Exhibit “K”). Under the 3-unit flex pack agreement, you will not receive a protected development area, and you must open each of your franchises within 5 years of signing your first franchise agreement. After 5 years, you will forfeit any unused/unopened franchise licenses you have purchased.

For any multi-unit franchise purchase, you will be required to sign our then-current franchise agreement for each unit as developed, which terms may differ from the current franchise agreement included with this disclosure document. Unless specifically stated otherwise, the disclosures for an area development are the same as for a single unit.

General Description of Market and Competition

The general market for quick-serve, fast casual restaurants, particularly in the Tex-Mex industry is competitive and well-developed. No studies or surveys have been done to determine a need for these

services or products within your territory. You will typically compete with other established businesses operating quick-serve, fast casual restaurants, particularly in the Tex-Mex industry. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Capital Tacos® franchises operated by our affiliates or other franchisees outside your territory.

Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your business is subject to federal, state, and local health and consumer protection laws and other regulations and guidelines governing the food service industry. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurants Association, have established rules affecting this industry. To operate your franchise, you or one of your employees must have a current food handler permit/license, and some states required a manager to have a food safety manager certification.

You will be required to obtain a beer and wine license. In some jurisdictions you may be required to obtain a liquor license or alcohol certificate and liquor handling training and to otherwise comply with dram shop laws. You will be responsible for obtaining all necessary licenses and permits, and you have to know the laws and regulations governing the sale of these items including: minimum age restrictions for purchasers and employees who sell these products, special training requirements, and regulations on the hours of sales for these products. You may also be required to obtain additional insurance coverage, which may increase your premium payments. Depending on your location or changes to our system, we can require that you serve liquor and obtain the required licenses and permits to do so.

You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. In many jurisdictions, you will also be required to obtain a sign permit. You should also be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. State or federal entities may require you to have a permit as a water provider.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements. You are not permitted to collect, store, transfer, etc., any unnecessary customer information. Additional information can be found at <https://www.pcisecuritystandards.org/>.

The details of state, county and local laws and regulations vary from place to place. It is your responsibility to research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city, or town.

ITEM 2 BUSINESS EXPERIENCE

James Marcus – Co-Founder and Director

James Marcus is a co-founder and a director. He has held these positions since our inception. Additionally, from June 2003 to the present, James has been the owner for Fenton Communications, Inc. that is one of the oldest and largest cause-based national marketing agencies. Additionally, from 2012 to the present, James has been a co-founder of Honor Capital that is one of the nation's Top 10 largest specialty premium finance firms.

Josh Luger – Co-Founder and Director

Josh Luger is a co-founder and a director. He has held these positions since our inception. Additionally, Josh has been a digital media and food and beverage consultant based in Miami, Florida and New York City, New York since June of 2015.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

All franchisees pay an initial franchise fee in one lump sum at the time of signing the franchise agreement. The initial franchise fee for a single unit franchise (regardless of the franchise chosen) is \$49,000. However, if you purchase a 3-unit flex pack (regardless franchises chosen), the combined initial franchise fees for all 3 units are \$110,000. And if you purchase a 5-unit empire builder, the combined initial franchise fees for all 5 units are \$175,000 (at least 3 of the 5 units must be traditional brick and mortar locations). The initial franchise fees are uniform for all franchisees.

Veteran of the United States Military

If you are an honorably discharged veteran of the United States military, you will receive a discount of 15% off the initial franchise fee. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

Capital Tacos Employee Program

We provide qualifying employees that work at one of our Capital Tacos® affiliate owned locations with a 50% discount off the initial franchise fee. The initial franchise fee is payable in a lump sum upon signing the franchise agreement. Additionally, depending on the employee's length of experience and responsibilities with the Capital Tacos® brand, we may provide additional discounts or waive certain other upfront fees, at our sole discretion.

Area Development Agreement or 3-Unit Flex Pack Agreement

No separate development fee is due if you purchase a 3-unit flex pack or a 5-unit empire builder. However, you must pay the initial franchise fees for each unit in the package purchased (\$110,000 for a 3-unit flex pack and \$175,000 for a 5-unit empire builder) at the time of signing the area development agreement for a 5-unit empire builder or 3-unit flex pack agreement.

Initial Training

There is no training fee for up to 3 attendees. We allow you to bring up to 2 additional attendees at a cost of \$250 per day, per person. You will be responsible for covering the cost of travel, food, and lodging for all your attendees to attend the initial training.

Opening Assistance

We provide opening assistance to you during your opening. The fees and amount of time we provide to you during the opening assistance is listed in the table below. You will also be responsible for the costs of our representative's reasonable travel, food, and lodging to provide the opening assistance.

Type of Franchise	Number of Days of Assistance	Opening Assistance Fee
Brick and Mortar Franchise	7 days	\$10,000
Subsequent Brick and Mortar Restaurants	3.5 days	\$5,000
Static Trailer Franchise	3.5 days	\$5,000
Subsequent Static Trailers	2 days	\$3,500
Event Trailer Franchise	3.5 days	\$5,000
Subsequent Event Trailers	2 days	\$3,500

Additionally, we will not send any representatives to provide opening assistance for a brick and mortar or static location until you have sent us a valid certificate of occupancy. We charge a rescheduling fee of \$500 if you reschedule your opening within 2 weeks of the scheduled date.

Static Trailer

If you purchase a static trailer franchise, you must purchase a qualifying trailer from our affiliate. The form purchase agreement for a trailer is attached as Exhibit "L" to this disclosure document. You can purchase a 20-foot or a 24-foot trailer. The trailer will come fully equipped with a hood, fire system, a/c, service window(s), fresh water and grey water tanks, built-in grease trap, tech stack including POS and kiosk, full equipment package (flat top, fryer, refrigeration, freezer), rooftop powered sign, and smallwares. The cost of the static trailer is currently \$148,000 to \$162,000. You must pay a 75% deposit at the time of ordering with the remainder due at the time of delivery.

Event Trailer

If you purchase an event trailer franchise, you must purchase your event trailer from our affiliate. The form purchase agreement for a trailer is attached as Exhibit "L" to this disclosure document. The event trailer comes equipped similar items to the static trailer, but the equipment package will be smaller and there will be less technology. The trailer will come fully equipped with a hood, fire system, fresh water and grey water tanks, tech stack including POS and kiosk, equipment package (flat top, fryer, refrigeration, freezer), branded wrapping, smallwares, and generator. The cost of the event trailer is approximately \$65,000 to \$70,000. You must pay for the event trailer in full at the time of ordering.

Uniformity and Refunds

These costs and fees are uniform and are non-refundable for all franchisees as described above.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee ¹	\$2,500	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time your election to enter into a successor agreement must be made.
Royalty ¹	6% of gross sales: Brick and mortar franchises	Payable weekly as designated by us	Gross sales include all revenue from the franchise business but do not include sales tax. We require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed. For event trailers, the monthly minimum royalty is \$175. However, in months where 6% of gross sales does not exceed \$175, we will allow you to apply up to \$175 of your local marketing spend against the monthly minimum royalty due. For example, if there was a month in
	8% of gross sales: Static trailer franchises		
	6% of gross sales (monthly minimum of \$175): Event trailer franchises		

			which you did not do any events with your event trailer, the minimum royalty requirement would be satisfied if you spent at least \$175 on local marketing that month for your event trailer.
Advertising Fund Fee. ³	2.5% of gross sales: Brick and mortar franchises 1.5% of gross sales: Static trailer franchises 1.5% of gross sales: Event trailer franchises	Payable weekly as designated by us	See Note 3 below.
Local Advertising Requirement	\$750 per month, up to \$1,500 per month: Brick and mortar franchises \$250 per month, up to \$500 per month: Static trailer franchises \$150 per month, up to \$250 per month (can be offset by royalty payments): Event trailer franchises	As incurred	You are allowed to include towards your local advertising requirement actual advertising cost or special redemptions and discounts such as coupon books like FundRays or school/team participation nights or events. For event trailers, up to \$250 in royalty payments you make in a given month will be applied against your local ad spend monthly minimum requirement. For example, if there was a month in which you did not advertise your event trailer, the minimum local ad spend requirement would be satisfied if you paid \$150 (up to \$250 as applicable) in royalty payments that month for your event trailer gross sales.
Late Charges ^{1,9}	\$25 per day (up to \$500 per late fee)	Payable with royalty or on demand	Charges begin to accrue after the due date of any required payment or report.
NSF Fees ^{1,9}	\$50 per bounced check or draft	Payable with royalty or on demand	Or maximum allowed by state law (see state specific addendum).
Interest on Late Fees and Reports ¹	18% interest or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report.

Sales or Use Tax ¹	Sum equal to tax imposed	Upon demand	If there is hereafter assessed any nature of sales tax or use tax or other tax on fees or other sums previously or hereafter received by us under the franchise agreement, then in addition to all fees and other payments to be made by you to us, you must also pay us or the taxing authority a sum equal to the amount of such tax. Any tax paid to us will be paid when due to the taxing authority.
Audit Charge ¹	Cost of audit	On billing	Payable only if an audit shows an understatement of 2% or more of gross sales for the time period audited or records are unorganized or unavailable.
System Non-Compliance Fines and Charges ^{1,2,7}	Amounts to be specified in our manuals, currently ranging between \$50 to \$5,000	As incurred	See Note 7.
Technology Stack Fee ^{1,6}	Currently, \$1,900 to \$2,400 per month: Brick and mortar franchises Currently, \$485 per month, up to \$1,120 per month: Static trailer franchises Currently, \$400 to \$475 per month: Event trailer franchises	Monthly	Includes subscriptions and access to our technology suite as developed by us. This currently includes various tech subscriptions, phone, app, loyalty, CRM, catering software, music, internet, website, etc. You may be able to opt out of certain subscriptions (e.g., Uber, DoorDash, etc.) depending on your area and type of franchise you operate.
Third Party Use Fees ⁴	Net fees estimated to be 10% to 25% of the order price	As incurred	See Note 4 below.
Delivery Fees ⁵	Currently, up to \$9.99 per delivery	As incurred	This range is based on a variable pricing model and is based on the pricing at the time of publication. The top end range is less common. See also Note 5 below.
New Operating Principal or New Manager Training ¹	\$5,000	In advance of training	Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers

			may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. You will be required to pay the associated travel, food, and lodging associated with such training.
Additional Training ^{1,9}	\$250 per day, per person	Upon billing	Depending on advanced notice and our availability, you may request additional training. In such case, you will also be required to pay all the travel, lodging, food, and other expenses of your attendees or our representatives during this additional training. We can require you to attend refresher training classes if you do not pass our inspections or otherwise determined by us in our sole discretion. We reserve the right to limit additional training.
Rescheduling Fee	\$500	Upon billing	Payable if you cancel, postpone, or reschedule a training or opening assistance within two weeks of the scheduled date or if you fail to meet certain requirements prior to a training.
Insurance Reimbursement Fee ^{1,9}	Reimbursement of premium amount, plus \$50 per month	Upon demand	You are required to hold and maintain your own insurance, but in the event you fail to do so, we have the right to obtain insurance on your behalf, and you are required to reimburse us the premium payments, plus a \$50 per month admin fee.
PCI and DSS Audit Reimbursement Fee ¹	Costs of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Conference or Seminar Fee ^{1,9}	\$500 to \$1,500 per person	At time of signing up for the conference or seminar	You will also be required to pay all travel, lodging, food, and other expenses for each of your attendees.
Interim Management Fee ¹	15% of gross sales	Time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death or after you have been given notice of default and

			failed to cure. You must also pay all travel, lodging, food and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Additional Copies of Marketing Materials ¹	Our costs, plus 10%, and the costs for shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.
Fees on Default	Our costs associated with your default	On demand, as incurred	Paid in addition to other payments to us
Post-Termination, De-Identification, Non-Compliance Fee ⁸	Varies	Upon demand	See Note 8.
Early Termination Liquidated Damages ^{1,6}	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of your franchise agreement	Upon termination	Payable if your franchise agreement is terminated prior to the expiration of the term. This is only to compensate for lost royalties and is not our only remedy. In addition, you will be responsible for reimbursement of all reasonable attorneys' fees and costs associated with collecting liquidated damages.
Franchise Agreement Transfer Fee ¹	50% of the then-current initial franchise fee	At time of approved transfer	Payable when you sell your franchise and prior to our signing any approval or new agreement. If you sell only a non-controlling and minority interest in your entity, then there is no transfer fee, but you are required to cover our reasonable costs associated with the transfer. All guarantors will remain guarantors unless the transferee(s) provide an adequate personal guaranty.
Minority Interest Transfer Fee	Our legal fees and administrative costs related to the transfer	On demand	This fee applies to transfers of up to 40% of your franchisee entity – cumulative during the term of the franchise agreement. All guarantors will remain guarantors unless the transferee(s) provide an adequate personal guaranty. Subject to state law.

Transferee Training Fee ⁹	\$5,000	At time of approved transfer	You or the transferee will be required to pay this initial training fee to have us train the transferee.
Area Development Agreement Transfer Fees ¹	\$15,000	At the time of approved transfer	Payable when you sell your area development agreement and prior to our signing any approval or new agreement with the transferee.
Indemnification ^{1,2}	Varies	As incurred or on demand	See Note 2.
Non-Compete Violations ^{1,9}	\$1,000 per day for each competing business	Upon demand	This fee is applied if you violate the non-compete covenants in the franchise agreement or any related agreements or if you use our system without our express written permission or approval.
Dispute Resolution Fees ¹	Varies	As incurred or on demand	You are required to pay half of the mediation or arbitration fees. Additionally, the prevailing party will be entitled to reimbursement of its legal fees and expenses.
Area Development Agreement Transfer Fees ¹	\$15,000	At the time of approved transfer	Payable when you sell your area development agreement and prior to our signing any approval or new agreement with the transferee.

NOTES

¹ **Royalty and Fees.** Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not. If a sales or similar tax is assessed on the royalties or marketing fees, you may be required to pay us or the taxing authority the amount of this tax.

We have the right to require you to establish a bank sweep, draft or other similar type of electronic funds transfer (“EFT”) account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due us. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report gross sales, we may sweep an estimated amount of fees due to us. You will be responsible to pay us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge. If you enter into an area development agreement or open multiple units, these fees will apply, respectively, to each separate unit.

² **Indemnification.** You agree to defend, indemnify, and hold us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, including reasonable attorney’s fees arising out of or related to, or in any way connected with you or your acts, errors or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public accommodations

for persons with disabilities. You are not required to indemnify us for liability caused by our willful misconduct or gross negligence.

³ Advertising Fees. Advertising fees are paid into the advertising fund. The advertising fund may be used by us for one or more national or regional marketing and brand development programs, as we choose. We may increase the advertising fees to 3% of gross sales upon 60 days' notice to you. These fees are uniformly imposed.

⁴ Third Party Use Fees. We will control and manage third party providers for the system for things such as tech providers, delivery providers, online ordering systems, catering scheduling companies, etc. We will manage such things as ad placements and purchases within third party apps, promotions and free items with purchases, free delivery offers, buy-one-get-one-offers, loyalty programs, etc. However, you will be required to sign individual agreements with each provider as designated by us. These fees will generally be deducted from the order price by the third party provider's platform.

⁵ Delivery Fees. We currently have preferred-level relationships with leading national delivery platforms, and you are required to participate in any direct delivery subsidies that we mandate and activate on your behalf through our online ordering system (currently powered by a leading national online ordering platform). These orders are powered by third-party delivery systems, and they charge a fee to deliver the order. We may require you to subsidize all or part of the delivery fee for the customers. These costs will be debited by the applicable online ordering platform.

⁶ Technology Fee. We have a tech stack that currently features (depending on the franchise purchased), a leading national online ordering platform, a leading national loyalty and CRM provider, and a cutting-edge online ordering user-experience provider and app developer. We may make changes to our tech stack at any time.

⁷ System Non-Compliance. We have the option to issue you a fine for certain violations of the franchise agreement and/or manuals. The amount of the fine will be set forth in the manuals. If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdraw program.

⁸ Post-Termination, Non-Compliance Fees. In the event You fail to comply promptly with any of your post termination de-identification obligations, including the removal of signs, you will be charged \$100 per day or \$1,500, whichever is more, and we may hire a third-party or use our own personnel to de-identify your unit and/or to carry out any other obligations on your behalf. Post termination fees will also include any attorneys' fees and costs associated with enforcing your post-termination obligations.

⁹ Fee Increases. We may increase these fees by up to 25% per year during the term of the franchise agreement to adjust to increased costs. Costs charged by third parties are subject to change at any time and do not have an annual cap.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
(Brick and Mortar Franchise)**

TYPE OF EXPENDITURE	LOW RANGE AMOUNT	HIGH RANGE AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$49,000	\$49,000	Lump sum	Upon signing the franchise agreement	Us
Initial training ²	\$1,500	\$12,000	As incurred	Prior to and during training	Airlines, hotels and restaurants
Real estate improvements ³	\$10,000	\$80,000	As incurred	As negotiated	Suppliers and contractors
Rent ⁴ (3 months of rent, plus a security deposit)	\$8,750	\$17,500	As incurred	As negotiated	Landlord
Restaurant equipment, furniture, fixtures, décor, and supplies ⁵	\$52,000	\$95,000	As incurred	As negotiated	Suppliers
Technology equipment and software ⁶	\$36,000	\$46,500	As incurred	As negotiated	Suppliers
Signs ⁷	\$6,000	\$15,000	As incurred	Before opening	Suppliers
Catering vehicle ⁸	\$0	\$23,000	As incurred	As negotiated	Suppliers
Vehicle wrap ⁹	\$0	\$1,500	As incurred	As incurred	Suppliers
Misc. opening costs ¹⁰	\$2,500	\$7,500	As incurred	As incurred	Suppliers, utilities, etc.
Opening inventory ¹¹	\$5,000	\$7,500	Lump sum	As negotiated	Suppliers
Grand opening assistance expenses ¹²	\$12,500	\$15,000	As incurred	Before opening	Us, affiliates and suppliers
Grand opening marketing ¹³	\$5,000	\$7,500	As incurred	As negotiated	Suppliers
Advertising – 3 months ¹⁴	\$2,250	\$3,000	As incurred	As negotiated	Us, affiliates and suppliers

Technology stack fee – 3 months ¹⁵	\$5,700	\$7,200	As incurred	Monthly	Us
Additional funds – 3 months ¹⁶	\$15,000	\$40,000	As incurred	As incurred	Suppliers, accountants, employees, etc.
TOTAL ¹⁷	\$211,200	\$427,200			

NOTES

¹ **Initial Franchise Fee.** The initial franchise fee is non-refundable, and we do not finance any portion of the fee. If you are an honorably discharged veteran of the United States military, we offer a 15% discount off of the initial franchise fee. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

² **Initial Training.** We estimate that you will have 1 to 4 people attend training. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation.

³ **Real Estate Improvements.** This estimate includes the cost for construction to build out your brick and mortar location according to our specifications. At this time, we only plan to approve space that was previously used as a restaurant space. Your landlord may provide you with a tenant improvement allowance as part of your lease, which could significantly reduce your buildout costs. You should review these costs with a local contractor, commercial real estate agent and other professionals. We must approve all of your buildout and materials used.

⁴ **Rent.** Your space will vary depending on your needs, but we estimate you will need approximately 1,750 square feet, and we estimate your lease to be \$15 to \$30 per square foot per annum. Our intention is that you spend \$5,000 or less on rent each month. Our estimate includes a security deposit and 3 months of rent. You are encouraged to negotiate a “free rent” period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well.

⁵ **Equipment, Furniture, Fixtures, Décor, and Supplies.** Included in this estimate are the cost of kitchen equipment, refrigeration equipment, interior signage, tables and chairs, artwork, pinball machine, office supplies and small wares.

⁶ **Technology Equipment and Software.** Includes computers, tablets, POS system, printers, digital menu boards, speakers, etc., and startup costs for technology subscriptions.

⁷ **Signs.** Subject to landlord and government restrictions, 4 signs are required. At least 2 exterior sign(s) displaying the trademark and 2 interior sign(s) are required. These signs may be made locally. All signs must conform to our specifications. You must use the location’s monument sign if available.

⁸ **Catering Vehicle.** We do not require a specific type of catering vehicle. Many people already own a vehicle that is capable of use for catering. However, we must approve your catering vehicle, and it must be in good condition and repair with no external damage or unreasonable wear and tear, must accommodate all the items needed to provide catering, and must be approved by us.

⁹ **Vehicle Wrap.** You may but are not required to wrap your catering vehicle. However, if you do, it must be wrapped with a high-quality wrap marketing your franchise business as directed by us. You must keep your vehicle wrap in good condition, free from unsightly or unprofessional wear and tear.

¹⁰ Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹¹ Opening Inventory. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. Included in this estimate are produce, meat, paper goods, cleaning supplies, and beverages. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

¹² Grand Opening Assistance Expenses. We will provide you with 1 week of opening assistance during your opening. Included in this estimate is the \$10,000 opening assistance fee. You will also be responsible to cover the cost of travel, food, and lodging for our representative(s) to provide opening assistance.

¹³ Grand Opening Marketing. This estimates the cost to promote your grand opening. We require that you spend at least \$5,000 in promoting your opening.

¹⁴ Advertising. This estimates the cost of advertising for the first 3 months after opening. You must submit a local advertising disbursement plan to us at least 30 days prior to opening detailing how you plan to spend your local advertising funds.

¹⁵ Technology Stack Fee. This covers the costs of various technologies and subscriptions, including your POS system.

¹⁶ Additional Expenses. This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain adequate working capital reserves sufficient to keep your business in operation for at least 3 months, not including cash flows. This amount cannot be less than \$15,000. Alternatively, you can secure a line of credit for at least \$15,000. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the experience of our principals and franchisees in opening and operating various Capital Tacos® units and the experience of our franchisees to compile these estimates.

¹⁷ Total. These figures are estimates for the development of a single brick and mortar franchise unit, and we cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures in Item 7 carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

**YOUR ESTIMATED INITIAL INVESTMENT
(Static Trailer Franchise)**

TYPE OF EXPENDITURE	LOW RANGE AMOUNT	HIGH RANGE AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$49,000	\$49,000	Lump sum	Upon signing the franchise agreement	Us
Initial training ²	\$1,500	\$4,000	As incurred	Prior to and during training	Airlines, hotels and restaurants
Real estate improvements ³	\$0	\$5,000	As incurred	As negotiated	Suppliers and contractors
Rent ⁴ (3 months of rent, plus a security deposit)	\$2,000	\$4,000	As incurred	As negotiated	Landlord
Equipped static trailer ⁵	\$148,000	\$159,000	As incurred	75% down with the remainder due at the time of delivery	Suppliers
Trailer delivery ⁶	\$500	\$2,500	As incurred	As incurred	Suppliers
Catering vehicle ⁷	\$0	\$23,000	As incurred	As negotiated	Suppliers
Vehicle wrap ⁸	\$0	\$1,500	As incurred	As incurred	Suppliers
Commissary or storage FF&E ⁹	\$0	\$15,000	As incurred	As incurred	Suppliers
Commissary or storage rent ¹⁰ (3 months of rent, plus a security deposit)	\$0	\$1,667	As incurred	As negotiated	Landlord
Technology stack fee – 3 months ¹¹	\$1,455	\$3,360	As incurred	Monthly	Us
Misc. opening costs ¹²	\$2,500	\$5,000	As incurred	As incurred	Suppliers, utilities, etc.
Opening inventory ¹³	\$4,000	\$6,000	Lump sum	As negotiated	Suppliers
Grand opening assistance expenses ¹⁴	\$7,500	\$9,000	As incurred	Before opening	Us, affiliates and suppliers
Grand opening marketing ¹⁵	\$2,500	\$5,000	As incurred	As negotiated	Suppliers
Advertising – 3 months ¹⁶	\$750	\$1,500	As incurred	As negotiated	Us, affiliates and suppliers

Additional funds – 3 months ¹⁷	\$2,500	\$10,000	As incurred	As incurred	Suppliers, accountants, employees, etc.
TOTAL ¹⁸	\$222,205	\$307,527			

NOTES

¹ **Initial Franchise Fee.** The initial franchise fee is non-refundable, and we do not finance any portion of the fee. If you are an honorably discharged veteran of the United States military, we offer a 15% discount off of the initial franchise fee. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

² **Initial Training.** We estimate that you will have 1 to 2 people attend training. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation.

³ **Real Estate Improvements.** There may be some costs associated accommodating the space for your trailer if you decide to install a new electrical hook up or water connection.

⁴ **Rent.** We estimate you will typically need 200 to 400 square feet of space from which to operate your trailer. You will need enough room for your trailer, additional tables and chairs for your customers (if permitted), and room for your customer line. We estimate your rent to be between \$500 and \$1,000 per month. Our estimates in this table assume you pay a security deposit equal to 1-month's rent, and that you begin paying rent when (or shortly before) you open for business.

⁵ **Equipped Static Trailer.** You must purchase an equipped static trailer from our affiliate. You can purchase a 20-foot or a 24-foot trailer. You are required to conform your trailer to local ordinances and obtain any required permits. For example, some local ordinances may require that you install a self-closing door in your trailer. You must check with your local ordinances before you order your trailer because this may increase the cost of your trailer. Static trailers generally take 3 to 5 months to complete from the time it is ordered.

⁶ **Trailer Delivery.** The trailer can be delivered to you through our designated transportation company at an estimated cost of \$1 to \$2 per mile. You will be responsible for covering the cost of transporting the trailer. The trailer will be delivered from the Tampa Bay, Florida area.

⁷ **Catering Vehicle.** We do not require a specific type of catering vehicle. Many people already own a vehicle that is capable of use for catering. However, we must approve your catering vehicle, and it must be in good condition and repair with no external damage or unreasonable wear and tear, must accommodate all the items needed to provide catering, and must be approved by us.

⁸ **Vehicle Wrap.** You may but are not required to wrap your catering vehicle. However, if you do, it must be wrapped with a high-quality wrap marketing your franchise business as directed by us. You must keep your vehicle wrap in good condition, free from unsightly or unprofessional wear and tear.

⁹ **Commissary or Storage FF&E.** Depending on your state, or if your static trailer does not have a direct hookup to electricity (i.e., the static trailer only runs off a generator), then you will be required to use a commissary to prep and store your perishable food items, or you may have to use garage space or rent space for just dry shelves, refrigerated and frozen storage. If you are required to use a commissary, the commissary must have a 3-compartment sink, NSF sink, commercial refrigerator, prep area, NSF shelving, mop sink with a direct drain to the sewer to dump grey water, must have a

bathroom with a self-closing door, the walls must be of a washable material, the floor must be sealed, and must be rodent proof.

¹⁰ Commissary or Storage Rent. If you use a commercial commissary, we estimate you will need approximately 500 square feet of warehouse space for your commissary, and we estimate your lease to be \$2 to \$10 per square foot per annum.

¹¹ Technology Stack Fee. This covers the costs of various technologies and subscriptions, including your POS system.

¹² Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance, and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹³ Opening Inventory. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

¹⁴ Grand Opening Assistance Expenses. We will provide you with 3 days of opening assistance during your opening. Included in this estimate is the \$5,000 opening assistance fee. You will also be responsible to cover the cost of travel, food, and lodging for our representatives to provide opening assistance.

¹⁵ Grand Opening Marketing. This estimates the cost to promote your grand opening. We require that you spend at least \$5,000 in promoting your opening.

¹⁶ Advertising. This estimates the cost of advertising for the first 3 months after opening. You must submit a local advertising disbursement plan to us at least 30 days prior to opening detailing how you plan to spend your local advertising funds.

¹⁷ Additional Expenses. This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain adequate working capital reserves sufficient to keep your business in operation for at least 3 months, not including cash flows. This amount cannot be less than \$10,000. Alternatively, you can secure a line of credit for at least \$10,000. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the 5 years of experience of our principals in opening and operating various Capital Tacos® units and the experience of our franchisees to compile these estimates.

¹⁸ Total. These figures are estimates for the development of a single static trailer franchise unit, and we cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures in Item 7 carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

**YOUR ESTIMATED INITIAL INVESTMENT
(Event Trailer Franchise)**

TYPE OF EXPENDITURE	LOW RANGE AMOUNT	HIGH RANGE AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$49,000	\$49,000	Lump sum	Upon signing the franchise agreement	Us
Initial training ²	\$1,500	\$4,000	As incurred	Prior to and during training	Airlines, hotels and restaurants
Equipped event trailer ³	\$65,000	\$70,000	As incurred	As negotiated	Suppliers
Trailer delivery ⁴	\$500	\$2,500	As incurred	As negotiated	Suppliers
Towing vehicle ⁵	\$0	\$30,000	As incurred	As negotiated	Suppliers
Commissary or storage FF&E ⁶	\$0	\$15,000	As incurred	As incurred	Suppliers
Commissary or storage rent ⁷ (3 months of rent, plus a security deposit)	\$0	\$1,667	As incurred	As negotiated	Landlord
Technology stack fee – 3 months ⁸	\$855	\$1,425	As incurred	Monthly	Us
Misc. opening costs ⁹	\$500	\$2,000	As incurred	As incurred	Suppliers, utilities, etc.
Opening inventory ¹⁰	\$500	\$1,300	Lump sum	As negotiated	Suppliers
Grand opening assistance expenses ¹¹	\$7,500	\$9,000	As incurred	Before opening	Us, affiliates and suppliers
Grand opening marketing ¹²	\$1,500	\$3,000	As incurred	As negotiated	Suppliers
Advertising – 3 months ¹³	\$750	\$1,500	As incurred	As negotiated	Us, affiliates and suppliers
Additional funds – 3 months ¹⁴	\$1,500	\$5,000	As incurred	As incurred	Suppliers, accountants, employees, etc.
TOTAL¹⁵	\$129,450	\$196,392			

NOTES

¹ **Initial Franchise Fee.** The initial franchise fee is non-refundable, and we do not finance any portion of the fee. If you are an honorably discharged veteran of the United States military, we offer a 15% discount off of the initial franchise fee. Veteran ID cards, a DD-214 and other documentation will be required to provide proof of honorable discharged status.

² Initial Training. We estimate that you will have 1 to 4 people attend training. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation.

³ Event Trailer. You must purchase an equipped event trailer from our affiliate. Event trailers generally take 3 to 5 months to complete from the time it is ordered.

⁴ Trailer Delivery. The trailer can be delivered to you through our designated transportation company at an estimated cost of \$1 to \$2 per mile. You will be responsible for covering the cost of transporting the trailer. The trailer will be delivered from the Tampa Bay, Florida area.

⁵ Towing Vehicle. You must have a suitable vehicle with a hitch to pull your event trailer. This may be purchased or leased. We must approve of your towing vehicle. Your towing vehicle does not need to be wrapped, but we must approve of your vehicle wrap if you do. You must keep your towing vehicle in good condition and repair with no external damage or unreasonable wear and tear.

⁶ Commissary or Storage FF&E. Depending on your state, and if you do not operate a brick and mortar franchise or static trailer, you may be required to use a commissary to prep and store your perishable food items, or you may have to use garage space or rent space for just dry shelves, refrigerated and frozen storage. If you are required to use a commissary, the commissary must have a 3-compartment sink, NSF sink, commercial refrigerator, prep area, NSF shelving, mop sink with a direct drain to the sewer to dump grey water, must have a bathroom with a self-closing door, the walls must be of a washable material, the floor must be sealed, and must be rodent proof.

⁷ Commissary or Storage Rent. If you use a commercial commissary, we estimate you will need approximately 500 square feet of warehouse space for your commissary, and we estimate your lease to be \$2 to \$10 per square foot per annum.

⁸ Technology Stack Fee. This covers the costs of various technologies and subscriptions, including your POS system.

⁹ Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance and licenses. The cost of insurance may vary depending on the insurer, your state, and your claims history. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹⁰ Opening Inventory. This estimate is for the purchase of branded bags, paper goods, etc. We recommend that you do not purchase any perishable food items until you have events booked. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

¹¹ Grand Opening Assistance Expenses. We will provide you with 3 days of opening assistance during your opening. Included in this estimate is the \$5,000 opening assistance fee. You will also be responsible to cover the cost of travel, food, and lodging for our representatives to provide opening assistance.

¹² Grand Opening Marketing. This estimates the cost to promote your grand opening. We require that you spend at least \$1,500 in promoting your opening.

¹³ **Advertising.** This estimates the cost of advertising for the first 3 months after opening. You must submit a local advertising disbursement plan to us at least 30 days prior to opening detailing how you plan to spend your local advertising funds.

¹⁴ **Additional Expenses.** This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain adequate working capital reserves sufficient to keep your business in operation for at least 3 months, not including cash flows. This amount cannot be less than \$10,000. Alternatively, you can secure a line of credit for at least \$10,000. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the 5 years of experience of our principals in opening and operating various Capital Tacos® units, and the experience of our franchisees to compile these estimates.

¹⁵ **Total.** These figures are estimates for the development of a single event trailer franchise unit, and we cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures in Item 7 carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

YOUR ESTIMATED INITIAL INVESTMENT (3 to 5 Unit Development)

If you purchase a 3-unit flex pack or a 5-unit empire builder, we anticipate you will develop your units over time rather than all at once. However, we have included the estimated costs to develop a 3-unit flex pack or a 5-unit empire builder.

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
3-Unit Flex Pack ^{1,3}	\$388,350	\$1,281,600	As incurred	Part upon signing the 3-unit flex pack agreement and the remainder paid as each unit is developed	Us and suppliers
5-Unit Empire Builder ^{2,3}	\$892,500	\$2,136,000	As incurred	Part upon signing the area development agreement and the remainder paid as each unit is developed	Us and suppliers

NOTES

¹ **3-Unit Flex Pack.** The low amount is the estimate to build out 3 event trailer franchises based on the Item 7 table for event trailers (at an average of \$129,450 each), and the high amount is the estimate to build out 3 brick and mortar franchises based on the Item 7 table for brick and mortar locations (at an average of \$427,200 each).

² **5-Unit Empire Builder.** The low amount is the estimate to build out 3 brick and mortar locations, plus 2 event trailers based on the Item 7 table for brick and mortar locations (at an average of \$211,200) and event trailers (at an average of \$129,450 each), and the high amount is the estimate to build out 5 brick and mortar franchises based on the Item 7 table for brick and mortar locations (at an average of \$427,200 each).

³ **Total.** These figures are estimates for the development of a 3-unit flex pack or a 5-unit empire builder, and we cannot guarantee that you will not have additional expenses starting your development business. You should review these figures in Item 7 carefully with a business advisor before making any decision to purchase a 3-unit flex pack or a 5-unit empire builder. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products and Required Purchases

You must operate your franchise business according to our system as outlined in the franchise agreement and the manuals, including purchasing, or leasing certain items or services according to our specifications from approved suppliers, which could be us or our affiliates. You must not deviate from these specifications without our prior written consent.

You must purchase or lease the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this item	Is the franchisor or an affiliate the only approved supplier of this item?
Food Items	No	No
Paper Products	No	No
Beverages	No	No
POS system	No	No
Marketing	No	No
Insurance	No	No
Tables and Chairs	No	No
Artwork	No	No
Signage	No	No
Vehicle	No	No
Vehicle Wrap	No	No
Cleaning Products	No	No
Food and Safety Training	No	No
Inspection Companies	No	No
Uniforms	No	No
Computer Tablets	No	No
Software	No	No

Payroll Providers	No	No
Grease Trap	No	No
Fry Oil Removal	No	No
IT Support	No	No
Music	No	No
Security System	No	No
Pest Control	No	No
Beer and Alcohol	No	No
CO2	No	No
Hood Cleaning	No	No
Linen and Towel Services	No	No
Deep Cleaning Firm	No	No
Primary and Secondary Internet	No	No
Food Delivery Services	No	No

We may also require you to purchase advertising materials from us or approved suppliers. We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table. Additionally, we reserve the right to require that all items used in the operation of your business be purchased from us or other sources designated or approved by us.

Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in Our sole discretion:

Type of Insurance	Minimum Required Amount(s)
Commercial general liability insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate or leasehold minimum, whichever is greater
Property insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Commercial automobile insurance	At least \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage)
Liquor legal liability or “Dram Shop” Insurance (if you serve alcohol)	No less than \$1,000,000 per occurrence and \$2,000,000 aggregate
Data Breach & Cyber Security Breach Insurance	\$500,000 per occurrence and \$1,000,000 aggregate
Umbrella insurance	Excess “umbrella” liability with a limit of not less than \$1,000,000
Government Required Insurances	You must maintain and keep in force all worker’s compensation and employment insurance on your employees that is required under all federal and state laws.

These policies (excluding worker's compensation) will insure you, us, and our officers, directors and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment prior to you beginning operations and within 15 days of request. Our insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain insurance or fail to keep and maintain the same in full force and effect, we may obtain insurance for you at our discretion, and you will pay us the premium costs, plus a \$50 per month admin fee. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. Unless we are required to obtain insurance on your behalf, we do not derive revenue as a result of your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement.

If your premises (or trailer) are damaged and covered by insurance, you must use the proceeds to restore the facility (or trailer) to its original condition within 160 days from receiving the proceeds, unless we consent otherwise in writing.

Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you will be required to purchase items or services from the approved suppliers.

All currently approved suppliers and specifications are made available to you before the beginning of operations. We consider our approved suppliers and specifications to be of critical importance to the success of the system. You must receive our prior written approval to deviate in any manner from our specifications. At our discretion, we may revoke our approval from an approved supplier upon 30 days' written notice to you.

Ownership in Approved Suppliers

Some of our officers have an ownership interest in Premier Mobile Food Solutions, LLC, that is one of our approved suppliers.

Revenue to Us and Our Affiliates from Required Purchases

We or our affiliates may derive income from required purchases or leases of goods or services made by our franchisees from approved sources. In the last fiscal year, our revenues from the sale of these products and services to franchisees was \$0 or 0% of our total revenues of \$426,936.

Proportion of Required Purchases and Leases

We estimate that the portion of required purchases or leases will represent 80% to 90% of your overall purchases in opening your franchise business and 85% to 95% of your overall purchases in operating your franchise business.

Non-Approved Suppliers

We do not allow you to submit alternative suppliers to be included on our list of approved suppliers.

Standards and Specifications

We issue specifications and standards to you for applicable aspects of the franchise in our manuals and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple outlets.

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods or services regarding the establishment or operation of the franchise business from approved sources.

Negotiated Arrangements

Additionally, at this time there are no purchasing or distribution cooperatives. We currently negotiate purchase arrangements with suppliers, including price and terms for the benefit of franchisees.

Benefits Provided to You for Purchases

We do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers (e.g., grant renewals or additional franchises to franchisee's based on purchases).

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 4.1, 4.2	Item 11
b.	Pre-opening purchases/leases	Paragraphs 4.2, 6.1.3, 6.1.9, 6.1.11 and 6.1.13	Item 8
c.	Site development and other pre-opening requirements	Section 4.3	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and section 7.4	Item 11
e.	Opening	Section 4.4 and paragraph 7.5	Item 11
f.	Fees	Article V	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6.2, 12.4, and paragraphs 10.5.2, 12.1.11, and article IX	Items 8 and 11

h.	Trademarks and proprietary information	Article III	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Item 8 and 16
j.	Warranty and customer service requirements	Paragraph 6.1.2 and section 8.6	Item 11
k.	Territorial development and sales quotas	Section 1.1	Item 12
l.	Ongoing product/service purchases	Article VIII	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraphs 4.3.1, 6.1.2, and 6.1.9	Item 11
n.	Insurance	Paragraph 6.1.11	Item 8
o.	Advertising	Article X	Items 6, 7 and 11
p.	Indemnification	Section 15.2	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.6, 6.1.7, 6.1.14, and 6.2.3	Items 11 and 15
r.	Records and reports	Sections 5.4 and 5.5	Item 6
s.	Inspections and audits	Section 5.5 and paragraph 6.1.13(iii), and 6.2.2(iv)	Items 6 and 11
t.	Transfer	Article XIV	Item 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Section 12.1	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with government regulations	Paragraph 6.1.1	Item 12
z.	Guarantee of franchisee obligations	Section 6.3	Item 15

**ITEM 10
FINANCING**

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

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

Except as listed below, KJ-Licensing, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your franchise business, we will:

- 1) Designate your territory [franchise agreement section 1.1].
- 2) Approve of your site (other than for event trailers because there is no designated site). You are required to locate your site. We are not required to assist in locating a site, but we may

do so (either us or a designated supplier) on a case-by-case basis. We can also require that you engage a real estate brokerage designated by us to assist you with locating a site and negotiating a lease. We must approve of your site before a lease is entered into or you begin construction. Our approval is based upon the following general criteria: type of space, rent, lease terms, access, appearance, traffic, general population, number of and types of businesses in the territory, parking, square feet, and general vicinity. Site approval or disapproval should be completed by us and notice provided to you in writing, within 30 after you have submitted a proposed site to us for review. Although we must approve of your site, we do not guarantee the potential success of the approved site [franchise agreement section 4.1].

3) We are not required to prepare demographic studies or otherwise determine a need for a Capital Tacos® restaurant within your territory, but we may do so (either us or a designated supplier) on a case-by-case basis [franchise agreement paragraph 4.1.1].

4) Make available general written specifications for those items listed in Item 8. We do not offer assistance in delivery or installation of any of these items [franchise agreement sections 7.1 and 8.6].

5) Provide you with the names of approved suppliers [franchise agreement section 7.2].

6) We are not required to provide you with preliminary design plans for your franchise business (applicable to brick and mortar franchises), but we may do so (either us or a designated supplier) on a case-by-case basis. However, you must adapt your franchise business to our general specifications at your own expense, in accordance with local, state, and federal laws, rules and ordinances. You are responsible to obtain any required permits [franchise agreement paragraphs 4.3.1 and 4.3.3].

7) We are not required to provide assistance in the construction, remodeling, or decorating of your franchise business, but we may do so (either us or a designated supplier) on a case-by-case basis [franchise agreement section 4.3].

8) Loan you a copy or provide electronic access to our confidential manuals containing mandatory policies, operating procedures, and other information. The manuals are confidential, will remain our property, and may be used by you only in association with your Capital Tacos® franchise business and only during the term of the franchise agreement. You must keep the contents of the manuals confidential. The master copy of the manuals maintained by us will be controlling in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically. The table of contents of the policies and procedures is included as Exhibit "G" to this disclosure document. Our policies and procedures manual is in electronic format and is equivalent to approximately 551 pages [franchise agreement article IX].

9) Assist with ordering a static trailer or an event trailer if you purchase either type of franchise [franchise agreement section 7.7].

Commencing Operations and Lease Agreements

1) For brick and mortar franchises, you will have 12 months from the date of the franchise agreement to open your franchise business [franchise agreement section 4.4].

2) For static or event trailer franchises, you will have 3 months from the date the trailer is delivered to you to open your franchise business [franchise agreement, Exhibit “A-11” and Exhibit “A-12”].

3) For brick and mortar franchises and static trailers, we must approve of your lease, and you are required to have the landlord consent to an assignment of the lease before the lease agreement is signed. You must also deliver an executed copy of the lease to us within 15 calendar days after execution. Additionally, you are required to include our standard lease rider which is attached to the franchise agreement as part your lease [franchise agreement sections 4.1 and 4.2].

Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 8 months to 12 months for brick and mortar franchises, 4 to 8 months for static trailers, and 3 to 6 months for event trailer franchises. Factors affecting these lengths of time usually include obtaining a satisfactory site, financing arrangements, construction, ordering, buildout, and delivery of the trailer, local ordinance compliance, training, and delivery and installation of furniture, fixtures, equipment, signs, supplies, and opening inventory items. You must give us at least 60 days’ written notice before opening your franchise business [franchise agreement paragraph 4.4.2].

Failure to meet these deadlines for any reason, including our disapproval of a proposed site location, may result in termination of the franchise agreement without a refund. However, if you can show a good faith effort to meet these deadlines, we will extend the deadline by up to 90 days [franchise agreement section 4.6].

Assistance During Operation

During the operation of your franchise business, we will:

1) Provide you with updates to the manuals, which updates may be in the form of emails, videos, audio recordings, bulletins, newsletters, announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of products or services. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement section 9.1]. Other than modifications due to health or governmental mandates or guidelines, or public concerns, we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement [franchise agreement paragraph 6.2.2(iii)].

2) At your reasonable request with advanced notice we can provide operations assistance to your franchise business either remotely or in person [franchise agreement paragraph 7.3].

During the operation of your franchise business, we may:

1) Make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third party provider (which could include secret shoppers). Upon our request, at all reasonable times, you will provide us a video and/or digital images of the interior and exterior of your franchise business as set forth in the manuals [franchise agreement paragraphs 6.2.2(iv)].

2) Conferences and seminars, which may be through online webinars, videos, live video conferencing, phone conference or in person, to discuss improvements, new developments, mutual concerns, business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. Attendance at conferences and seminars is mandatory for your operating principal, and you are required to pay the registration fees travel and living expenses for your attendees. In-person conferences and seminars will be held at locations chosen by us [franchise agreement paragraph 6.1.14].

3) Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.6].

4) To the degree permitted by law, suggest retail price, specify maximum and minimum pricing above and below which you will not provide any goods or services [franchise agreement paragraph 6.1.12]. You must honor all coupon, price reductions and other programs established by us [franchise agreement section 6.2.2(ii)].

5) At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your franchise business from time to time as we may reasonably direct, but not more often than every 5 years (except for required changes to the trademarks, which we may require at any time). You must complete all updates and changes within 6 months' notice from us [franchise agreement section 6.1.9].

6) We will replace defective products purchased directly from us according to our standard limited warranty, if any. For items purchased through third parties, you must work directly with the supplier or manufacturer of those items regarding warranties, defective products, training, and support [franchise agreement section 8.6].

Employment Matters

We do not assist you with the hiring, firing, managing or compensation of your employees. That is your responsibility. We may provide you with an employee guide or manual, but it will only be a sample of certain employment matters unless otherwise indicated by us. We also reserve the right to require your employees to pass certain trainings regarding quality control. It is your responsibility to comply with local and federal employment laws [franchise agreement paragraph 6.1.10].

Advertising and Promotion

For brick and mortar locations, you are required to spend at least \$750 per month on local advertising. We reserve the right to increase the minimum local marketing requirement, but we will not require you to spend more than \$1,500 per month on local marketing during the term of the franchise agreement [franchise agreement paragraph 5.3.2].

For static trailer franchises, you are required to spend at least \$250 per month on local advertising. We reserve the right to increase the minimum local marketing requirement, but we will not require you to spend more than \$500 per month on local marketing during the term of the franchise agreement [franchise agreement Exhibit "A-11" Schedule 1].

For event trailer franchises, you are required to spend at least \$150 per month on local advertising. We reserve the right to increase the minimum local marketing requirement, but we will not require

you to spend more than \$250 per month on local marketing during the term of the franchise agreement [franchise agreement Exhibit “A-12” Schedule 1].

We must approve of your marketing, and you must update your advertising disbursement plan at the end of each year detailing how you plan to spend your local advertising funds in the coming year. We may provide you with samples of marketing materials developed by us and provide new marketing techniques as developed [franchise agreement section 10.5].

You may develop advertising and marketing materials for your use, at your cost, but all advertising and marketing material developed or used by you must have our prior written approval. Any advertising or marketing you create becomes our property and will be considered a “work-made-for-hire” that can be used by us or other franchisees. If you do not receive written approval or disapproval within 14 days of the date we received your submission, the materials submitted are deemed unapproved. We can revoke our approval of any marketing materials at any time in our sole discretion [franchise agreement section 3.10 and paragraph 10.5.1].

Advertising Fund

Although, under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system, or to spend any amount on advertising in your territory, we currently maintain and administer a national advertising, marketing, and development fund (referred to as the “advertising fund”) for local, regional, national marketing, or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the advertising fund to develop and test various media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

You must contribute to the advertising fund. We and our affiliates contribute to this fund on the same basis as the franchisees. We have no franchise businesses that do not contribute to the fund; however, contributions by our franchisees to the advertising fund may not be uniform [franchise agreement section 10.1].

We are responsible for administering the advertising fund, but we are not a fiduciary or trustee of the advertising fund. We will direct all uses of the fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (which may include television, Internet, radio, print, and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement paragraph 10.1.1].

We are not required to spend any amount on marketing directly in the area or territory where you are located. We do not guarantee that expenditures from the advertising fund will benefit you or any other franchisee directly, on a pro rata basis, proportionally, or at all. We are not required to segregate the advertising fund from our general operating funds. We do not use the advertising fund to solicit new franchisees.

We may use the advertising fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in the advertising fund activities [franchise agreement paragraph 10.1.2].

Advertising Expenditures in the Last Fiscal Year

During the last fiscal year, the marketing funds were used in the following ways: 90% on online ads, and 10% on other.

Any unused marketing funds in any calendar year will be applied to the following year's fund. The advertising fund is unaudited. You may send us a written request to receive an unaudited annual report of marketing expenditures within 90 days of the end of our fiscal year. Because we are a new franchise, we do not have an accounting of the use of the advertising fund in our prior fiscal year [franchise agreement paragraph 10.1.2].

Advertising Fund Council

No franchisee advertising council is anticipated at this time.

Advertising Cooperative

You are not required to participate in a local or regional advertising cooperative [franchise agreement paragraph 10.2].

Other Marketing Funds

At this time, you are not required to participate in any other marketing funds.

Online and Social Media Presence

You may not create a website for your franchise business. However, you may be allowed to place pre-approved information concerning your franchise business on our website, as developed by us. Additionally, you cannot market on the Internet, including posting for re-sell, items on third party re-sell or auction-style websites such as eBay and the system as a whole, Craigslist or Amazon, and you cannot claim any web listing on sites such as Yelp without our prior written permission. We have the right to manage all online reviews for your location [franchise agreement section 10.6].

We will own and control all social media related to the brand, but you are encouraged to submit local content (videos, pictures, posts, etc.) for our review, and we may accept, reject, and/or modify the content before posting it. We will have 10 days to notify you of our decision. If you do not receive written approval or disapproval within 10 days of the date we received your submission, the media submitted will be deemed unapproved. You cannot change the login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. You must also sign the assignment of digital media accounts that is included as part of your franchise agreement. You must strictly comply with our policies and procedures regarding websites, social media sites, and Internet marketing. We reserve the right to restrict your use of these mediums in the future [franchise agreement section 10.6].

You must at all times maintain and frequently check a valid email address, known and available to us, to facilitate our communication with you. You must use the email address we will provide to you or approved by us for use for your franchise business [franchise agreement paragraph 6.2.2(i)].

Computer / Point of Sale System

We require the use of a point of sale system designated by us to be purchased or leased from a designated supplier at your expense. For brick and mortar franchises, the POS system will provide the following:

- reporting of sales
- employee time keeping
- customer database
- online ordering
- gift card tracking
- credit card payment
- management and other purchase tracking

You must have at least a 2-terminal POS system which meets our specifications. The estimated cost of purchasing or leasing the POS system is \$7,500 to \$15,000. You must also have at least 2 iPads, 5th generation or newer that must meet our specifications and be capable of interfacing with our computer system and software, at an estimated cost of \$1,500. The monthly subscription costs for the POS system are included in the technology stack fee.

For static trailers and event trailers, the POS system will provide the following:

- reporting of sales
- employee time keeping
- customer database
- credit card payment

Your static trailer or event trailer will come equipped with a POS system, and the monthly subscription costs for the POS system is included in the technology stack fee.

We will have independent access to the information and data collected or generated by the computer and the POS system. There are no contractual limits on our rights to do so. We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. There are no contractual limitations on our right to do so. We estimate the annual costs to maintain, upgrade and support your computer and POS system to be \$1,000. We are not required to maintain, repair, update and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.13].

Loyalty Programs

You are required to participate in the loyalty, gift card, and coupon programs we develop [franchise agreement paragraph 6.2.2(ii)].

Accounting and Payroll

We require you to use and pay for an accounting software designated by us. You will be required to use only the standardized templates, line items, and charts of accounts as designated by us that we will provide you. You are responsible for any fees associated with the use of such accounting system, and we can require that we have independent view-only access to your account. You are required to use a payroll company if you purchase a brick and mortar franchise, and you will be responsible for

the costs of the payroll provider. We reserve the right to require you to use a specific payroll provider [franchise agreement paragraph 6.1.13(i)].

Security System

For brick and mortar franchises, you are required to purchase a security system to protect your franchise business. We do not designate a specific type of security system or a specific brand you must use, but you must have both inside and outside cameras. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. By installing the system, you and your employees are waiving their right to privacy with respect to the use of the compliance monitoring system in non-private areas of the business. You are required to provide us notice of its installation. We estimate the cost of such system to be \$500 for initial installation and an ongoing cost of approximately \$50 to \$100 per month [franchise agreement paragraph 6.1.13(v)].

For static trailers, you are required to install 3 security devices: a hitch lock, a wheel boot, and GPS tracking. These items are included in the price of the equipped static trailer. For event trailers, the equipped trailer will come with a hitch lock, but you have the option to purchase a wheel boot and GPS tracking [franchise agreement Exhibit "A-11" section 5].

Compliance Monitoring System

For brick and mortar franchises and static trailer franchises, you are required to install an approved compliance monitoring system in your franchise business as designated by us and at reference points as we require. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. This system is not a security system but is a management tool, and we are not required to monitor your store. Both you and we must have the right to online access to the system. By installing the system, you and your employees are waiving their right to privacy. You agree to require all your employees to sign a waiver of their right to privacy with respect to the use of this compliance monitoring system in non-private areas of the business. We estimate the cost of the system to be \$2,500 for initial installation, but we do not anticipate there will be any ongoing subscription fees for the compliance monitoring system [franchise agreement paragraph 6.1.13(vi)].

Miscellaneous

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to this variance yourself [franchise agreement sections 7.7 and 20.15].

Area Development Agreement

Purchasers of a 5-unit empire builder will enter into an area development agreement with us. Your rights under the area development agreement are territorial only and do not give or imply a right to use our trademarks or system. We must approve the potential site for each franchise business location. Our approval will be based on our then-current standards for that franchise business pursuant to your franchise agreement [area development agreement article 2; franchise agreement section 1.1].

Initial Training

At a minimum, your operating principal is required to attend and successfully complete a training program which is held in Tampa, Florida. The “operating principal” is a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us [franchise agreement paragraph 6.1.4 and article XXI].

The training program is held as needed at a company-owned location. Successful completion will be determined by our trainers. Successful completion of training must be completed at least 2 weeks before you may open your franchise business. The following measures will be used to help determine successful completion: trainees must complete the online modules, written tests, classroom feedback, onsite tasks, pass observation evaluations, instructor feedback, and ratings. The length of training depends on the prior experience of your attendees but should last approximately 19 to 24 days.

The training is provided to you without charge for up to 4 attendees. We also allow up to 2 additional persons to attend the initial training at a cost of \$250 per day, per person. You are responsible to bear the cost of all travel, lodging, meals and all other living costs and expenses and compensation for all of your attendees. The estimated cost of training is listed in Item 5 and Item 7. Each person must attend the same training session. Trainees who do not pass training may retake the initial training for \$250 per day, per person. All attendees to any training must sign a non-disclosure agreement acceptable to us before attending training [franchise agreement section 6.1.4].

Below is a table listing the subjects taught and the amount of classroom and onsite training provided as part of the initial training.

TRAINING PROGRAM^{1,2}

Subject	Hours of Classroom Training	Hours of On - The - Job Training	Location
Guide to running a successful location	12-16	6-12	Tampa, FL
Recipes	4-6	4-6	Tampa, FL
Food Preparation	4-6	15-20	Tampa, FL
Role Training	8-10	25-30	Tampa, FL
Opening and Closing	4-6	15-20	Tampa, FL
Recap of Training	6-8	0	Tampa, FL
Totals:	38-52	65-88	

¹ The training program for franchisees may be changed due to updates in materials, methods, manuals, and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to you and your personnel may vary based on the experience of those being trained.

² This table and the hours of classroom training and hours of on-the-job training is based on the initial training program for brick and mortar franchises. The training program for static trailers is approximately half of what is provided for brick and mortar franchises and about one-fourth for event trailers. A franchisee that purchases a 3-unit flex pack or a 5-pack empire builder may be able

to complete the initial training for each type of franchise together, or they may attend different initial training sessions for each type of franchise purchased.

Trainers

Our senior level instructors, who will oversee training, will have a minimum of 5 years in the restaurant industry, and our general trainers will have at least 3 years' experience in the restaurant industry or at least 2 years of managerial experience in the Capital Tacos® system.

Materials Provided at the Initial Training

We will provide access to our manuals during training and other handouts to facilitate training.

Replacement Training

After the initial training, any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. Our fee for this replacement training is \$5,000, plus the travel, food, and lodging for your attendees or our representatives [franchise agreement paragraph 6.1.4(i)].

Additional Training

Depending on availability and advanced written notice, if you would like additional training, we may provide this training to you. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. We can require you to attend additional refresher training classes if you do not pass our inspections or otherwise determined by us at our discretion. You will be responsible for the costs of travel, food, lodging and compensation of your attendees or our representatives [franchise agreement paragraph 6.1.4(ii)].

At this time, other than listed above, no additional trainings or refresher courses are required.

ITEM 12 TERRITORY

Grant of Territory

Under the franchise agreement, we will grant you the right to use the system and proprietary marks solely within a specific geographic area, the boundaries of which will be negotiated prior to signing the franchise agreement and are described in the franchise agreement.

Territories for Brick and Mortar and Static Trailer Franchises

The specific size of your territory is set by us based on the population density, the business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors.

For a brick and mortar franchise, we generally grant a territory of approximately 5 to 7 miles or 50,000 people, whichever area is smaller. For a static trailer franchise, we generally grant a territory of approximately 3 to 5 miles or 30,000 people, whichever area is smaller. The written boundaries of your territory will be included in your franchise agreement, and we will not place another traditional

brick and mortar or static trailer unit within your territory during the term of your franchise agreement.

Event Trailer Territories and Restrictions

Event trailer franchises that are purchased in connection with a brick and mortar or static trailer franchise (if purchased within 2 years of opening the brick and mortar or static trailer franchise) will have exclusive rights to operate an event trailer within their territory. Additionally, any event that was scheduled prior to such brick and mortar franchise or static trailer franchise opening an event trailer in their now protected territory will be transferred to that franchisee once the franchisee begins operating its event trailer.

Event trailers that are not purchased in connection with a brick and mortar franchise (or are purchased more than 2 years after opening their brick and mortar or static trailer franchise) will not be granted a protected territory to operate an event trailer.

In general, all event trailers may operate anywhere other than in the territories of brick and mortar and static trailer franchises that also operate an event trailer. Such areas are referred to as “protected areas,” and non-protected areas are referred to as “open areas.”

All event trailers may service or solicit any customer in an open area unless that customer is a current customer of another Capital Tacos® business. A “current customer” is a customer in an open area that has scheduled or invited a Capital Tacos® event trailer or other Capital Tacos® catering service to service an event, or who has done business with a Capital Tacos® franchise or affiliate in the previous 6 months. We will maintain the list of current customers, and this list will be accessible to us, our affiliates, and all franchisees and will be updated at least quarterly. You may submit a customer to be on the list at any time, but you must update your submitted list at least quarterly.

We may sell franchises or open a Capital Tacos® business in an open area at any time. You do not gain any territorial rights to an open area by servicing a customer in that area. If you develop customers in an area that is later granted to an affiliate of ours or to another franchisee as part of a protected area, you can no longer service customers in the protected area. Existing customers and any scheduled event in an area that becomes a protected area will be transferred to the franchisee or our affiliate to which the protected area belongs (as applicable).

Catering

Each brick and mortar franchise and static trailer franchise is required to offer and provide catering services, and each brick and mortar franchise and static trailer franchise is granted exclusive catering rights (non-event trailer events) in their territory. However, static trailer franchises will likely not be capable of providing catering services to large events due to limit storage space in the trailer unless they have an ancillary kitchen/commissary. We have the right at our sole discretion to transfer such large events to another franchise or affiliate with greater catering capabilities. We can require certain suppliers and platforms for catering services. You are required to abide by all terms and conditions of such providers as well our standards in providing catering services, including fulfillment times, and you are required to pay all use fees associated with orders processed through those suppliers. All franchisees may cater outside of their territories so long as it is not in another franchisee’s or affiliate’s protected catering territory and so long as the customer is not an “existing customer” of another franchisee or affiliate of ours as described above.

Relocation

You do not have the automatic right to relocate your business, and we have the right to deny any relocation request. You must obtain our prior written permission if you want to relocate your franchise, and you must be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is determined on a case-by-case basis and is based on factors such as your operational history, our then-current criteria used in approving a new franchisee's proposed site, and other factors that are relevant to us at the time of the relocation request. We can require that you cover our cost associated with your relocation as a condition of our approval to allow you to relocate.

Your Rights to Use Channels of Distribution

You do not have the right to sell products or services through other channels of distribution, including the Internet, via apps or social media. However, as discussed above, you are allowed to provide catering services.

Advertising Within and Outside the Territory

We and other franchisees may advertise within your territory, and you may advertise within other territories.

Non-Exclusive Territory

You will not be assigned an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as discussed above, we will not establish another traditional franchise or traditional company-owned unit using the trademark within your territory.

Non-Traditional Outlets and Right of First Refusal

We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell franchises for non-traditional Capital Tacos® outlets at our discretion, within your territory without paying compensation to you. These non-traditional outlets include locations at gas stations, convenience stores, convention centers, military bases, universities, sporting arenas, airports, or other similar captive locations. Nonetheless, these non-traditional locations will not be able to deliver food from online orders into a protected area.

Before selling or opening a non-traditional location in your territory, we will give you a 10-day right of first refusal to exercise your option to purchase a franchise at the designated non-traditional location. If you exercise your option, you must sign our then-current franchise agreement and pay the initial franchise fee with 30 days thereafter. If you exercise your option but then do not sign the franchise agreement and pay the initial franchise fee within 30 days thereafter, you will lose your right to purchase that franchise, and we will not be required to offer you a right of first refusal on subsequent non-traditional locations in your territory.

Our Right to Use Channels of Distribution in Your Territory

We and our affiliate also reserve the right to market and sell and distribute products and services under Capital Tacos®, both within and outside your territory using distribution channels, such as through catering services, websites, the Internet, apps, social media, direct marketing, national accounts, co-branding with other outlets, non-traditional outlets, grocery stores, etc. In our sole

discretion, we may (but we are not required to) provide you with a percentage of the profits for certain home delivery items sold in your territory.

Our Previous Activities in Your Territory

In the past, we or an affiliate may have used the following distribution channels to sell and distribute products and services in your territory under the Capital Tacos® brand: websites, the Internet, apps, and social media.

Competition by Us Under Different Trademarks

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark, but we reserve the right to do so in the future.

3-Unit Flex Pack Agreement

If you purchase a 3-unit flex pack, you will enter into a separate 3-unit flex pack agreement. Under the 3-unit flex pack agreement, you will not receive a protected development area, and you must open each of your franchises within 5 years of signing your first franchise agreement. After 5 years, you will forfeit any unused/unopened franchise licenses you have purchased.

Area Development Agreement

If you enter into an area development agreement, you will be assigned a limited, non-exclusive area over which you will have development authority. You may face competition from other franchisees, from units that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish another traditional brick and mortar or static trailer unit using the trademark within your development area during the term of your development agreement. The size of your development area is to be negotiated. The written boundaries will be included in your area development agreement. The schedule of units to be developed in your area is negotiated between you and us. The size of the development area depends on the number of brick and mortar locations you will develop. The length of the development schedule also depends on the number of brick and mortar locations you will develop. We generally grant 12 months per brick and mortar location to be developed. For example, if you committed to developing 3 brick and mortar franchises, your development schedule would be 36 months. To maintain your area development rights, you must develop a set number of franchise businesses by the deadlines listed in your development schedule.

Non-Traditional Outlets and Right of First Refusal in the Development Area

We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell franchises for non-traditional Capital Tacos® outlets at our discretion, within your development area without paying compensation to you. These non-traditional outlets include locations at gas stations, convenience stores, convention centers, military bases, universities, sporting arenas, airports, or other similar captive locations.

Before selling or opening a non-traditional location in your development area, we will give you a 10-day right of first refusal to exercise your option to purchase a franchise at the designated non-traditional location. If you exercise your option, you must sign our then-current franchise agreement and pay the initial franchise fee within 30 days thereafter. If you exercise your option but then do not sign the franchise agreement and pay the initial franchise fee within 30 days thereafter, you will lose

your right to purchase that franchise, and we will not be required to offer you a right of first refusal on subsequent non-traditional locations in your development area. Non-traditional units will not count toward your development obligation unless otherwise agreed by us.

We and our affiliate also reserve the right to market and sell and distribute products and services under Capital Tacos®, both within and outside your development area using distribution channels, such as through catering services, websites, the Internet, apps, social media, direct marketing, national accounts, co-branding with other outlets, grocery stores, etc. In our sole discretion, we may (but we are not required to) provide you with a percentage of the profits for certain home delivery items sold in your development area if those deliveries are also within a territory for one of your locations.

ITEM 13 TRADEMARKS

Non-Exclusive Grant of the Trademark


We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.


Agreements Regarding the Trademark

Under a license agreement entered into between KJ-IP, LLC and us in 2018, we were granted the right to use and sublicense the trademarks for 50 years. The license may be terminated for our default; however, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Registered Trademarks

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office on the Principal Register or they have not been registered and we claim common rights in them. All required affidavits and renewals have been filed.

Registration/ Serial Number	Word or Design Mark	Registry	Registration/ Filing Date	Status
4,702,983	CAPITAL TACOS®	Principal	March 17, 2015	Registered. All required affidavits and renewals have been filed.
4,682,030		Principal	February 3, 2015	Registered. All required affidavits and renewals have been filed.
4,684,646	KEEP IT CAPITAL®	Principal	February 10, 2015	Registered. All required affidavits and renewals have been filed.
87/460,643	CAPITAL TACOS DONE RIGHT	Principal	May 29, 2018	Registered. All required affidavits and renewals have been filed.

Not applicable		Not applicable	Not applicable	Not applicable
----------------	---	----------------	----------------	----------------

Although we have a registered trademark for the name “Capital Tacos,” we do not have a federal registration for our principal logo. Therefore, our principal logo does not have as many legal benefits and rights as a federally registered trademark. If our right to use the logo is challenged, you may have to change to an alternative logo, which may increase your expenses.

International Trademarks

We have also filed for trademark registration in the United Kingdom and the European Union, and those applications are currently pending.

Registered Domain Names

We have registered, among many others, the following Uniform Resource Locators (domain names): <http://capitaltacos.com>. You may not register or own a domain name using our trademark or any derivative of our trademark in a domain name, and you may not create or register any domain name in connection with your franchise business or the franchise system without our prior written permission.

Use of the Trademark

You must use all trademarks in strict compliance with our manuals and the Capital Tacos® system. You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it. You are prohibited from using any trademark as part of your corporate name, but you must use the name Capital Tacos® as part of an assumed business name or dba (“doing business as”) registered with the applicable local governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Capital Tacos® names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters “TM” or “SM” or “®” as appropriate. You are prohibited from using any trademark in the sale of any unauthorized product or service or in any manner not expressly authorized in writing by us. You are required to adhere fully and strictly to all security procedures required by us for maintaining the secrecy of proprietary information.

Governmental Determinations Regarding the Trademarks

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

Superior Prior Rights and Infringing Uses

We are aware of a food truck in Austin, Texas using the name “Capital Tacos.” However, we have not investigated whether such use constitutes an infringing use of our federally registered name, or whether our rights to use the Capital Tacos® name in Austin, Texas would be affected by such use.

We currently do not have plans to expand into Austin, Texas, and it does not appear that the food truck operator is looking to expand beyond one food truck operated in Austin, Texas.

Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate.

We are not obligated to protect any rights that you have to use the trademarks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you must proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademarks.

You may not contest, directly or indirectly, our right and interest in our trademarks, names or service marks, trade secrets, methods, and procedures that are part of our business, and you must execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the trademarks or system belongs exclusively to us.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

Copyrights

We have not registered our manuals with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we, or our parent or affiliate, claim protected trade secrets and copyrights in parts of our franchise system.

We claim other copyrights in sales literature and marketing materials which we, or our franchisees, develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

We or an affiliate may develop software or apps. In such cases, we claim copyright protection on all such items.

Proprietary Information

You may only use the proprietary information in our manuals but only in connection with the system and as authorized by us. The manuals may not be copied. The manuals must be returned to us or permanently deleted by you upon termination of your franchise agreement. As mentioned above,

portions of the “system,” including certain processes, recipes, marketing concepts, customer lists, etc., are a trade secret or confidential and proprietary to us.

With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us; (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between KJ-IP, LLC and us in 2018, we were granted the right to use and sublicense the patents, copyrights, and other intellectual property for 50 years. The license may be terminated for our default; however, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals, and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. If applicable, we have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from any proceeding based on patents or copyright. You must modify or discontinue the use of any patent or copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

Improvements to the System

If you conceive or develop any improvements to the system, you must fully disclose the improvements to us, without disclosure the improvements to others and will obtain our written approval before using or implementing the improvements. All improvements you make to the system will be owned by us and considered a “work-made-for-hire” as defined in Section 101 of Title 17 of the United States Code.

Superior Prior Rights

There are presently no superior rights that could materially affect your use of the copyrights or patents in your territory.

Infringing Uses

There are presently no infringing uses of the trademarks that could materially affect your use of the copyrights or patents in your territory.

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

On-Premises Supervision

We require in-market supervision by your operating principal. An operating principal is allowed to oversee up to 5 locations within the same market. For brick and mortar locations, we require on-premises supervision by a manager (who can also be an operating principal). For static trailer franchises and event trailer franchises, we require you to have someone onsite at all times with manager level food safety certification.

Participation by Your Operating Principal

Your operating principal must personally participate in the direct operation and supervision of the franchise business. However, unless your operating principal will act as the fulltime manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours. However, your operating principal must work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

You must also maintain sufficient supplies and materials and employ adequate personnel to operate the franchise business at maximum capacity and efficiency. Your operating principal must conduct frequent inspections of the franchise business to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods.

Although we do not require your operating principal to be involved in the day-to-day on-premises management, your operating principal is required to participate in your franchise business as follows: (i) be directly responsible for all accounting, reporting and bookkeeping and all financial components of the franchise business; (ii) attend and complete all required training and ongoing training courses; (iii) attend any annual or special meetings of franchisees; (iv) be directly involved with site selection, construction, remodeling; and (v) be directly involved in all personnel decisions affecting the franchise business.

Who Must Attend Training

Your operating principal must attend and successfully complete our initial training.

Restrictions on the On-Premises Supervisor

We do not put a limitation on whom you can hire as your on-premises supervisor. Your on-premises supervisor is not required to have an equity interest in the franchise business.

No Competing Enterprises

You, your operating principal, and managers must keep free from competing enterprises, or activities which would be detrimental to or interfere with the operation of your franchise business or the franchise system. Therefore, neither you, your operating principal, nor your management employees can have an interest in or business relationship with any competing business and must keep free from activities which would be detrimental to or interfere with the operation of your franchise

business. You, your partners, directors, members, shareholders, and operating principal will be required to sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 [franchise agreement, exhibit A-4]. Your employees will also be required to sign a confidentiality agreement and that agreement also imposes certain non-competition restrictions on management employees. Some states may impose certain restrictions on non-competition agreements. We provide you this form, but it is your responsibility to conform this agreement to the laws and regulations of your state [franchise agreement, exhibit A-5].

Required Operations

You must operate the franchise business 7 days per week, at the hours designated by us.

Personal Guarantees

Any individual who owns a 10% or greater interest in the franchise business and their spouse must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may provide and sell only those products and services specified and approved by us in writing. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you will be required to offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods, and techniques concerning all of our products and services. We do not have any restrictions or conditions that limit access to customers frequenting your location.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP¹

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

	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement and coincide with your lease agreement for the premises, so long as the lease is for approximately 120 months.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a new successor franchise agreement for an additional term of 10 years. Your successor agreement will also provide an option to

			enter into a subsequent successor franchise agreement for an additional renewal term.
c.	Requirements for franchisee to renew or extend	Section 2.2	<p>In order to renew, you must, among other things, not be in default, pay a successor franchise fee, modernize your franchise business to the then-current standards, and sign the then-current successor franchise agreement, which may have materially different terms from the previous agreement, and sign a release (subject to state law).</p> <p>When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. You are required to give us notice of your intent to renew between 6 and 12 months prior to the expiration of your franchise agreement. (Subject to state law).</p>
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. However, some states may allow you to terminate as permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f.	Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure. (See (h) below).
g.	“Cause” defined – curable defaults	Paragraphs 11.1 P-W	You have 5 to 30 days to cure certain material defaults of the franchise agreement.
h.	“Cause” defined - non-curable defaults	Paragraphs 11.1 A-O	Non-curable defaults include insolvency, bankruptcy, conviction of a felony, fraud, repeated defaults even if cured, harm or threat of harm to the public, abandonment, trademark misuse, etc.
i.	Franchisee’s obligations on termination/non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, compliance with the brand protection agreement, etc. (See also (r) below).
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, ownership change, the sale of substantially all of your assets, etc.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold our approval.

m.	Conditions for franchisor approval of transfer	Sections 14.3 - 14.8	Conditions to transfer include you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for new transferee arranged, new franchisee signs the then-current franchise agreement, a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law. (See state specific addenda.)
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We can match any offer for your franchise business or business assets within 45 days of written notice to us of the offer.
o.	Franchisor's option to purchase franchisee's business	Section 13.1	Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value within 45 days. Additionally, if we receive an offer to acquire a majority of the franchises or an offer to purchase a majority of our assets or stock, or to merge or go public or similar transactions, we have the option to purchase all of your rights and interests in and under the franchise agreement and your franchise business at fair market value.
p.	Death or disability of franchisee	Section 14.10	Within 160 days of death or disability of your majority owner or operating principal, your personal representative must be approved and a new manager must be trained, if applicable, or franchise must be assigned to an approved buyer. We have the right to operate your franchise business until a trained manager is in place. You will be charged our interim management fee, plus our costs, for us to manage your franchise business during this time. You will also be responsible for royalties and other fees during the time of our operation.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3 - 16.5	No competing business for 2 years within your former territory or within 25 miles of your territory, or within 15 miles of any other Capital Tacos® franchise, company

			<p>or affiliate owned Capital Tacos® business (including after assignment).</p> <p>If you compete within the time period, then this non-compete time period will be tolled and extended for the period of your competition. Non-competition provisions are subject to state law.</p> <p>For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you may not solicit to or on behalf of a competing business any former customer of your franchise business that you serviced as a Capital Tacos® franchisee, or customer of ours or of an affiliate with whom you interacted during the term of the franchise agreement, or any Capital Tacos® franchisee. You also cannot solicit any then-current or former employee (employed within 1 year) to leave his or her employment.</p>
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures are subject to change by us.
t.	Integration/merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document. Any representations or promises made outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes there must be a face-to-face meeting, mediation and arbitration. (See state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Tampa, Florida or the county where our then-current headquarters is located. (Subject to state law).
w.	Choice of Law	Sections 19.1 and 19.5	Florida law the Federal Arbitration Act, and the United States Trademark Act apply. (Subject to applicable state law).

THE FRANCHISE RELATIONSHIP

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

Area Development Agreement

	Provision	Area Development Agreement	Summary
a.	Length of the area development agreement	Section 3.4 & Exhibit B	Generally, 3 to 5 years on the number of units to be developed
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for developer to renew or extend	Not Applicable	See above (subject to state law).
d.	Termination by developer	Not Applicable	Rights to terminate are subject to state laws.
e.	Termination by franchisor without cause	Not Applicable	We must have cause to terminate the area development agreement.
f.	Termination by franchisor with cause	Section 9.1 and 10.2	We can terminate only if you are in default of your agreement. area
g.	“Cause” defined – curable defaults	Sections 9.1.2 and 9.1.3	You have 45 days to cure a development schedule default and 30 days to cure certain other material defaults of the area development agreement.
h.	“Cause” defined – non-curable defaults	Paragraph 9.1.1 (1 – 7), and Section 9.2	Non-curable defaults: conviction of felony, fraud, failure to pay, insolvency, repeated defaults even if cured and abandonment, defaults of any of your franchise agreements, etc.
i.	Developer’s obligations on termination/non-renewal	Article 10	<p>You may continue as a franchisee pursuant to your signed franchise agreements.</p> <p>In the event we terminate your area development agreement, you may continue to own and operate all units that you have developed and that are in compliance and not in default and each unit continues to faithfully perform the terms of each franchise agreement.</p>

	Provision	Area Development Agreement	Summary
			Additionally, you will no longer have any exclusive development rights in your area, but you will have 10 years from the date the area development agreement is terminated to develop any undeveloped units for which you have already paid the initial franchise fee in full, subject to available territories.
j.	Assignment of contract by franchisor	Article 11 (and Section 14.1 of the franchise agreement)	No restrictions on our right to assign
k.	“Transfer” by developer - defined	Article 11 (and Section 14.1 of the franchise agreement)	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Article 11 (and Section 14.2 of the franchise agreement)	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Article 11 (and Sections 14.3 and 14.8 of the franchise agreement)	You are not in default, transferee is trained and signs the then-current area development agreement, and a release signed by you.
n.	Franchisor’s right of first refusal to acquire developer’s business	Article 11 (and Section 14.9 of the franchise agreement)	We can match any offer for your development business within 45 days of written notice to us of the offer.
o.	Franchisor’s option to purchase franchisee’s business	Not applicable	
p.	Death or disability of developer	Article 12 (and Section 14.10 of the franchise agreement)	The heirs or personal representative will have the right to continue to fulfill the developer’s obligations under the agreement; provided that a personal representative be approved or area development agreement must be assigned to an approved buyer within a reasonable time, not to exceed 160 days. (Subject to state law).
q.	Non-competition covenants during the term of the area development agreement	Article 12 (and Section 16.1 of the franchise agreement)	No involvement in a competing business. Non-competition provisions are subject to state law.

	Provision	Area Development Agreement	Summary
r.	Non-competition covenants after the developer is terminated, transferred or expires	Article 12 (and Sections 16.3-16.5 of the franchise agreement)	<p>No competing business for two years within 25 miles of your area or within 15 miles of another then-existing Capital Tacos® franchise or company or affiliate owned business (including after assignment). If you compete within the period, then this non-compete time period will be tolled and extended for the period of your competition. Non-competition provisions are subject to state law.</p> <p>For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you cannot divert or attempt to divert any business or customer from us, an affiliate, or our franchisees, or injure our goodwill.</p>
s.	Modification of the agreement	Article 12 (and Section 20.11 of the franchise agreement)	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Article 12 (and Section 20.10 of the franchise agreement)	Only the terms of the area development agreement are binding (subject to state law). All representations and promises outside the disclosure document and area development agreement may not be enforceable. No provision in any franchise agreement is intended to disclaim the express representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	Article 12 (and Section 17.2 of the franchise agreement)	Except for certain claims, for all disputes there must be a face-to-face meeting, mediation and arbitration. (See state specific addenda).
v.	Choice of forum	Article 12 (and Sections 17.2 and 19.2 of the franchise agreement)	All dispute resolution must be held in Tampa, Florida or the county where our then-current

	Provision	Area Development Agreement	Summary
			headquarters is located. (Subject to state law).
w.	Choice of Law	Article 12 (and Sections 19.1 and 19.5 of the franchise agreement)	Florida law the Federal Arbitration Act, and the United States Trademark Act apply. (Subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

We will at times try to collaborate with local celebrities for charitable purposes associated with the brand. For example, the brand has collaborated in the past with the Florida Panthers professional hockey team and certain professional wrestlers for charitable purposes at our affiliate owned restaurants in Florida, but we did not provide any compensation or other benefit to these public figures.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

In this Item 19, we have included the historical numbers from 2022 for 4 of our company owned brick and mortar. We have also included a separate table with a projection for static trailers based on our company-owned static trailer as well as a separate table with a projection for event trailers based on our franchisee’s event trailer. Both the static trailer and event trailer have operated for less than a year.

Additionally, we did not have any brick and mortar franchise locations that operated for a full 12 months in 2022, so we have not included their numbers in this Item 19. We had 2 company owned brick and mortar locations that opened the end of 2022, which are not included in the numbers below, and we have an express restaurant located in a gas station that we did not include in the tables below.

**Brick and Mortar Locations
(Company Owned Units)
January 1, 2022 through December 31, 2022**

The below table represents an historic financial representation of 4 brick and mortar Capital Tacos® units owned by our affiliates in various cities in Florida that operated for the full 12 months during the 2022 calendar year.

**Brick and Mortar Locations
Figures for 4 Company Owned Units¹⁵**

Category	Low	High	Average	Median	Number of Units that attained or surpassed the stated results	Percentage of Units that attained or surpassed the stated results
Revenue¹	\$1,150,199	\$1,769,614	\$1,489,367	\$1,518,827	2	50%
COGS²	\$331,676	\$466,647	\$436,820	\$434,942	2	50%
Gross Profit³	\$818,522	\$1,302,967	\$601,455	\$818,523	2	50%
Labor Costs⁴	\$313,979	\$383,068	\$204,776	\$313,979	2	50%
Delivery Expenses and Commissions⁵	\$59,444	\$143,131	\$125,049	\$138,169	2	50%
Rent and Utilities⁶	\$65,103	\$130,209	\$107,619	\$115,404	2	50%
Credit Card and Bank Fees⁷	\$21,653	\$29,510	\$26,241	\$25,582	2	50%
Insurance⁸	\$19,937	\$23,716	\$22,353	\$22,880	2	50%
Restaurant Supplies⁹	\$46,225	\$58,447	\$60,330	\$59,340	2	50%
All Other Expenses¹⁰	\$58,305	\$88,898	\$61,449	\$65,848	2	50%
Operating Income¹¹	\$233,878	\$445,988	\$291,147	\$276,439	2	50%
Franchisee Adjustments¹²						
Labor Costs¹³	\$253,979	\$318,068	\$294,608	\$295,826	-	-
Royalties (6%)	\$69,012	\$106,177	\$89,362	\$91,130	-	-
Advertising Fees (2.5%)	\$28,755	\$44,240	\$37,234	\$37,971	-	-
Operating Income¹⁴	\$196,111	\$360,571	\$228,301	\$214,944	-	-

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

Notes

¹ **Revenue.** The term “revenue” means includes all revenue of the applicable unit but does not include sales tax

² **COGS.** Includes the cost of food, drink, and paper products.

³ **Gross Profit.** The term “gross profit means pre-taxed revenue less COGS.

⁴ **Rent and Utilities.** Includes the total annual rent and utilities paid to use the space.

⁵ Labor Costs. Includes payroll expenses, payroll services, employee health insurance, taxes, and wages.

⁶ Delivery Expenses and Commissions. Delivery expenses and commissions include all fees associated with third party deliveries.

⁷ Credit Card and Bank Fees. The credit card and bank fees include all fees for processing credit cards and maintaining bank accounts.

⁸ Insurance. The types of coverage included in these costs include general liability coverage of \$1M per occurrence and \$2M in the aggregate.

⁹ Restaurant Supplies. Restaurant supplies include all other supplies such as replacement of smallwares and equipment.

¹⁰ All Other Expenses. These expenses include all other miscellaneous costs not otherwise included in another category.

¹¹ Operating Income. The term “operating income” means the remaining positive cash balance for the year after deducting all costs and expenses.

¹² Franchisee Adjustments. These adjustments have been made to account for costs that are anticipated to differ from the costs of our affiliate owned locations.

¹³ Franchisee Labor Costs. These figures take into consideration the labor costs savings (approximately \$60,000 annually) if the franchise unit was managed by an owner-operator.

¹⁴ Franchisee Operating Income. These figures take into consideration the labor costs savings if the franchise unit was managed by the owner-operator as well as the royalty and advertising fees paid as if these units were owned by franchisees.

¹⁵ Units. Our affiliate’s locations offer products and services similar to what our franchisees will offer and follow the same Capital Tacos® system that our franchisees are required to follow. These units are located in various markets in Florida. We anticipate our franchisees to be located in similar types of markets.

Static Trailer Pro Forma (Company Owned Unit)

The following table provides estimates based on actual historical numbers from 3 months of operations from one of our company owned static trailers that opened in Florida at the end of 2022.

	Monthly	Annual	Percentage of Revenue
Monthly Revenue	\$27,679	\$332,148	100%
Hourly Revenue ¹	~\$130 per hour		
Food/Paper/Cleaning	\$8,138	\$97,656	29.4%
Labor ²	\$2,202	\$26,424	7.3%
Gross Profit	\$17,339	\$208,068	62.5%

Expenses			
Royalty	\$2,214	\$26,572	8%
Advertising Fund Fee	\$415	\$4,980	1.5%
Technology Stack Fee	\$650	\$7,800	2.3%
Merchant Fees	\$886	\$10,632	3.2%
Repairs and Maintenance	\$175	\$2,100	0.6%
Third Party Delivery Fees	\$830	\$9,960	3%
Admin/Backoffice	\$100	\$1,200	3.6%
Insurance	\$313	\$3,756	1.1%
Rent	\$1,000	\$12,000	3.6%
Utilities	\$900	\$10,800	3.3%
Local Marketing	\$225	\$2,700	0.8%
Total Expenses	\$7,985	\$95,824	29.8%
Pre-Taxed Profits	\$9,631	\$115,572	34.8%

¹ Hourly Revenue. These numbers assume that the static trailer is open to the public 8 hours per day, generally between the hours between 11am and 7pm, plus prep and closing.

² Labor. These numbers assume that the owner operator works 60 hours per week and does not take a salary; and assumes paying employees a combined total of 155 hours per month at \$13/hr.

Event Trailer Pro Forma (Franchisee Owned Unit)

The following table provides estimates based on actual historical numbers from 2 months of operations from our franchisee owned event trailer opened in Florida that opened the beginning of 2023.

	Monthly	Annual	Percentage of Revenue
Monthly Revenue	\$9,000	\$108,000	100%
Events per Month	6		
Ave. Hours per Day of Event	6		
Hourly Revenue per Day of Event ¹	~\$250 per hour		
Food/Paper/Cleaning	\$2,790	\$33,480	31%
Food/Paper/Cleaning per Event	\$465		
Labor ²	\$481	\$5,748	5.3%
Gross Profit	\$5,731	\$68,772	63.7%
Expenses			
Royalty	\$540	\$6,480	6%
Advertising Fund Fee	\$135	\$1,620	1.5%
Technology Stack Fee	\$400	\$4,800	4.4%
Merchant Fees	\$288	\$3,456	3.2%
Repairs and Maintenance	\$75	\$900	0.83%
Third Party Delivery Fees	\$0	\$0	0%
Admin/Backoffice	\$50	\$600	0.56%
Insurance	\$155	\$1,860	1.7%
Rent	\$0	\$0	0%
Utilities ³	\$210	\$2,520	2.3%
Local Marketing	\$150	\$1,800	1.7%

Total Expenses	\$2,003	\$24,036	22.2%
Pre-Taxed Profits	\$3,726	\$44,712	41.4%

¹ Hourly Revenue. Events usually last around 3 hours with additional time allocated to prep and clean-up. We assume an additional 36 to 40 hours per month for travel, additional prep, administration, marketing, etc.

² Labor. These numbers assume that an owner operator works 40 hours per month and does not take a salary; and assumes paying employees a combined total of 37 hours per month at \$13/hr.

³ Utilities. Propane and gas.

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you will earn as much.

These financial projections are based on a static trailer and event trailer reaching and maintaining the same level of sales and expenses as our company owned static trailer and our franchisee owned event trailer. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

The information in this Item 19 was taken from financial statements from our company owned locations and our franchisees. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Although we provide you with the expenses and income for our affiliate owned units, you should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.

Other than the preceding financial performance representation, KJ Licensing, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting James Marcus at franchising@capitalacos.com and (813) 388-6830, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	+0
	2021	0	0	+0
	2022 ¹	0	1	+1
Company Owned	2020	6	5	-1
	2021	5	5	+0

	2022	5	7	+2
Total Outlets	2020	6	5	-1
	2021	5	5	+0
	2022	5	8	+3

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

Table No. 4
Status of Company-Owned Outlets²
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2020	6	1 ¹	0	2 ²	0	5
	2021	5	0	0	0	0	5
	2022	5	2	0	0	0	7

Total	2020	6	1 ¹	0	2 ²	0	5
	2021	5	0	0	0	0	5
	2022	5	2	0	0	0	7

¹ The location we opened in 2020 is a new express concept that we are testing. It is located within a convenience store in Riverview, Florida.

² These restaurants were our most recently opened locations with the least amount of built-up customer bases and were closed due to the global pandemic.

**Table No. 5
Projected Openings as of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Colorado	3	1	0
Florida	5	2	2
Georgia	0	0	3
North Carolina	0	0	2
Total	0	2	6

List of Franchisees

Exhibit “D” contains a list of our current franchisees. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Disclosure of Franchisee Information

If you invest in this franchise, your contact information and financial information may be disclosed in our disclosure document.

Confidentiality Agreements

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Franchisee Organizations

We do not know of any trademark specific franchisee organization associated with our system that is required to be disclosed in this item.

ITEM 21
FINANCIAL STATEMENTS

We are a start-up franchise. Our audited financial statements dated December 31, 2022 and our interim financials dated March 31, 2023 are attached as Exhibit "C." Our fiscal year ends on December 31 of each year. The franchisor has not been in business for 3 years or more and cannot include all the financial statements required by the Rule for its last 3 fiscal years.

ITEM 22
CONTRACTS

We have attached the following contracts: as Exhibit "A," the Franchise Agreement and its Exhibits; as Exhibit "B," the Statement of Prospective Franchisee; as Exhibit "H," the Form Release Agreement; as Exhibit "J," the Area Development Agreement; as Exhibit "K" the 3-Unit Flex Pack Agreement; and as Exhibit "L" the Trailer Purchase Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

ITEM 23
RECEIPT

The last 2 pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt either by mailing it to us at 23110 SR 54 #139, Lutz, Florida 22549 or by emailing it to us at franchising@capitaltacos.com.

**ADDENDUM TO THE CAPITAL TACOS® FDD
STATE REGULATIONS**

**SCHEDULE "A-1"
TO THE FDD**

STATE REGULATIONS FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

1. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall apply to the franchise agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
 - b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

EXHIBIT "A"
TO THE FDD
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

By and Between

KJ-LICENSING, LLC

and

(Franchisee)

© 2023, The Franchise & Business Law Group, LLC

This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Franchise & Business Law Group, LLC

**CAPITAL TACOS
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

ARTICLE	PAGE
I. AWARD OF FRANCHISE	3
II. TERM AND SUCCESSOR FRANCHISE.....	4
III. INTELLECTUAL PROPERTY	6
IV. CONSTRUCTION, COMMENCING OPERATIONS AND LEASE.....	9
V. FEES AND REPORTS	11
VI. FRANCHISEE’S OPERATIONAL COVENANTS.....	14
VII. FRANCHISOR’S OPERATIONAL ASSISTANCE	22
VIII. PURCHASE OF PRODUCTS.....	23
IX. MANUALS.....	24
X. MARKETING.....	25
XI. BREACH AND TERMINATION.....	27
XII. TERMINATION AND EXPIRATION.....	30
XIII. PURCHASE OPTION	33
XIV. SALES OR TRANSFERS OF THE FRANCHISE.....	34
XV. RELATIONSHIP OF THE PARTIES.....	38
XVI. COVENANT NOT TO COMPETE.....	39
XVII. DISPUTE RESOLUTION.....	39
XVIII. NOTICES	43
XIX. CONSTRUCTION AND JURISDICTION.....	44
XX. MISCELLANEOUS.....	45
XXI. DEFINITIONS.....	47

Exhibits

A-1	Territory
A-2	Company Representations and Warranties
A-3	Fee Chart
A-4	Brand Protection Agreement for Principals
A-5	Employee Brand Protection Agreement
A-6	Landlord’s Consent to Assignment
A-7	Authorization Agreement for Direct Payments (ACH Debits)
A-8	Guaranty and Assumption of Obligations
A-9	Digital and Social Media Authorization for Assignment
A-10	State Specific Addenda
A-11	Addendum to the Franchise Agreement (Static Trailer)
A-12	Addendum to the Franchise Agreement (Event Trailer)

KJ-LICENSING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of _____ by and between **KJ-LICENSING, LLC**, a Florida limited liability company (“Franchisor” or “We,” “Us” or “Our” as further defined in Article XXI below) and _____ (“Franchisee” or “You” or “Your” as further defined in Article XXI below).

WHEREAS, We have developed a system for the operation of a fun, fast-casual, Tex-Mex restaurant known as Capital Tacos, utilizing the Marks and System, and offering to the public a scratch kitchen that focuses on unique flavors and quality ingredients and other related products and services (“Franchise Business”); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Franchise Business using the System.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

ARTICLE I
AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-sublicensable personal right to establish and conduct a Franchise Business and the right to use the System and the Marks only as specifically set forth herein. This right is granted for use only at a single location approved by Us (“Premises”) within Your Territory listed on Exhibit “A-1” (“Territory”). You must operate Your Franchise Business in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals.

1.1.1 Territory Rights. Except as set forth in this Agreement, We will not establish or operate a traditional company-owned outlet or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement.

1.1.2 Catering. You are required to provide catering services in Your area. You are granted exclusive rights to cater within Your Territory, and catering services to any business anywhere (Including within Your Territory), so long as the distance traveled does not negatively affect the quality of the food or catering service provided. We can require certain suppliers and platforms for catering services, and You are required to abide by all terms and conditions of such providers as well Our standards in providing catering services, Including fulfillment times, and You are required to pay all use fees associated with orders processed through those suppliers.

You may also cater outside of Your Territory so long as it is not in another franchisee or affiliate’s catering territory. Such areas are referred to as “protected areas,” and non-protected areas are referred to as “open areas.” You, We, Our affiliates, and others within the Capital Tacos system may service or solicit any customer in an open area unless that customer is a current customer of another Capital Tacos® business. A “current customer” is a customer in the open area that has scheduled or invited a Capital Tacos® event trailer or other Capital Tacos® catering service to

service an event, or who has done business with a Capital Tacos® franchise or affiliate of Ours in the previous six months. We will maintain the list of current customers, and this list will be accessible to Us, or affiliates, and all franchisees and will be updated at least quarterly. You may submit a customer to be on the list at any time, but You must update your submitted list at least quarterly.

1.2 Scope of Franchise Operations. You must at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business.

1.3 Our Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein prevents Us from granting the right to establish or operate, or Us establishing, owning and operating a Capital Tacos® business or similar operation outside of the Territory. Furthermore, We and Our affiliates expressly reserve the right to sell, Market and distribute all Capital Tacos® products in Your Territory and elsewhere using other Marketing strategies and distribution channels Including the Internet, apps, Social Media, direct Marketing, co-branding with others without compensation to You. You may not sell Our products and/or services using such reserved Marketing strategies and distribution channels without Our prior written permission. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate Capital Tacos® businesses outside the Territory; 2) to operate and license others to operate businesses anywhere that do not operate under the Capital Tacos® brand name; and 3) to sell and license others to sell products and services in the Territory through channels of distribution (Including the Internet) other than through traditional Capital Tacos® outlets.

1.3.1 Non-Traditional Outlets. We reserve the right to open (through Us or an affiliate) or sell franchises for outlets located in non-traditional locations. These outlets may Include locations at convention centers, military bases, universities, sporting arenas, airports, convenience stores, gas stations, and other similar captive locations. Nonetheless, these non-traditional locations will not be able to deliver food from online orders into a protected area.

1.3.2 Right of First Refusal. Before selling or opening a non-traditional location in Your Territory, We will give You a 10-day right of first refusal to exercise Your option to purchase a franchise at a non-traditional location. If You exercise Your option, You must sign Our then-current franchise agreement and pay the initial franchise fee within 30 days thereafter. If You exercise Your option but then do not sign the franchise agreement and pay the initial franchise fee within 30 days thereafter, You will lose Your right to purchase that franchise, and We will not be required to offer You a right of first refusal on subsequent non-traditional locations in Your Territory.

1.4 Restriction of Territory Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at the Premises and do not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory, or in any other manner, except as may be allowed by this Agreement and Our Manuals. You cannot operate any other business from the Premises other than the Franchise Business.

ARTICLE II TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years unless terminated earlier pursuant to Article XI herein. However,



at the time You sign a lease for the Premises, the term of this Agreement will be extended to coincide with the expiration date for Your Lease, so long as such Lease is approximately 120 months unless otherwise agreed in writing by Us. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise (“Successor Franchise”) upon the expiration of the original term for an additional term of 10 years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have complied with and timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 5) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business; and 6) You give Us written notice of Your intent to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your Successor Franchise Agreement will also provide for a successive franchise term of at least five years. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days’ prior written notice to You for any reason whatsoever.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in a Successor Franchise Agreement, which date will supersede, said Successor Franchise term, including, any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise or as otherwise required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form of Our successor franchise agreement (“Successor Franchise Agreement”). The Successor Franchise Agreement Includes personal guarantees and a general release of all claims against Us arising from this Agreement, the relationship created herein, and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You will be obligated to pay royalties and other continuing Fees at the then-existing levels required to be paid by new franchisees. You must sign and return to Us the Successor Franchise Agreement within 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement, and this Agreement will Terminate at the expiration of the term then in effect. **You acknowledge that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, including terms affecting payments to Us or Our affiliates.**

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You shall pay to Us a non-refundable Successor Franchise Fee set forth in Exhibit “A-3,” payable in full at the time of execution of the Successor Franchise Agreement.

2.2.5 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You are required to reasonably renovate, remodel, redecorate, redesign, refixture, upgrade and/or otherwise refurbish Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards, image, and capabilities of new Capital Tacos® restaurants being opened at the time the Successor Franchise takes effect. Unless otherwise waived by Us, such improvements must be made within six months of signing the Successor Franchise Agreement. You will make all necessary arrangements to continue the occupancy of Your existing Premises through the Successor Franchise term(s) unless We give written permission to relocate Your Premises.

2.2.6 Successor Franchise Training. As a condition to Us approving You entering into a Successor Franchise Agreement, Your Operating Principal and/or other key personnel may also be required to attend and successfully complete trainings, certifications, and other programs at such times and locations as We specify. You may be required to cover the expense of travel, meals, lodging, and other related costs for such training and certifications.

ARTICLE III INTELLECTUAL PROPERTY

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) as between You and Us, We have the sole rights in and to the Intellectual Property and Confidential Information; 2) Your right to use the System is granted by Us solely pursuant to the terms of this Agreement; and 3) as between You and Us, We have the sole right to license and control Confidential Information and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contains trade secrets and other material proprietary to Us.

3.2 Use of Confidential Information and Intellectual Property. You have a non-exclusive right to use Confidential Information and Intellectual Property and only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of Our Confidential Information, Intellectual Property, and goodwill are all temporary benefits and expire with the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, not to: 1) directly or indirectly contest or aid in contesting the validity of Our ownership of, or rights in, the Confidential Information or Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Confidential Information or Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; or 3) interfere with the use of Our Confidential Information or Intellectual Property by Our other franchisees or licensees at any time.

3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Us or licensed to Us.

3.4 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters “TM,” “SM” or “®,” as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You shall not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product. You cannot use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents to identify Your Franchise Business or entity (Including in or on employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees must be under Your entity name.

3.4.1 Cooperation. You shall execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to cooperate fully with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System. You shall immediately notify Us as soon as You become aware of any infringement or apparent or alleged infringement of the Marks, Our Confidential Information, or any part of Our Intellectual Property.

3.4.2 Use in Marketing. The use of the Marks in Marketing is set forth in Article X.

3.4.3 Modification of Marks. We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logos, and/or other symbols in connection with the operation of the Franchise Business. In that event, You must bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You cannot make application for registration or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.5 Copyrights. All right, title and interest in and to Copyright Materials are Our sole and exclusive property and cannot be reproduced or replicated either during or after this Agreement. You have no rights to make any direct or indirect use of the Copyrighted Materials except as allowed under this Agreement.

3.6 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning any Confidential Information or Intellectual Property. You must promptly notify Us in writing of any unauthorized use of Our Confidential Information and Intellectual Property, or of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of Our Confidential Information or Intellectual Property licensed hereunder in which We have an interest. In the event We undertake the defense or prosecution of any litigation pertaining to any Confidential Information or Intellectual Property, You must execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), undertake the defense of any such proceeding and will

do so at Your sole cost and in strict coordination and oversight with Us. You may not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property.

3.7 Goodwill. You acknowledge that valuable goodwill is attached to the Marks and System, and that We have invested and continue to invest time and capital into promoting the System and that such promotion creates goodwill and customer association which benefits Us, You, and all other franchisees in the System. Furthermore, even goodwill associated with the Marks and System that might be deemed to have arisen through Your activities is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.7.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty-free, non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data as required by Us. To the extent that We do not otherwise have access, You must provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information, and do not contact laws. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to comply with the laws pertaining to calling or texting customers, the sending of emails, or any other transmission of information, including any anti-spam legislation.

3.8 Fictitious Business Name. You must not use Our Marks or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You must file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) using our Marks as designated by Us, and in the manner required by state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and must include Your assigned franchise designation in such filing. You must provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same, and upon Our request from time to time.

3.9 Maintaining Secrecy. You shall: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of Our Confidential Information; 2) disclose such information to Your employees only to the extent necessary to Market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.10 Changes to the System. You shall fully disclose all Innovations to Us, without disclosing the Innovation to others and shall obtain Our written approval before using or implementing an Innovation. All Innovations are owned by Us and considered a “work-made-for-hire” as defined in Section 101 of Title 17 of the United States Code (the “Copyright Act”). If all or part of any Innovation that You create is for any reason deemed not to be a work-made-for-hire, then You hereby irrevocably transfer and assign to Us or Our affiliate all right, title, interest and ownership, including license rights, in the Innovation, and You agree to execute any document necessary to effectuate the transfer and assignment. To the extent You have any moral or similar rights in an Innovation or derivative thereof, You expressly waive those rights. Any Innovation may be used by Us and all other franchisees without any obligation to compensate You. We reserve the right to make application for

and own Intellectual Property relating to any Innovation, and You shall cooperate with Us in securing these rights. We may also consider an Innovation as part of Our trade secret. At Our discretion, We may authorize You to utilize Innovations that may be developed by You, Us, or other franchisees.

3.11 Association with Causes; Co-Branding. You cannot, without first receiving Our written approval, in the name of the Franchise Business or in any manner associated with the Marks: (i) donate money, products, or services to any charitable, political, religious, or other for-profit or non-profit organization, cause, or position, or (ii) act in support of any such organization, cause, or position. You cannot “co-brand” or use the Marks or Your Franchise Business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. Although We must approve of Your site, We do not warrant or guarantee the success of the site. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Your Premises must strictly comply with local zoning and, state and federal laws, rules and regulations.

4.1.1 Location Approval. We must approve Your proposed site. We have the right, but not the obligation, to assist You in locating a site (which may be done through a third party). We can also require that You engage a real estate brokerage designated by Us to assist You with locating a site and negotiating a lease. You must provide Us with the street address of the proposed site and such other information as We request, Including pictures or existing brochures of the proposed site. We have the right, but not the obligation, to provide You with demographic studies (which may be done through a third party). Otherwise, We do not prepare demographic studies or otherwise evaluate the need for Our products and services in Your Territory, nor do We provide You with a site checklist or other similar information. Site approval or disapproval should be completed by Us within 30 days after You submitted a proposed site to Us.

4.2 Lease. We must approve of Your Lease, Including the term of the lease. You must also deliver an executed copy of the Lease to Us within 15 calendar days after execution.

4.2.1 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement Terminates. In such an event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. We also have the right to assign the Lease to another franchisee or an affiliate of Ours. If You own the Premises, You hereby agree to lease the facilities to Us upon Termination of this Agreement at a rate not to exceed its fair market rental value, and on commercially reasonable terms and conditions. Your Lease must Include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement is Terminated for any reason. You are required to have Your landlord sign the attached Landlord’s consent to an assignment of the Lease before the Lease is signed. The Landlord’s consent is attached hereto as Exhibit “A-6.” You and Your Landlord are also required to complete and sign the lease rider attached as Schedule “A-6.1” to Exhibit “A-6.”

4.2.2 Assumption of Lease. We will have 45 days from the date of Termination of this Agreement, to exercise Our right and option to take and assume the Lease for the Premises. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us as well as to indemnify Us against all losses and costs arising by virtue of, attributable to, or in any way related to the period of Your possession of the Premises. All taxes, utilities and rentals will be prorated between Us and You as of the date of Our possession. We will not be obligated to pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations solely attributable to the period of Our possession of the Premises. You agree that no compensation for the Lease is payable by Us to You unless the Premises are owned by You. The Lease will be transferred to Us without the payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us, including materials used, and it is Your responsibility to verify that the plans conform to federal, state and local laws. We are not required to assist in the construction, remodeling, or decorating of Your Franchise Business, but We may do so (either Us or a designated supplier) on a case-by-case basis.

4.3.1 Design of Premises. We are not required to provide You with preliminary layout/design plans for Your Franchise Business, but We may do so (either Us or a designated supplier) on a case-by-case basis. However, You must adapt the plans at Your expense in accordance with local, state and federal laws, rules and ordinances. You are also responsible to obtain any required permits. You shall arrange all fixtures, signs, furniture and décor of the Premises in strict compliance with the format and color schemes recommended by Us and to strictly follow the Franchise System as outlined in the Our Manuals and to work with Our approved suppliers providing such items. In addition, We must approve Your Premises prior to opening. If any elements of the Premises do not meet Our specifications, You will, at Your cost, be required to make the required adjustments.

4.3.2 Abandonment of Construction. Abandonment of construction or stoppage of construction for six or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.3.3 Approval of Construction; FF&E. You may not operate Your Franchise Business if construction, improvements and fixturization do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within 30 days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.4 Commencing Operations. You are required to commence operations not later than 12 months from the date of this Agreement. However, You may be granted an extension of 90 days if You demonstrate a good faith effort in complying with this Article.

4.4.1 Conditions to Opening. You shall notify Us in writing at least 60 days before You intend to open the Franchise Business to the public. Before opening, You must satisfy all of the following conditions: 1) You are in compliance with this Agreement; 2) You have obtained all applicable governmental permits, licenses, certificates of occupancy, and authorizations; 3) the Franchise Business conforms to all applicable System standards; 4) We have inspected and approved

the Franchise Business, which may be done virtually; 5) You have hired sufficient employees; 6) the required personnel have completed all of Our required pre-opening trainings and certifications; and 7) We have given Your Our written approval to open, which will not be unreasonably withheld.

4.5 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior written approval. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed site. We can require that You cover Our cost associated with Your relocation as a condition of Our approval to allow You to relocate. You have no right to relocate Your Premises, and We can deny any request for relocation.

ARTICLE V FEES AND REPORTS

5.1 Initial Franchise Fee. You shall pay Us the initial franchise fee listed in Exhibit "A-3" in one lump sum at the time of execution of this Agreement. The initial franchise fee must be paid by wire transfer or certified check. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement exist until the initial franchise fee is paid in full.

5.1.1 Veteran Discount. If You are an honorably discharged veteran of the United States military, You will receive a discount of 15% off the initial franchise fee. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

5.1.2 Employee Program. We provide qualifying employees that work at one of Our Capital Tacos® affiliate owned locations with a 50% discount off the initial franchise fee. The initial franchise fee is payable in a lump sum upon signing this Agreement. Additionally, depending on the employee's length of experience and responsibilities with the Capital Tacos® brand, We may provide additional discounts or waive certain other upfront fees, at Our sole discretion.

5.2 Royalty. You shall pay Us a non-refundable, on-going, weekly royalty fee as listed in Exhibit "A-3." The royalty is in consideration of Your right to use Our Intellectual Property and certain Confidential Information in accordance with this Agreement and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of payments to Us, You agree to allow Us to modify the definition of "Gross Sales" and the calculation of other Fees due to Us in order to comply with the law. However, in no event will the modification of the term "Gross Sales" or the calculation of other Fees due to Us result in Your payment in excess of the Fees listed in Exhibit "A-3."

5.3 Marketing Fees.

5.3.1 Advertising Fund. You shall pay Us the weekly Marketing fee listed in Exhibit "A-3" for Our Marketing programs as further described in Section 10.1 below. This fee is payable on the same terms as the royalty. Upon 60 days' written notice to You, this amount may increase to 3% of Gross Sales and may be increased at one time or in stages.

5.3.2 Local Marketing. You must also allocate and spend the amount is listed in Exhibit "A-3" each month on local marketing in Your Territory. We reserve the right to increase the minimum local Marketing requirement if We determine, in Our sole discretion, that to do so will be in the best

interest of the System, but We will not require You to spend more than \$1,500 per month on local Marketing during the term of this Agreement.

5.4 Calculation and Reporting. The calculation, reporting and payment of the Fees specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Gross Sales Report. See Section 5.5 below.

5.4.2 Payments; Due Date. Royalties and Advertising Fund Fees are due weekly on the day designated by Us. Monthly payments must be made on the 1st day of each month. All payments to Us must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Our current ACH agreement is attached hereto as Exhibit “A-7” and may be modified by Us at any time in Our sole discretion. We reserve the right to change the payment due date or require an alternative payment frequency for any or all Fees in the future. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

5.4.3 Operating Account. You shall not have more than one Operating Account associated with the Franchise Business. If You fail to timely report Gross Sales, We may automatically sweep or debit an estimated amount of Fees due to Us. You shall pay Us any amount owing if We underestimate Your payment to Us, and We will credit You with any overage that We charge.

5.4.4 Late Fees. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us or an affiliate, and You will be charged per bounced check or insufficient funds transfer. See Exhibit “A-3.” These fines are due with the next royalty payment. These amounts may be adjusted by Us from time to time in the Manuals.

5.4.5 Interest. In addition, all Fees not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 18% per annum or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees or otherwise exceed or violate any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.6 Sales or Use Tax. If there is hereafter assessed any nature of sales tax or use tax or other tax on Fees or other sums previously or hereafter received by Us under this Agreement (“New Tax”), then in addition to all Fees and other payments to be made by You as provided in this Agreement, You shall also pay Us or the taxing authority, a sum equal to the amount of such New Tax. Any New Tax paid to Us must be paid when due to the taxing authority.

5.5 Reports and Financial Statements. You must submit the following reports by the following due dates. We reserve the right to require all reports to be submitted at more frequent intervals.

TYPE OF REPORT	DUE DATE	REMARKS
Gross Sales Report	Weekly or monthly, as designated by Us and on the date designated by Us	This report must show all monies received or accrued, sales or other services performed and such other information concerning Your financial affairs, as We may

		reasonably require.
Inventory and Labor Expenses	Weekly or monthly, as designated by Us and on the date designated by Us	This report must detail your expenditures for inventory and labor in a form we may require.
Local Marketing Report	Weekly or monthly, as designated by Us and on the date designated by Us	This report must detail your expenditures for local Marketing in a form We require. We have a right to require that these expenditures be audited.
Payroll Tax Report	Weekly or monthly, as designated by Us and on the date designated by Us	We have the right to require that You use an approved or specific payroll provider
Sales Tax Report	Weekly or monthly, as designated by Us and on the date designated by Us	
Profit and Loss Statement	Monthly designated by Us and on the date designated by Us	The P&L does not need to be prepared by Your accountant or audited unless specifically requested by Us.
Annual Financial Statements	On or before January 31 of each year	This is a complete financial statement for the preceding calendar year, including a profit and loss statement and balance sheet.
State Tax Return	Within 15 days from submission	
Federal Tax Return	Within 15 days from submission	
Other Reports	Upon request	Those additional reports that We may from time to time require, including by way of example and not limitation, sales and cost data and analysis, advertising budget and expenditures.

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agent, have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require.

5.5.2 Audit of Books and Records. If any audit or investigation discloses a deficiency of 2% or more of the Gross Sales in the computation or payment of Fees due to Us, You shall immediately pay Us the amount of the deficiency, the appropriate Fee for late charges, and You shall reimburse Us

for the total expense of the audit or investigation, Including the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Gross Sales for any period, or Your failure to retain and have available readable and organized required records will be deemed an understatement by more than 2%.

5.6 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for any payments owing to Us.

5.7 No Refunds. The Fees set forth in this Agreement are not refundable.

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.9 Non-Compliance Fines. We may issue You a fine for certain violations of this Agreement and/or the Manuals. See Exhibit "A-3." The fines are set forth in Our Manuals and is not a penalty or estimate of all damages arising from Your breach. If You do not correct the violation within the time required by Us, We have the right to put You in default. We are not obligated to charge You a fine before putting You in default. All fines and charges are to be paid upon billing or in accordance with Our electronic funds or automatic withdrawal program, if established. Such fines are not Our sole remedy. Our decision to impose, or not to impose, a fine for Your non-compliance does not constitute a waiver of any other right that We may have under this Agreement, Including Termination of this Agreement.

5.10 Technology Stack Fee. You must pay Us of the designated supplier(s) the Fee listed in Exhibit "A-3" for utilization of Our technology stack. We can designate You to pay all or a portion of this Fee directly to the supplier(s). We may increase this Fee to account for new or additional technologies and increased costs.

5.11 Third Party Use Fees. We will control and manage third party providers for the System for things such as tech providers, delivery providers, online ordering systems, catering scheduling companies, etc. We will manage such things as ad placements and purchases within third party apps, promotions and free items with purchases, free delivery offers, buy-one-get-one-offers, loyalty programs, etc. You are required to use all such designated providers and to sign individual agreements with each provider as designated by Us. These fees will generally be deducted from the order price by the third party provider's platform.

5.12 Delivery Fees. You are required to participate in any direct delivery subsidies that We mandate and activate on Your behalf through Our online ordering, as designated by Us. We may require You to subsidize all or part of the delivery fee for the customers. These costs will be debited by the applicable online ordering platform.

ARTICLE VI FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements, and covenants set forth in this Agreement:

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

(i) Permits and Licensing. You shall obtain and maintain all required permits and licenses for the operation of Your Franchise Business. You agree that We have not made, and You have not relied on any representation that no permits or licenses, or only certain licenses, permits, etc., are necessary in connection with the operation of Your Franchise Business. Depending on Your location or changes to Our system, We can require that You serve liquor and obtain the required licenses and permits to do so.

6.1.2 Appearance; Customer Service. You shall establish and maintain the Premises in a clean, attractive and repaired condition; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate Your Franchise Business in strict compliance with Our System, policies, practices and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees comply with any dress code, Mark, or other brand-related standards that We may require. You shall arrange the fixtures, signs, furniture, and décor of the Franchise Business in strict compliance with the format recommended by Us.

6.1.3 Signage. You must have the number of interior and exterior signs as required by Us and according to Our specifications. All signs (Including banners and A-frames to be used on, in, or in connection with Your Franchise Business) must meet Our specifications and must be approved in writing by Us prior to use by You. You shall maintain all such signs in good condition and undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary. You are required to use the location's pylon/pole or monument sign, if available. You understand and acknowledge that while You are required to purchase and display signage, Including signage displaying Our Marks, You do not own rights to use of the signs following Termination.

6.1.4 Training. Your Operating Principal (at a minimum) is required to attend and successfully complete Our training program at least two weeks prior to opening Your Franchise Business. Successful completion will be determined by Our trainers but may Include demonstrating knowledge of basic techniques, knowledge of policies and procedures, food preparation and assembly, daily operations, record keeping, computer system competency, Marketing, and customer service. Trainees must complete the online modules, written tests, classroom feedback, onsite tasks, pass observation evaluations, instructor feedback, and ratings. Failure to successfully complete training is a default of this Agreement. The training instruction is provided by Us without charge to You for up to four attendees; however, You shall bear the cost of all travel, lodging, meals and all other living costs and expenses and compensation for all of Your attendees. We also allow up to two additional persons to attend the initial training. The cost for additional trainees to attend the initial training is listed in Exhibit "A-3." Each person must attend the same training session. Trainees who do not pass training may retake the initial training for a Fee listed in Exhibit "A-3."

i. New Operating Principal and Management Training. Any new Operating Principal must complete Our initial training program prior to taking over as the Operating Principal. New managers may be trained by Your Operating Principal, but We can also require Your managers to be trained by Us if We reasonably believe such training would be in the best interest of Your Franchise Business. Our Fee for this training is listed on Exhibit “A-3.” You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.

ii. Additional Training. Depending on availability and advanced written notice, if You would like additional training, We may provide this training to You. We have the right in Our sole discretion to limit additional training to a certain number of days, attendees, and/or representatives at a time. We can require You to attend additional refresher training classes if You do not pass Our inspections or otherwise determined by Us in Our sole discretion. Our current Fee for additional training is listed in Exhibit “A-3.” For all training, You shall also bear the costs of travel, food, lodging and compensation of Your attendees or Our representatives (as applicable) in connection with training.

iii. Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending a training.

iv. Rescheduling Fee. You shall pay Us the rescheduling Fee listed in Exhibit “A-3” if You cancel, postpone or reschedule a training or Our opening assistance within two weeks of the scheduled date, or if You fail to complete certain requirements prior to a training.

6.1.5 Opening Assistance. You must provide Us a valid certificate of occupancy for the Premises and a business license before We send any representatives to provide any opening assistance. Additional details on the opening assistance are set forth in Section 7.5 below.

6.1.6 Other Agreements. You must execute all other agreements required under this Agreement or as reasonably requested by Us from time to time and to provide Us with a copy within 15 days of execution.

6.1.7 Management. Your Franchise Business must be managed by either Your Operating Principal or a designated manager who will be required to devote their full time, attention, and best efforts to the management and operation of Your Franchise Business. You must disclose the identity of Your Operating Principal to Us, and You must immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

i. Unless Your Operating Principal will act as the full-time manager of the Franchise Business, Your Operating Principal is not required to work a certain or minimum number of hours; however, Your Operating Principal must maintain sufficient inventory, supplies and products and work sufficient hours to operate Your Franchise Business or supervise Your managers and employ adequate personnel to operate Your Franchise Business at its maximum capacity and efficiency.

ii. Although We do not require Your Operating Principal to be involved in the day-to-day, on-premises management, Your Operating Principal is required to participate in Your Franchise Business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the Franchise Business; (ii) attend and complete all training and retraining courses required by Us; (iii) attend any annual or special meetings of

franchisees called by Us; (iv) be directly involved with site selection, construction, remodeling, (v) be directly involved in all personnel decisions affecting the Franchise Business; and (vi) conduct frequent inspections of the Franchise Business operations to ensure the highest standards of professionalism, cleanliness and general pleasant appearance in compliance with Our approved methods.

iii. Your Operating Principal must devote their primary attention to the Franchise Business, and You, Your Operating Principal and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities that would be detrimental to or interfere with the operation of Your Franchise Business. Your Operating Principal may oversee operations at up to five different Capital Tacos® restaurants within the same market.

6.1.8 **Operational Hours.** You shall operate Your Franchise Business at least seven days per week throughout the year and at the hours We may designate. We require on-site supervision by Your Operating Principal or manager during regular business hours.

6.1.9 **Remodel and Upgrades.** You shall repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish Your Premises from time to time as We may reasonably direct, but not more often than every five years between required remodels and upgrades (except for required changes to the Marks and equipment, which We may require at any time) to conform to the building design, color schemes and presentation of trade dress consistent with Our then-current public image, Including, structural changes, signage, new equipment, remodeling, redecoration of the furnishings, fixtures and décor, and such modifications to existing improvements as may be reasonably necessary, such that all similar types of Capital Tacos® locations will have a generally similar look and appearance. You must complete all such updates and upgrades within six months of notice from Us of the requirement to upgrade and otherwise remodel Your Franchise Business as set forth above. You shall also complete any day-to-day maintenance issues as they occur. In the event You relocate Your Premises to a new approved location, or sign a Successor Franchise Agreement, You must bring Your new Premises up to Our then-current standards.

6.1.10 **Your Employees.** You, Your principals, and Your employees are not Our employees. You are solely responsible for the hiring, firing, compensation, benefits, managing, and training of Your employees. We do not assist You in employment-related decisions, or in creating any policies or terms and conditions related to the management of Your employees or their employment, but We reserve the right to require Your employees to pass certain trainings regarding quality control. We may provide You with an employee guide or manual, but it will only be an example of certain employment matters unless otherwise expressly provided by Us. It is Your responsibility to comply with local and federal labor and employment laws.

6.1.11 **Insurance.**

(i) **Minimum Limit Requirements.** You shall at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc.:

Type of Insurance	Minimum Required Amount(s)
Commercial general liability insurance	\$1,000,000 per occurrence and \$2,000,000 in the

	aggregate or leasehold minimum, whichever is greater
Property insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Commercial automobile insurance	At least \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage)
Liquor legal liability or "Dram Shop" Insurance (If you serve alcohol)	No less than \$1,000,000 per occurrence and \$2,000,000 aggregate
Data Breach & Cyber Security Breach Insurance	\$500,000 per occurrence and \$1,000,000 aggregate
Umbrella insurance	Excess "umbrella" liability with a limit of not less than \$1,000,000
Government Required Insurances	You must maintain and keep in force all worker's compensation and employment insurance on Your employees that is required under all federal and state laws.

(ii) Policy Requirements. Other than worker's compensation, these policies must insure You and Us and Our nominees as additional insureds, without regard to any other insurance program that We may have in effect, against any liability that may accrue by reason of or relating to Your ownership, maintenance or operation of the Franchise Business wherever it may be located. These policies will stipulate that We will receive a 30-day written notice prior to renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time.

These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain insurance at Our discretion, and You must reimburse Us the premium costs, plus an administration Fee for Our time (see Exhibit "A-3"). We may periodically increase the amounts of coverage required and/or require different or additional coverage. If Your Premises or trailer is damaged and covered by insurance, You must use the proceeds to restore the facility or trailer to its original condition no later than 160 days from receiving the proceeds.

6.1.12 Pricing. We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. Unless otherwise agreed to by Us in writing, You cannot advertise or promote prices lower than, or inconsistent with, Our suggested prices outside of Your Premises. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.13 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems

designated by Us in strict accordance with Our specifications. If We adopt a different computer system, POS system or other system in the future, You must adopt it at Your expense. You must modify, repair, maintain and upgrade, all such items, at Your sole expense. You must provide Us full 24-hour/7-day a week access, Including online access, and the right to “upload” or “download” information to and from all POS, computer and other systems, and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system (not related to Our or an affiliate’s acts or omissions).

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us. You must have high speed, broadband Internet access at the levels required in the Manuals. You must retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all of Your other business records and related back-up material, tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement.

(ii) Accounting Systems. You must use the accounting software designated by Us. You are required to follow Our accounting procedures, line items, and templates and charts of accounts as provided and updated in Our Manuals. We can require that We have independent, view-only access to Your account.

(iii) Merchant Account. At Your expense, You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals.

(iv) Data Security Standards. At Your cost and expense, You must investigate and ensure that You comply with all payment card industry (“PCI”) and data security standard (“DSS”) standards, regulations, and requirements; however, We reserve the right to approve of the vendor You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse Us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches, and malware. It is Your responsibility to alert Us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

(v) Security System You are required to purchase a security system to protect Your Franchise Business. We do not designate a specific type of security system or a specific brand You must use, but You must have both inside and outside cameras, and it must provide storage capabilities as required in Our Manuals. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. You are required to provide Us notice of its installation.

(vi) Compliance Monitoring System. You are required to install an approved compliance monitoring system in Your Franchise Business as designated by Us and at reference points as We require. This system is not a security system but is a management tool, and We are not required to monitor Your store for safety or compliance. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. Both You and We must have the right to online access to the system. By installing the system, You and Your employees are waiving their right to privacy in non-private areas of the Premises. You must obtain a signed waiver from each of Your employees waiving their right to privacy with respect to the use of this compliance monitoring system in non-private areas of the Premises.

6.1.14 Conferences and Seminars. At Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences and seminars may be held at various locations chosen by Us. If held, Your Operating Principal may be required to attend, and You must pay registration Fees and all travel, lodging, food, and other expenses for each of Your attendees.

6.1.15 Required Software. You must use and pay for all software as required by Us, which may be changed from time to time.

6.2 Quality Control.

6.2.1 Correction of Defects. You shall immediately correct defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business. You shall establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us.

6.2.2 System Compliance. You shall strictly follow Our System, the Manuals, menu items, Recipes, and other directives promulgated or provided by Us from time to time.

(i) Email Address. You must at all times use and maintain the email address provided by Us or approved by Us for use in relation to Your Franchise Business, frequently checked by You to facilitate Our communications, and that You must use as the sole email for all Franchise Business-related communications and accounts. If We provide You with an email account/address, We have the right to access Your email account at any time and without notice to You, and You understand and acknowledge that You have no expectation of privacy in the assigned email accounts.

(ii) Incentive Programs. If We adopt a loyalty, coupon, gift card/certificate, free giveaways, fundraising programs, membership or subscription model, or other discount or incentive program, You are required to implement and honor such programs in Your Franchise Business. The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals.

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals and operations, etc. We may issue new specifications and standards for any aspect of Our System, or modify existing specifications and standards, at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement any and all such changes to the System or operations. The modifications

may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time that We specify. Other than modifications due to health or governmental mandates or guidelines, or public concerns, We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement. You are prohibited from making modifications to the System or Your Franchise Business without Our prior written approval.

(iv) Inspections and Visits. We may conduct periodic evaluations, inspections, and audits of any or all aspects of Your Franchise Business at reasonable intervals by Our duly authorized representative for compliance with the System, reporting, customer service and the standards and procedures set forth in the Manuals. These inspections may be conducted in person or through remote access such as video or live video conferencing. Our inspections may Include Your Premises, business vehicles, business records, bank accounts, Venmo or similar accounts, operating procedures, reports, computer drives, electronic storage devices, POS system, account records, tax records, etc. Immediately upon Our request, You must provide to Us video and/or images of the interior and exterior of Your Premises, and any specific pieces of equipment or other areas of the Premises and business vehicles as may be more fully set forth in the Manuals.

6.2.3 Interim Management. If We give You notice of default and You fail to cure (or as set forth in Section 14.10) We have the right to step in to manage Your Franchise Business for up to six months, as We deem advisable for a Fee. See Exhibit “A-3.”

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your manager, and We may require additional training for Your Operating Principal, Your manager, employees, and other contracted personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You shall add Us or Our representative as a co-signer on certain accounts. You shall cooperate with Us in communicating with all vendors and suppliers related to Our interim management. You hereby grant Us permission to speak directly with Your landlord and suppliers, banks, IRS, state agencies, creditors, etc., regarding Your Franchise Business, and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available, but only with Your prior authorization and direction when possible. You are ultimately responsible for all operating costs both before and during the Interim Management Period. You shall provide Us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the Operating Account or any new account after all applicable costs and Fees have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your employees and contract personnel during the Interim Management Period. Both You and We agree that in no way does Our interim management create a relationship of

trustee, beneficiary or any type of fiduciary relationship over or in relationship to Your Franchise Business.

(ii) Your Obligation to Cure. During the Interim Management Period, You are obligated to cure all applicable defaults within the applicable cure periods as set forth in this Agreement. We have the right to terminate this Agreement during the Interim Management Period for defaults not cured within the applicable cure periods.

6.3 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, and member, respectively, who own 10% or greater interest, (and their spouse or domestic legal partner), must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement. See Exhibit "A-8" Guaranty and Assumption of Obligations.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing control or duty to take control over those matters that are reserved to You.

6.5 Required Notices. You shall provide Us with prompt notice (within five business days of receipt) of any default with regards to late payment of any taxes, government fines, payments owing to any vendors, landlords, or amounts owing to employees or contractors.

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, You shall not, in any way, form, or medium, disparage Us, the System, the brand, or Our officers, owners, partners, directors, members, managers, representatives, agents or employees.

6.7 Non-Delegation. You may not outsource to a third party, any part of Your obligations to Us or services to customers, including to another franchisee, without Our prior written approval.

ARTICLE VII FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Layout and Design. We shall provide You with general specifications for the Premises layout, signs, equipment and interior décor.

7.2 Suppliers and Products. We shall provide You with a list of specifications for approved products and a list of approved suppliers. We may add to or discontinue working with any of Our suppliers.

7.3 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. Other than the initial training and opening assistance, We are not required to provide additional training to You. If You feel additional training is necessary, We will provide such training to You based on advance notice, availability of personnel, and Your payment of a per day, per person Fee. See Exhibit "A-3."

7.4 **Initial Training.** We shall train Your Operating Principal and other attendees to the initial training in the various practices, policies and procedures of operation of Your Franchise Business. The initial training program is described in Paragraph 6.1.4.

7.5 **Opening Assistance.** We shall provide opening assistance to You during Your opening. The fees and amount opening assistance We will provide to You is listed in the table below. You will also be responsible for the costs of Our representative's reasonable travel, food, and lodging to provide the opening assistance. You must provide Us with a valid business license and certificate of occupancy prior to scheduling the opening assistance.

Type of Franchise	Number of Days of Assistance	Opening Assistance Fee
Brick and Mortar Franchise	7 days	\$10,000
Subsequent Brick and Mortar Restaurants	3.5 days	\$5,000

7.6 **Additional Guidance.** Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, audio recordings, bulletins or other written materials, telephone consultations and/or consultations at Our offices or at Your Franchise Business. We have the right to communicate directly with Your Operating Principal, designated managers and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

7.7 **Trailer Purchase.** Assist with ordering a static trailer or an event trailer if You purchase either type of franchise.

ARTICLE VIII PURCHASE OF PRODUCTS AND EQUIPMENT

8.1 **Approved Products and Services; Suppliers.** You shall purchase, use, provide, and sell only those goods and services that meet Our specifications and/or that are purchased from Our approved suppliers. You shall timely pay all suppliers, Including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. No goods or service may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. For the purpose of this Article, "goods" means any product, good, inventory, supply item, equipment, tool, item, etc.

8.1.1 Delivery and Installation. You are required to work directly with the manufacturer or supplier of these items. We do not assist in delivery or installation of any required or approved purchases.

8.2 Supplier Compensation. We or Our affiliate may derive revenue from the sale of required goods and services through mark-ups in prices We charge to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such goods and services. No compensation is due to You for compensation or discounts We receive from suppliers.

8.3 Unapproved Suppliers. You are not allowed to use unapproved suppliers. Because of the importance of using high quality items, We do not allow You to submit alternative suppliers to be included on Our list of approved suppliers. At Our discretion, We may revoke Our approval of an approved supplier upon 30 days' prior written notice.

8.4 Equipment. You shall maintain all inventory, vehicles, equipment, pinball machines (for Your brick and mortar franchise), other items, etc., of Your Franchise Business in good working order.

8.5 Catering Vehicle. You must purchase or lease at least one vehicle for the operation of Your Franchise Business. We do not require a specific type of catering vehicle, but We must approve Your vehicle prior to use. Your catering vehicle must be maintained in good condition and repair with no external damage or unreasonable wear and tear, must accommodate all the necessary equipment, must be kept clean and well-maintained at all times, and must be approved by Us. You are solely responsible to provide the required licenses, insurance, maintenance, and upkeep for Your catering vehicle(s).

8.5.1 Vehicle Wrap. You may but are not required to wrap Your catering vehicle. However, if You do, it must be done with a high-quality wrap advertising Your Franchise Business as directed by Us. You shall keep Your vehicle wrap in good condition, free from unsightly or unprofessional wear and tear.

8.6 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties, defective products, training and support for any third-party goods purchased for Your Franchise Business. We will replace defective items purchased directly from Us pursuant to Our standard limited warranty, if any.

ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. Our Manuals may consist of a series of online videos, webpages, online drives, or other form designated by Us. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. The Manuals may be used by You only in association with Your Franchise Business and only during the term of this Agreement. We have the right to revise the Manuals at Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications to the Manuals. The master or most updated copy of the Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the Manuals.

9.2 Standards and Procedures. We may establish performance procedures, standards and specifications, Recipes for products, services and Marketing (“Standards”) for the operation of Your Franchise Business. We may change these Standards at Our discretion, and You must strictly follow and implement all such Standards within the periods required by Us.

ARTICLE X MARKETING

10.1 Advertising Fund. We have the right to institute, maintain and administer a Marketing fund (“Advertising Fund”) for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the System. The Fees for the Advertising Fund are listed in Exhibit “A-3.”

10.1.1 Advertising Fund Administration. We will direct all such programs, with sole discretion over: 1) the creative concepts, materials, endorsements and media used in connection with such programs; 2) the source of the Marketing or public relation efforts; 3) the placement, timing, and allocation of such programs; and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Advertising Fund can be operated through an entity separate from Us that has all of Our rights and duties relating to the Advertising Fund. We are not liable for any act or omission with respect to the Advertising Fund or otherwise that is consistent with this Agreement, or which is done in subjective good faith. The Advertising Fund may be used, in Our reasonable discretion, to reimburse Us for costs related to the administration of the Advertising Fund and Marketing efforts intended to benefit the System. We have the right to loan money to the Advertising Fund to cover any deficits. The Advertising Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement, and We disclaim any such relationship.

10.1.2 Use of Advertising Fund Fees. We may use the Advertising Fund to offset a portion of direct costs to manage and maintain the Advertising Fund, including the payment of staff salaries and other expenses for those groups who may be involved in Advertising Fund activities. We may receive payment for providing goods or services to the Advertising Fund. We reserve the right to use fees from the Advertising Fund to place Marketing in national or regional media. We are not required to spend any amount on Marketing directly in Your area or Territory, and We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We make no representations that Marketing expenditures will benefit You or any other franchisee directly, on a pro-rata basis, proportionally, or at all. Any unused Advertising Funds in any calendar year will be applied to the following year’s fund. You may request (in writing) an unaudited annual report of Marketing expenditures within 90 days of the end of each year.

10.2 Marketing Cooperative. You are not required to participate in a local or regional advertising cooperative.

10.3 Local Marketing Requirement. You are required to Market locally as set forth in Section 5.3.2.

10.3.1 Grand Opening Marketing. At a minimum, You must spend the amount listed in Exhibit “A-3” in promoting Your opening, as approved by Us.

10.4 Sample Marketing and Promotional Materials. We may provide You samples of Marketing and promotional materials developed by Us from time to time. Additional copies will be made available at cost, plus 10%, plus shipping and handling.

10.5 Your Obligations to Market. Neither We nor You are restricted from Marketing Your Franchise Business in the Territory. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. You are allowed to Market outside of Your Territory, Including in another franchisee's Territory as more fully set forth in the Manuals, and other franchisees may Market in Your Territory.

10.5.1 Approval of Marketing. You may develop Marketing and promotional materials and digital Marketing programs for Your use at Your cost, but You must submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, Including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published and such other information as may be reasonably requested by Us. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Submitted Marketing materials will be deemed unapproved if You do not receive Our written approval or disapproval within 14 days of the date We receive the submission. We have the right to disapprove previously approved Marketing materials at any time.

10.5.2 Marketing Compliance. All Your Marketing and promotional activities must be done in strict compliance with Our Manuals and in good taste and must reflect favorably upon the brand and System. You shall participate in all Marketing, email, and other programs as developed by Us, Including the collection of Customer Data and participation in using and promoting apps, as developed by Us.

10.6 Internet and Social Media You must strictly comply with Our policies and procedures regarding websites, Social Media sites, and Internet Marketing. We reserve the right to restrict Your use of these mediums in the future.

10.6.1 Use of the Internet. You may not create a website for Your Franchise Business. However, You may be allowed to place pre-approved information concerning Your Franchise Business on Our website, as developed by Us. Additionally, You cannot Market on the Internet, Including posting for resale, items on third party resale or auction-style websites such as eBay, Craigslist or Amazon without Our prior written permission. We have the right (but not the obligation) to manage and control all online reviews for Your Franchise Business and the system as a whole. You cannot register listing on sites such as Yelp without Our prior written permission.

10.6.2 Social Media. We will control all social media related to the brand, but You are encouraged to submit local content (videos, pictures, posts, etc.) for Our review, and We may accept, reject, and/or modify the content before posting it. We will have 10 days to notify You of Our decision. If You do not receive written approval or disapproval within 10 days of the date We received your submission, the media submitted will be deemed unapproved. You must strictly comply with Our policies and procedures regarding websites, Social Media, and Internet marketing. Additionally, You must sign the Digital and Social Media Authorization for Assignment attached as Exhibit "A-9."

ARTICLE XI BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach this Agreement and fail to cure, if curable. If curable, You must cure a default within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default.

No Cure Period:

A. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

B. Unauthorized Duplication. You duplicate the System or use the System or any part thereof, or Our Intellectual Property, or Confidential Information in connection with any other business.

C. Repeated Breaches. You repeatedly breach (three or more times) the same or different conditions of this Agreement or the Manuals within a 12-month period.

D. Unauthorized Use. You use Our Confidential Information or Intellectual Property other than in connection with the operation of Your Franchise Business.

E. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety.

F. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or Your misrepresentation to customers, including deception relating to the source, nature, or quality of goods sold or services provided.

G. Abandonment. You abandon Your Franchise Business or You state or clearly demonstrate any intent to not operate the Franchise Business.

H. Unauthorized Transfer. You Transfer or attempt to Transfer all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You sublicense attempt to sublicense to another any of the rights licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

I. False Reporting. You knowingly or intentionally conceal revenues, maintain false books, or records, (including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any false report or payment or otherwise defraud Us.

J. Crimes and Adverse Behavior. You commit or are convicted of or plead guilty or no contest to, or enter into a plea in abeyance, stipulated order of continuance, or related agreement, to a felony, a crime involving moral turpitude, or any other crime, offense or behavior that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated

therewith, or Our interest therein; or You make disparaging remarks against Us, Our management, employees, the System, or Our brand to Our other franchisees or in a public forum, Including radio, television, newspapers, the Internet, or Social Media; or You engage in conduct that, in Our good-faith estimation, does or could reflect negatively upon the operations and/or reputation of Your Franchise Business, the System, or Us.

K. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly disclose or use the contents of the Manuals, trade secrets or any other Confidential Information or Intellectual Property in violation of this Agreement.

L. Termination of Lease Agreement. Your Lease for the Premises is terminated.

M. Failure to Obtain Financing. You fail to qualify for or fail to receive the necessary financing to open and operate Your Franchise Business.

N. Unauthorized Modification. You modify in any degree by adding to or taking from or changing the contents or flavor of any Recipe or other proprietary food items as well as using any substitute ingredients or procedures in violation of the Manuals or this Agreement.

O. Termination of Another Agreement. Another agreement between Us or an affiliate of Ours and You or with an affiliate of Yours is terminated.

5-Day Cure Period:

P. Health Code or Safety Violations. You fail to cure a health code or safety violation within 24 hours of an inspection by Us or the applicable governmental agency except for threats to the public safety which may be cause for immediate Termination.

Q. Unauthorized Closure. Your Franchise Business is closed for a period of three or more consecutive days or not open for the business hours as required under this Agreement for three or more days in any 30-day period without Our prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

R. Failure to Use or Provide Access to a Designated Account. You refuse to use, or to enable, or to allow Us access to Your account for a designated platform or software, Social Media account, or branded email account.

15-Day Cure Period:

S. Failure to Pay. You fail to pay any Fee or an amount due to Us, any of Our affiliates, or other designated, approved or other suppliers or assigns, within the time specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

T. Failure to Accurately Report. You fail to accurately report or fail to submit any reports or records required under this Agreement or the Manuals.

U. Default Notice of Lease Agreement. You receive a notice of default under Your Lease.

V. Act in Contravention. You perform or undertake any action to undermine or circumvent this Agreement, the System, or Us.

30-Day Cure Period:

W. Other Breaches. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement or the Manuals.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may demand adequate assurance of due performance, and, until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within 30 days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. You will be responsible for all of Our costs and expenses arising from such default(s), including reasonable legal fees and reasonable costs for Our employee's time related to the default(s) must be paid to Us by You within 10 days following Our demand for payment.

Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. If You fail to cure any default within the time allotted, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement, and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, including penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby.

11.3.3 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such Termination will be effective upon delivery of a notice of Termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity, including lost profits.

11.4 No Right of Termination. You may not terminate this Agreement; however, some states may allow You to terminate as permitted by state law.

11.5 Opportunity to Cure. Prior to taking any action against Us, You must first give Us 60 days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such 60-day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You must give Us such additional time as is reasonably necessary to cure.

ARTICLE XII TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You immediately cease to be Our franchisee and must:

12.1.1 Payments Due. Immediately pay for all product purchases, Fees and other obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Capital Tacos® franchisee or business and immediately and permanently cease to Market or in any way use Our Intellectual Property or Confidential Information, provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Trade Secret and Confidential Information and Products. Except as provided below in Paragraph 12.1.7, within five days, You must demonstrate with video proof sent to Us that You have permanently destroyed all information and/or products that We deem trade secret or confidential, or in the alternative, provide proof to Us that have sold such products or information to Us or another System franchisee.

12.1.4 Disassociation. Within five days of Termination, take all necessary steps to disassociate Yourself from the System and Your Franchise Business, including the removal of signs, destruction or removal of letterheads, Marketing material, the change of Your Franchise Business telephone listings, telephone numbers, email addresses, URLs, Internet websites, and any other property that bears Our brand or is affiliated with Our brand. All such property and listings, excluding Your Operating Assets and inventory that are associated with and considered part of Our brand, Intellectual Property, and System revert back to Us upon termination of this Agreement. If any of Your Operating Assets and inventory bear Our brand and Marks to our System, You must take the steps necessary to dissociate it all from Our brand, Marks, and Intellectual Property. You shall assist Us to assign, transfer, or disconnect (at Our option) the telephone listing, telephone numbers, Marketing accounts, email addresses, URL's, Internet sites, web pages, and Social Media to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, email accounts, and Social Media and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers, which appointment is coupled with an interest. You must not identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.5 Cancel DBA. Within five days of Termination, take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.6 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. All communications with customers of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers of the Franchise Business.

12.1.7 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail, (Including originals and any copies) physical copies of Our Manuals, all training materials, Marketing materials, and all other printed and electronic materials and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.8 Modification of Premises. If We do not exercise Our right to purchase Your Operating Assets or assume Your Lease upon Termination, then You shall alter, modify and change both the exterior and interior appearance of the Premises to Our satisfaction, so that it will be easily distinguished from a Capital Tacos® business and shall cease using the signs, décor, displays, advertisements, promotional materials and the like that are unique or distinctive to the System. In the event You fail to modify Your Premises, You will be charged \$100 per day or \$1,500, whichever is more, and We may hire a third-party or use Our own personnel to de-identify Your unit and/or to carry out any other obligations on Your behalf.

12.1.9 Modification Trailers and Service Vehicles. If We do not exercise Our right to purchase Your Operating Assets, then You must remove all vehicle wraps and make modifications to Our satisfaction, so that all trailers and service vehicles will be easily distinguished from the standard or common appearance of a Capital Tacos trailer or service vehicle. In the event You fail to modify Your trailers or service vehicles, You will be charged \$100 per day or \$1,500, whichever is more, and We may hire a third-party or use Our own personnel to de-identify Your trailers and/or service vehicles.

12.1.10 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) the Customer Data for all current, prior and expectant customers of the Franchise Business.

12.1.11 Evidence of Compliance. Otherwise, furnish evidence satisfactory to Us or in the manner required by Us of Your full compliance with this Section 12.1 within 30 calendar days after the Termination of this Agreement or on the timeline We may provide at Termination.

12.1.12 Prepaid Services Reimbursement Fee. Upon Termination, You must provide Us with an accounting and list of all outstanding Prepaid Services as of the date of Termination, and You shall refund all Prepaid Services amounts as required under Your state's applicable laws. In the event We are required to or elect to provide those services to any customer, You shall pay Us the amount of the service or reimbursement, plus a Fee in each instance for Our time.

12.1.13 Financial Inspections. You must provide Us with access to all Your financials, books, and other accounting records for 12 months following the date of Termination.

12.1.14 Pay Damages and Costs. Pay to Us all costs, damages and expenses, Including post-term expenses and reasonable attorney's fees incurred by Us to enforce the provisions of this Agreement, Including to obtain injunctive or other relief to enforce any provision of this Agreement. In the event You fail to comply with this Section 12.1, at Your expense, We may hire a third-party or use Our own personnel to carry out Your obligations on Your behalf.

12.2 Upon Termination of this Agreement, for any reason:

12.2.1 No Compensation. No payment is due to You from Us or any source on account of any goodwill, intangible assets or other equity claimed by You arising from or relating to Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No Fees, charges, or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System, Confidential Information, Intellectual Property or goodwill of the Franchise Business.

12.3 Survival of Provisions. All of the provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement, Including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, non-solicitation, arbitration and dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You must make the Premises or trailer, if applicable, and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations, and/or to operate a New Business at the Premises or trailer (see Paragraph 13.1.1(i) below) if We, in Our sole discretion, choose to do so. If You fail to make the Premises and/or trailer(s) available to Us, You will be assessed a Fee for the expense incurred by Us to enforce Our rights under this paragraph.

12.5 Liquidated Damages. If this Agreement is Terminated, other than for non-renewal or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, and solely to compensate Us for lost future royalties. You and We recognize the difficulty of calculating damages caused by lost future royalties but nevertheless recognize and agree that such damages could arise, and You and We hereby agree to the formula listed on Exhibit "A-3" as a compromise on the calculation of such damages. You and We agree that such amount will be reduced to the present value of such payments as of the date of termination utilizing an interest rate of 5%.

12.6 Additional Equitable Remedies. The amount contemplated under Section 12.5 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, Section 12.5 does not preclude and is not inconsistent with a court granting Us specific performance, other damages set forth herein, or any other equitable remedies, such as an injunction, to prevent future breaches.

12.7 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

ARTICLE XIII PURCHASE OPTION

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later ("Option Period"), by giving written notice to You of Our intent to exercise Our option to purchase. The purchase of any of Your Operating Assets will be done through an asset purchase agreement. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid within 30 days of providing notice of Our intent to purchase. We have the right to use Your assets and Premises during the Option Period, and in such case, We will pay You the fair market value of such use. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid within 30 days of providing notice of Our intent to purchase. We have the right to off-set any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may withhold a portion of purchase price to pay off such lien or taxes. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

(i) Interim Management During Option Period. We have the right, but not the obligation, to use Your Operating Assets and Premises (if the Lease is still in effect, and in such case, We will obtain this right from the landlord as applicable), and/or trailer(s), and to hire Your personnel to operate the business during the Option Period. You and We understand and agree that We will not be operating Your Franchise Business during this time, but We will be using Your Operating Assets and the Premises and/or trailer(s) to operate Our own, separate Capital Tacos® business ("New Business") in order to keep the business open during the Option Period. We will pay You the fair market rental value for such use of the Operating Assets as agreed, but not to exceed fair market rental value, and if we use the Premises, and/or a trailer, We may pay rent directly to the landlord for Our use of the Premises and/or trailer. For any inventory or other items sold or consumed by Us during the Option Period, We will reimburse You the actual price You paid for such items. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business, as We deem necessary. We will establish Our own bank accounts and other accounts for the New Business during the Option Period. During the Option Period, We will pay all costs and expense of the New Business, and all proceeds of the New Business will belong to Us. We

will not assume any of Your debts or obligations, and We will not be responsible to pay any debts or expenses incurred by Your Franchise Business. You shall indemnify and hold Us harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs, Including attorney's fees, of or related in any way to the Franchise Business prior to Us operating the New Business at the Premises and/or trailer, and We will indemnify and hold You harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs arising solely from the New Business. If necessary, We have the right to change the locks and exclude You from the Premises and/or trailer during this Option Period.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your Lease under the provisions of Section 4.2 above.

13.1.3 Warranties. The purchase contract for the Operating Assets, as set forth in Paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the Operating Assets being purchased, Including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

13.1.4 Prepaid Services. If We determine to service a customer that had prepaid for the services to Your Franchise Business, We can offset the costs of fulfilling those services against amounts owing to You, and We are entitled to seek those amounts as damages.

ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold, or We may sell any part of or all of Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, Including arrangements in which: 1) the territories, locations or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks), or 2) the System is converted to another format or brand, maintained under the System or a different system. You waive all claims, demands and damages with respect to any transaction or otherwise allowed under this Section or otherwise. You must fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing.

14.2 No Assignment by You Without Our Approval. This Agreement is personal as to You and is being entered into in reliance upon and in consideration of Your qualifications and representations, Including representations of all current owners. Therefore, none of Your Franchise Assets may be Transferred in any manner by You or anyone else unless Our prior written approval is obtained. You shall provide Us with all documentation relating to the Transfer of Your Franchise Business. Said approval will not be unreasonably withheld but will be conditioned upon Our satisfaction with the qualifications set forth in Section 14.3 below of the proposed transferee and its owners and officers. You must provide Us written notice of Your intent to Transfer prior to listing or offering the Franchise Business for sale.

14.2.1 Transfers to Competitors Prohibited. You cannot Transfer any part of Your Franchise Assets to a Competing Business without Our written permission. Any such Transfer without Our written approval is considered void ab initio.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, credit worthiness, background, training, personality, reputation, and business experience of the proposed transferee, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, Including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, Including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer. Neither We nor Our affiliates will be liable to You or the transferee or any other person or entity relating to the Transfer, and You shall indemnify and hold Us harmless from any liability whatsoever relating thereto.

14.4 Application for Transfer. You must provide Us written notice of Your intent to Transfer prior to listing or offering part of the Franchise Assets for sale, and upon any proposed Transfer of Your Franchise Assets, or any interest therein. You must also submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.5 Transfer Fee. As a condition of Our approving the Transfer of any part of Your Franchise Assets, You shall pay Us the non-refundable Transfer Fee listed in Exhibit "A-3" at the time of the approved Transfer.

14.6 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement), there will be no transfer Fee, but You must reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. However, all guarantors will remain guarantors to this Agreement unless otherwise released by Us in Our sole discretion. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement. Any new owner, along with their spouse or legal domestic partner, with an ownership of 10% or more in Your Franchise Business or Your entity must personally guarantee the obligations of this Agreement.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us, and are grounds for termination of this Agreement. Using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited unless We specifically consent to any such action in writing prior to the proposed transaction. You cannot grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer any part of the Franchise Assets, whether or not binding on Us, will be grounds for the immediate Termination of this Agreement unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of any part of Your Franchise Assets and as a condition for Our approval of any Transfer:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries

must be paid in full. You must have submitted to Us all required reports, financial statements, and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the Transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Assets must be assumed by the transferee, Including assuming Your Lease obligations, if applicable, in a form acceptable to Us, and the transferee(s) must provide personal guarantees approved by Us.

14.8.4 New Franchise Agreement. At Our discretion, the transferee must sign the then-current form of the Franchise Agreement and fully upgrade and refurbish the Franchise Business and Premises to the level required of new franchisees. The transferee must sign the then-current form of the Franchise Agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement.

14.8.5 Training. The transferee and any new Operating Principal and other required personnel must pay for and complete the training or certification program required of new franchisees. See Exhibit "A-3." The transferee is also responsible for the cost of travel, food and lodging for Our representatives or the transferee's attendees. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management.

14.8.6 Transfer Fee. You must pay the transfer Fee set forth on Exhibit "A-3."

14.8.7 General Release. You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Pre-paid Services. You must provide Us and the proposed transferee with an accounting of all outstanding Prepaid Services as of the date of Termination, which must be taken into account and handled as a part of the transfer agreement.

14.8.9 Survival of Covenants. Your non-competition, indemnity, confidentiality obligations, the provisions relating to dispute resolutions, and other applicable terms of this Agreement, will survive any Transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third-party, who would satisfy the criteria for approval under Section 14.3. You must notify Us in writing of the terms and conditions of the Transfer, Including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer and data concerning Your

Franchise Business, financials, employee information, and lease information, We will have 45 days in which to advise You in writing of Our election to have the Franchise Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 10 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. Additionally, if Your Franchise Business is not Transferred to such third-party within five months after We elect not to purchase the Franchise Assets, You must re-offer the Franchise Assets to Us before You may Transfer to an approved third-party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” means any physical or mental infirmity that prevents the person from performing the obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year), the heirs or personal representative will have the right to continue Your Franchise Business; provided that within a reasonable time (not more than 160 days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new Operating Principals, designated managers, or franchisees, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to Your death or incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse, domestic partner, or a third-party all or any part of Your Franchise Assets, such an order will constitute a Transfer of this Agreement and will cause the transferee to be subject to all of the terms and conditions concerning Transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the franchises or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all of Your rights and interests in and under this Agreement and Your Franchise Business at fair market value payable on terms as reasonably negotiated. The purchase price will not Include compensation for any successor term or goodwill. All goodwill

belongs to Us. If the purchase option is exercised, You must execute a general release to Us. We will close Our purchase and make payment within 60 days after closing or as soon thereafter as reasonably practical.

14.13 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement without paying a fee to Us, to a corporation or limited liability company formed for the convenience of ownership, provided You: 1) give Us at least 15 days' prior written notice of the proposed Transfer; 2) send Us copies of the entity's charter documents, bylaws (or operating agreement), ownership interests of the owners, and similar documents, as We may request for Our review; 3) own all equity and voting securities of the corporation or limited liability company; and 4) remain as a personal guarantors to this Agreement.

ARTICLE XV RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, damages, losses, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are solely responsible for the management and control of Your Franchise Business, Including its daily operations, managing and directing employees, contractors, and salespersons, and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense, Including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees, and other laws regarding public accommodations for persons with disabilities. You agree not to file any crossclaim or counter-claim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all costs to defend Us from claims raised by a third-party. If We incur any costs or liabilities to any third-party, You shall reimburse Us for costs associated with Our defense to those claims. We have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. You are not

required to indemnify Us for liability caused by Our willful misconduct or gross negligence. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

ARTICLE XVI COVENANT NOT TO COMPETE

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement for Principals attached as Exhibit “A-4,” and Your personnel must execute Our Employee Brand Protection Agreement (see Exhibit “A-5”). (Although We provide You this form, You are responsible to conform it to the laws and regulations of Your state.) A copy of all such agreements must be promptly delivered to Us within 10 days of hiring of the respective employee.

16.2 Confidentiality. During the term of this Agreement and any extensions or Successor Franchises hereof, and at any time after the Termination of this Agreement, You and those over whom You have control shall not make any unauthorized disclosure or use of Our Confidential Information or Intellectual Property other than as authorized by this Agreement. You shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of Confidential Information and Intellectual Property, which procedures may be prescribed from time to time by Us. You shall never contest the validity of Our exclusive ownership of and rights to Our Intellectual Property or Confidential Information. Without limiting the foregoing, any communication (email, paper, etc.) from Us to You cannot be forwarded to another email account You control or share, or forwarded to anyone, including employees, without first receiving Our express written consent.

16.2.1 Prior Disclosures. You acknowledge and agree that prior to the execution of this Agreement, You may have received information and met and corresponded with Our principals, agents and/or representatives, and that any such Confidential Information obtained or received is subject to the protection and restrictions of this Agreement.

16.2.2 Confidentiality of this Agreement. You agree that all terms of this Agreement that are not otherwise made public under franchise disclosure laws will remain confidential, and You will not make any public announcement, issue any press release, publicize, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the confidential terms of this Agreement only to Your professional lenders and advisors.

16.3 Post-Term Covenants. Upon Termination of this Agreement, and for a continuous, uninterrupted period of two years thereafter, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location within Your Territory or within 25 miles of Your Territory or within 15 miles of the territory of any Capital Tacos® business operation at the time of Termination of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family shall not,

directly or indirectly, contact any customer serviced by the Franchise Business, a prospective customer, or any former or then-current customer of Ours (with whom You had contact during the term of this Agreement) for the purpose of soliciting any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

16.5 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Your violation.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article is likely to cause substantial and irreparable harm to Us and the System. You agree that the restrictions contained in this Agreement are reasonable and necessary for Our protection and the protection of other franchisees in the System, and that the existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants set forth in this Article.

16.7 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under applicable laws. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, then We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

16.8 Breach of Non-Competition. You and We recognize the difficulty of calculating damages caused by Your breach of Your non-competition obligations and agree that such damages could arise, and You and We hereby agree to the following as a compromise on the calculation of such damages. If You operate a Competing Business in violation of this Agreement, in addition to any other remedy We may have under this Agreement and under law, You shall pay Us the liquidated damages Fee listed on Exhibit “A-3.”

16.9 Additional Equitable Remedies. The amount contemplated under Section 16.8 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 16.8 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 16.8.

ARTICLE XVII DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve

any Disputes amicably, quickly, inexpensively, and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. In the event any Dispute arises between Us and You in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Tampa, Florida, or at Our then-current headquarters, within 30 days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services (“FAM”) or as otherwise mutually agreed. The mediation will be conducted exclusively in Tampa, Florida. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, the Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Tampa, Florida. The arbitrator will have the power and jurisdiction to decide such dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied, and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of 25 (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties, or at the discretion of the arbitrator if petitioned by either party. The arbitrator, and not a court, will decide

any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Individual Disputes. All Disputes must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other party.

(iii) Agreed Limitations. Except for payments owed by one party to the other, claims attributable to Your underreporting of sales, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two years after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. We will not be liable for any act or omission which is consistent with this Agreement, or which is done in subjective good faith.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within 30 days of such final award, to a three-person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the mediation and the arbitration equally during the mediation and arbitration. If a party is unable or unwilling to pay its share of the cost of the mediation or arbitration, the other party has the right to cover those costs; however, the prevailing party in arbitration, including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

17.3 Continued Performance. During the pendency of any Dispute or any such interim relief proceeding, the parties shall continue to perform their respective obligations under this Agreement.

**ARTICLE XVIII
NOTICES**

18.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) by sending an email to the email address below or other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, addressed as follows:

FRANCHISOR:	FRANCHISEE:
KJ-Licensing, LLC 23110 SR 54 #139 Lutz, Florida 22549 (or Our then-current headquarters) Email: franchising@capitaltacos.com With a courtesy copy to (which will not act as notice or service to KJ-Licensing, LLC): The Franchise & Business Law Group Attn: C. Christian Thompson 222 South Main Street, Suite 500 Salt Lake City, Utah 84101 Email: cthompson@fbglaw.com	_____ _____ _____ Email: _____

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred 48 hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Florida without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Florida even though it may be otherwise possible to obtain jurisdiction elsewhere, and You and We agree that Tampa, Florida will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Florida.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration or litigation proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration or litigation, if applicable. For purposes of this Agreement, "prevailing party" Includes the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

ARTICLE XX MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entity, unless that contract, understanding, or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that he, she or they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If more than one person, corporation, limited liability company, partnership or other entity, guarantor or any combination thereof, sign this Agreement on behalf of the franchisee, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You shall not offset or withhold the payment of any Fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any Dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, or other similar causes which is beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement and are binding.

20.12 Effective Date. Delivery of a draft of this Agreement to You does not constitute an offer. This Agreement will become effective only when fully executed and accepted by Us at Our headquarters.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance, or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises, or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular

transaction as We believe necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this franchise.

20.17 Representations of Non-Violation. You represent and warrant that You can enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between any third-party, or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of Our franchise disclosure document (“FDD”) for at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to signing this Agreement or making any payment to Us.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You does not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Unless otherwise agreed to by Us in writing, Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterpart and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original.

20.21 Owners of the Franchise. You represent and We rely upon Your representations in entering into this Agreement that the individuals in Exhibit “A-2” are the owners of and sole holders of a legal and beneficial interest in the franchise entity and in Your Franchise Business.

20.22 Drafting. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all of its terms. The rule of construction that a contract be construed against the drafter will not be applied in interpreting this Agreement.

ARTICLE XXI DEFINITIONS

“Competing Business” means a business where Tex-Mex or Mexican food products account for at least 30% of its menu offering or at least 30% of its monthly Gross Sales, or a business offering products or services the same as or substantially similar to those offered at Your Franchise Business during the term of the Franchise Agreement or as part of the System at the time of Termination.

“Confidential Information” means any non-public information (through no fault of Yours) relating to Our products or services, or operation of a Capital Tacos® business, the System, or relating to the System as a whole, Including: (i) methods, techniques, formats, specifications, procedures, and systems; (ii) hardware, software, proprietary technology, and equipment; (iii) sales and Marketing programs, sales techniques, pricing, bidding methods, etc.; (iv) the development and operation of Capital Tacos® businesses; (v) knowledge of, specifications for, and suppliers of, certain Capital

Tacos® products, materials, supplies, equipment, trailers, furnishings and fixtures; (vi) operating results, margins, expenses, and financial performance of Capital Tacos® businesses; (vii) Our strategic plans and concepts for the development, operation, or expansion of Capital Tacos® businesses; (viii) the contents of Our Manuals; (ix) all Customer Data; (xi) login, passwords, access information, etc., to Our email accounts, Social Media, Manuals or other internal sites or shared documents (xii) Our Intellectual Property that is generally deemed confidential; (xiii) all Innovations; (xiv) Our Recipes; and (xiv) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship.

“Copyright Materials” means all writings, video and audio recordings, materials, Manuals, artwork, websites, logos, Marketing materials, and designs used with the Marks or in association with the System.

“Customer Data” means any and all customers, and customer and potential customer data and lists, Including phone numbers, emails, mailing addresses, name and contact information for key personnel of the customer, Social Media followers’ information, etc., even if obtained by You or deemed to have arisen through Your activities. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

“Dispute” any claim, controversy, disagreement, or dispute of any type whatsoever.

“Fees” refers to those fees, payments, and costs You are required to pay to Us, as more fully set forth on Exhibit “A-3.”

“Franchise Assets” means this Agreement or any of its rights or privileges, or any shares or units in the ownership of Your entity, Your Franchise Business, or substantially all of Your assets.

“Gross Sales” Includes the total of all sales of all products, merchandise, goods and services sold, traded, bartered, or rendered by You and income of every kind and nature, Including the value of a trade or other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. “Gross Sales” excludes bona fide credits or returns and excludes amounts paid by You for sales or use taxes on the sale of any products or services.

“Immediate Family” refers to and Includes each of Your spouses, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

“Innovation” means any idea conceived or developed, or any actual improvement, change, modification, enhancement, or addition to the System, Including to Your Franchise Business, Copyrighted Materials, Manuals, Confidential Information, website, Social Media, Marketing materials, apps or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System, or any creative concepts, Marketing ideas or inventions related to the System, and all derivatives thereof, whether implemented in the System or not.

“Including” or “Includes” means “including but not limited to,” “including, without limitation,” and similar all-inclusive and non-exhaustive meanings.

“Intellectual Property” means all Marks, trade dress, names, Copyrighted Materials, systems, patents, patent applications, trade secrets, websites, Social Media, apps, and software.

“Interim Management Period” refers to the period of time during which We step in to manage Your Franchise Business as allowed under this Agreement.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or Social Media; or wikis, podcasts, online content sharing communities, or blogging.

“Lease” means a commercial lease or other document of occupancy of the Premises.

“Manuals” means one or more guides or manuals, Including a policies and procedures manual, operations manual, brand standards manual, and/or policies and procedures manual, technical bulletins, online drives or portals, or other written materials as may be developed, modified and supplemented by Us periodically. The Manuals may be printed or in an electronic format.

“Marketing” or “Market” Includes advertising, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

“Marks” means the federally registered and common law trademarks and service marks owned by Us or licensed to Us, whether now or later developed. “Marks” also Includes any and all names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols licensed to You pursuant to this Agreement or used in connection with the System or later added to the System.

“Operating Account” means that account into which all receipts of Your Franchise Business must be deposited.

“Operating Assets” means Your assets, contracts, inventory, supplies, furniture, equipment, signs, service vehicles, accessories, trailers, and other personal property relating to Your Franchise Business.

“Operating Principal” is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

“Participant” means an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, contractor, advisor, officer, lessor, lessee, licensor, or licensee.

“Prepaid Services” means gift cards, gift certificates, prepaid services, etc., sold at or through Your Franchise Business for which We allow You to manage the accounting and pooling on such cards, gift certificates, prepaid services, etc.

“Principal” means shareholders, owners, partners, directors, members, managers, officers, and principal employees and contractors.

“Recipes” means Our recipes, kitchen books, ingredients, flavors, compositions, mixes, syrups, spices, sauces, frostings, toppings, dressings, cook temperatures, cook or mix times, measurements, menus, preparation techniques, methods, and formulas, etc., related to Our food or drink products and menu items.

“Shall” when used in this Agreement (even if not capitalized) means must or other similar affirmative obligation, as the context requires.

“Social Media” means any and all websites, apps and web or Internet pages for social interaction, business operation, Marketing, and other online information communications, whether now or later developed.

“System” Includes the Franchise Business, specific Marks, interior design, store or trailer layout and décor, color schemes, standards, Manuals, Recipes, processes, services, know-how, operating procedures and Marketing concepts, business formats, specifications for and the use of certain equipment, the sale of food and other items, and the use of proprietary and Confidential Information and other Intellectual Property.

“Termination” or “Terminate” Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, Transfer, or any other means by which this Agreement is no longer in effect, and You are no longer a franchisee of the Capital Tacos System.

“Transfer” Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, mortgage or granting of any security interest.

“We,” “Our(s)” or “Us” only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2, and 14.8.7, Sections 3.1, 3.5, 6.6, and 16.4, and Articles XI and XV Includes Our predecessors, parents, affiliates, subsidiaries, successors, and assigns, and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable, as applicable.

“You” or “Your” Includes all signers of this Agreement, all current and subsequent guarantors, all subsequent and current members, Operating Principals, owners, partners, shareholders, managers, directors, officers, agents, affiliates, principal employees and with those whose conduct You are chargeable.

[Signatures on the Following Page]

WE CANNOT RELIABLY PROJECT YOUR FUTURE PERFORMANCE, REVENUES OR PROFITS, AND YOU REPRESENT, COVENANT AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING YOUR SUCCESS AS A FRANCHISEE, AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF THE BUSINESS OPERATIONS UNDER THIS FRANCHISE AGREEMENT. THE SUCCESS OF YOUR BUSINESS IS LARGELY DEPENDENT ON YOUR PERSONAL EFFORTS.

WE EXPRESSLY DISCLAIM THE MAKING OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE SALES, EARNING, INCOME, PROFITS, GROSS SALES, BUSINESS OR FINANCIAL SUCCESS, OR VALUE OF YOUR FRANCHISE BUSINESS.

YOU ACKNOWLEDGE THAT YOU HAVE HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT AND RELATED DOCUMENTS REVIEWED BY YOUR OWN ATTORNEY.

IN WITNESS WHEREOF, the parties have respectively signed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

KJ-LICENSING, LLC

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

If the franchisee is not an entity, each person must sign personally.

By: _____
(Signature)

Name: _____, personally

By: _____
(Signature)

Name: _____, personally

EXHIBIT "A-1"
TO THE FRANCHISE AGREEMENT

TERRITORY AND APPROVED PREMISES:
(Map may be attached)

1. Your Territory is ___ miles from Your approved Premises location in all directions.

2. You approved Premises is to be located at:

**Our approval of the Territory or a site is not a guarantee or a warranty
of the potential success of a territory or a site.**

Franchisee Initial and Date

Franchisor Initial and Date

EXHIBIT "A-2"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

- Partnership Corporation
 Sole Proprietorship Limited Liability Company

Name of your entity: _____
 The state in which your entity was formed: _____
 Date of formation: _____
 EIN: _____

You must write below the names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership, or limited liability company (please print or type the information and add extra lines if necessary).

Name	Address	Percentage of Ownership*

- *Corporation: Percentage owned of outstanding voting stock.
 *Partnership: Percentage owned in voting and in capital and profits.
 *Limited Liability Company: Percentage owned in membership interest.

List the names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your corporate records are maintained is:

The name and address of the Operating Principal who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with Us and make decisions relating to the operations of the Franchise Business:

Name: _____

Address: _____

Email: _____

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT

FEE CHART¹

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Successor Franchise Fee	\$2,500	See Paragraph 2.2.4
Initial Franchise Fee	\$49,000	See Section 5.1
Royalty	6% of Gross Sales	See Section 5.2
Advertising Fund Fee	2.5% of Gross Sales	See Paragraph 5.3.1
Local Marketing Requirement	\$750 per month, up to \$1,500 per month	See Paragraph 5.3.2
Late Fees ¹	\$25 per day for each late fee or report up to \$500 for each late fee	See Paragraph 5.4.4
NSF Fees ¹	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.4
Interest Fees	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges ¹	Amounts to be specified in Our Manuals, currently ranging between \$50 and \$5,000	See Section 5.9
Technology Stack Fee	Currently, \$1,900 to \$2,400 per month	See Section 5.10
Third Party Use Fees	Estimated to be 10% to 25% of the order price	See Section 5.11
Delivery Fees	Currently, up to \$9.99 per delivery	See Section 5.12
Additional Trainees at Initial Training/Retraining ¹	\$250 per person/per day	See Paragraph 6.1.4
New Operating Principal or Management Training	\$5,000	See Paragraph 6.1.4(i)
Additional Training or Assistance ¹	\$250 per person, per day	See Paragraph 6.1.4(ii) and Section 7.3
Rescheduling Fee ¹	\$500	See Paragraph 6.1.4(iv)
Insurance Procurement Fee ¹	Varies, plus an administration fee of \$50 per month	See Paragraph 6.1.11
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.13(iii)
Conference or Seminar Fee ¹	\$500 to \$1,500 per attendee	See Paragraph 6.1.14
Interim Management Fee	15% of Gross Sales	See Paragraph 6.2.3 and Section 14.10
Opening Assistance Fee	\$10,000	See Section 7.5
Grand Opening Marketing Minimum Spend	\$5,000	See Paragraph 10.3.1
Additional Copies of	Our reasonable costs, not to exceed 10%	See Section 10.4

Marketing Materials	for shipping and handling	
Fees on Default	Our costs associated with Your default	You must pay Us Our costs to enforce Your obligations under this Agreement. See Section 11.2
Post-Termination Fees and Damages	Varies	See Section 12.1
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of Your Franchise Agreement.	See Section 12.4
Transfer Fee	50% of the current initial franchise fee	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.6
Transferee Training Fee ¹	\$5,000	See Paragraph 14.8.5
Indemnification ¹	Varies	See Section 15.2
Non-compete violations	\$1,000 per day for each computing business	See Paragraph 16.8
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ We may increase these fees by up to 25% per year during the term of the Franchise Agreement to adjust to increased costs. Costs charged by third parties are subject to change at any time and do not have an annual cap.

**EXHIBIT “A-4”
TO THE FRANCHISE AGREEMENT**

BRAND PROTECTION AGREEMENT FOR PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the “Agreement”) is entered into and made effective as of the effective date listed below by KJ-LICENSING, LLC (“Franchisor”) and the undersigned (“Principals”).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor so as to be able to obtain the rights to operate a Capital Tacos® Franchise Business using the System developed by Franchisor, including certain Confidential Information of Franchisor (“Franchise Agreement”); and

WHEREAS, Franchisor has developed Confidential Information and Recipes for the operation of a Capital Tacos Franchise Business and may continue to develop new Recipes and revise current Recipes for use in association with the Capital Tacos System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Franchise Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor’s entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain access to Confidential Information and made available to Principals that is necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.
2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, Principals and any of a Principal’s Immediate Family, shall not during the term of the Franchise Agreement and any Successor Franchise or Successor Franchise Agreement or any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, including restrictions on disclosure to employees and other third parties. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement (including the covenants protecting against disclosures) as if such information had been disclosed following the execution of this Agreement.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

2.2 Employee Use of Recipes. Each employee authorized to use the Recipes in the operation of the Franchise will be required to sign a confidentiality agreement prior to use of the Recipes. Furthermore, Principals represent and warrant that they shall only authorize employees over the age of 18 to use or have access to the Recipes. A copy of all such signed agreements will be promptly (within 10 days) provided to Franchisor.

2.3 No Reverse Engineering. Principals shall not either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe or other Confidential Information, and shall not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement as it relates to the Recipes, reverse engineering Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.4 Limited Use. Principals shall limit their use of the Recipes, Including, their recollection of any part of the Recipes, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Recipes or other part of the Confidential Information for any personal use or gain.

3. Non-Competition; Non-Solicitation. The following covenants will be enforced during and after the term of the Franchise Agreement:

3.1 In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises thereof, except as permitted under the Franchise Agreement, Principals and each Principal's Immediate Family, shall not be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity or location except with Franchisor's prior written consent. Principals understand and acknowledge that to violate this Section creates irreparable harm.

3.2 Post-Term Covenant. Upon Termination for any reason of the Franchise Agreement, and any extensions thereof, or upon any Transfer or repurchase of a Principal's rights under the Franchise Agreement or the franchise entity, or a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of two years thereafter, Principals, and Principal's Immediate Family, shall not, directly or indirectly, be a Participant, assist or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location within the Territory or within 25 miles of the Territory or within 15 miles of the territory of any System franchise or Capital Tacos® business operation at the time of Termination of the Franchise Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

3.3 Non-Solicitation. During the term of the Franchise Agreement and for three years after the Termination of the Franchise Agreement, Principal and each of Principal's Immediate Family shall not, directly or indirectly, contact any former or then-current customer of the Franchise Business, or any former, then-current customer of Franchisor or an affiliate of the Franchisor (with whom the Principal had contact during the term of the Franchise Agreement) for the purpose of soliciting such customer to a Competing Business.

4. Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled and extended for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Franchise Agreement, or a Principal's disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Manuals and any and all Confidential Information.

6. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 5 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 5 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

7. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action.

8. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Florida without giving effect to its conflicts of law provisions. If for any

reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Florida, and unless the enforcement of this Agreement is brought in connection with a Dispute under the Franchise Agreement (in which case this matter may be handled through arbitration as set forth in the Franchise Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Tampa, Florida.

9. Attorney's Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

10. Binding Agreement. This Agreement will bind the successors and assigns of a Principal and his or her heirs, personal representative, successors and assigns. No rights under this Agreement are assignable by any Principal, and any purported assignment will be null and void and of no force or effect.

11. Survival of Covenants. All covenants made in this Agreement by Principals survive the Termination of this Agreement or the Franchise Agreement or Principal's disassociation with the Franchise Business or the System in any way.

12. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

13. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, i.e., spaces that are not in a bathroom, changing room, etc.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

[Signatures on the Following Page]

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED _____.

FRANCHISOR:

KJ-LICENSING, LLC

By: _____

(Signature)

Name: _____

Title: _____

PRINCIPALS:

By: _____

(Signature)

Name: _____

Title: _____

By: _____

(Signature)

Name: _____

Title: _____

By: _____

(Signature)

Name: _____

Title: _____

By: _____

(Signature)

Name: _____

Title: _____

EXHIBIT "A-5"
TO THE FRANCHISE AGREEMENT

EMPLOYEE BRAND PROTECTION AGREEMENT

This EMPLOYEE BRAND PROTECTION AGREEMENT ("Agreement") is entered into as of _____, between _____ ("Franchisee") and _____ ("Employee"), residing at _____.

A. Franchisee is the holder of a Capital Tacos® franchise developed by KJ-Licensing, LLC ("Franchisor").

B. Franchisor has developed certain confidential and proprietary information for the operation of a Capital Tacos® franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures ("Proprietary Information").

C. Included in the Proprietary Information are confidential and proprietary mixes, recipes, frostings, toppings, flavors, ingredients, sauces, syrups, spices, processes, methods, formulas, temperatures, cook times, and measurements and other information relating to the preparation of food items (collectively "Recipes") for use in the operation of a Capital Tacos® franchise businesses.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Capital Tacos® franchise. Employee further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its Capital Tacos franchise.

2. Non-Use, Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee shall not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all of any part of the Proprietary Information at any time.

2.1 No Reverse Engineering. Employee shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including without limitation, the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering as relates to the Recipes will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

3. Limited Use. Employee shall not use the Proprietary Information at any time, place, or circumstance, except as directed by Franchisee or its authorized representatives. In no event shall Employee use the Proprietary Information, whether in part or in whole, outside of Employee's specific employment duties.

4. Duty to Notify. Employee agrees to notify Franchisor or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy, or reproduce any part of the Proprietary Information. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Employee agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

5. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

6. Management and Supervisor Employees. This Section 6 shall only apply if Employee is a management employee and/or acts in a supervisory role over other employees.

6.1 Non-Competition. Employee shall not, during the course of his or her employment by Franchisee, and for one year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in, or become and owner, officer, director, shareholder, partner, associate, employee, contractor, agent, representative or consultant in any offering or selling products or services the same or substantially similar to a Capital Tacos® business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a 10-mile radius of Franchisee's place of business or any Capital Tacos business operation at the time of Employee's termination of employment. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

6.2 Non-Solicitation. Employee shall not, during the course of his or her employment and for two years thereafter, directly or indirectly, contact any customer or former customer of Franchisee for the purpose of soliciting such customer to be a customer of a business that is the same as or similar to a Capital Tacos® business.

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of

actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond.

8. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchise, or the Capital Tacos® system, or to any area of research and development, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Employee hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

10. Survival of Covenants. All covenants made in this Agreement by Employee survive the termination of Employee's employment with Franchisee or the expiration, transfer, or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by both parties.

12. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

13. Waiver. Employee understands and acknowledges that Franchisee may employ the use of cameras at the business premises, and Employee waives any expectation of privacy in non-private areas of the business premises, i.e., spaces that are not in a bathroom, changing room, etc.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

15. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

[Signatures on the Following Page]

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

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

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE (if a minor, see next page):

By: _____

Name: _____

Title: _____

Date: _____

Age: _____

For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Employee Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Employee Brand Protection Agreement.

DATED _____.

Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____

Phone: _____

[Employee Brand Protection Agreement Signature Page]

EXHIBIT "A-6"
TO
FRANCHISE AGREEMENT

LANDLORD'S CONSENT TO ASSIGNMENT

_____ ("Landlord") hereby consents to an assignment of the lease agreement ("Lease Agreement") to KJ-Licensing, LLC ("Franchisor") for the purpose of securing the obligations of _____ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

Landlord agrees to provide Franchisor with all information relating to amounts owing, settlement agreements, and all matters related to the Lease Agreement within five days of written request from Franchisor.

Landlord agrees that if the Lease Agreement or franchise agreement is terminated, Franchisor will have the right, but not the obligation, within 45 days after termination of the Lease Agreement or franchise agreement, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Notices to Franchisor will be sent to: 23110 SR 54 #139, Lutz, Florida 22549.

Dated as of _____.

Landlord Contact Information:

LANDLORD:

Contact Person: _____

By: _____

Mailing Address: _____

Title: _____

Name: _____

Email: _____

Phone: _____

Date: _____

SCHEDULE "A-6.1"
To the Landlord's Consent to Assignment
Lease Rider

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and KJ-LICENSING, LLC ("Franchisor"), Tenant's franchisor):

1. The initial term of the lease will be for a period of not less than five years from the time Tenant opens for business.
2. Landlord consents to Tenant's use and display of the Capital Tacos® Marks and signage as Franchisor may require from time to time for the Franchised Business, subject only to the provisions of applicable law. Landlord shall also provide Tenant and Tenant's customers with a non-exclusive, mutual cross access easement for purposes of vehicular and pedestrian ingress and egress to access Tenant's Franchise Business.
3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.
4. The Premises will be used solely for the operation of a Capital Tacos® restaurant which operates using the Capital Tacos® Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises.
5. Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Capital Tacos® restaurant; and (b) Landlord shall cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement, including allowing Franchisor, its employees and agents to enter and remove signs, décor, and materials bearing or displaying any Marks, designs, or logos, provided that Landlord will not be required to bear any expense thereof.
6. If Franchisor so requests, Landlord shall provide Franchisor with all sales and other information that Landlord may have related to the operation of the Franchised Business.
7. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Capital Tacos® units by Tenant, Franchisor, or any other person or entity.
8. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant's occupancy rights thereunder without Franchisor's prior written consent.
9. Landlord's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to Franchisor, or any parent, subsidiary or affiliate of Franchisor or Tenant, or another operator that Franchisor has approved to be the

franchisee and operate at the Premises.

10. Landlord shall not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a Tex-Mex or Mexican food concept or similar business. Additionally, Landlord shall not sell and will prohibit any other tenant or subtenant in the building, or on the property, from engaging in activities predominantly related to the offer and sale of products and services similar to those offered by Capital Tacos® restaurant. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

11. Landlord shall, upon reasonable request from Tenant's lender, subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests.

12. No amendment may be made to the lease without Franchisor's prior written consent (which Franchisor will not unreasonably withhold or delay), and Franchisor may elect not to be bound by the terms of any amendment to the lease executed without obtaining Franchisor's prior written approval to such amendment.

IN WITNESS WHEREOF, the parties have executed this Lease Rider effective as of the date of the lease agreement.

LANDLORD:

TENANT:

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT "A-7"
TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I hereby authorize KJ-Licensing, LLC hereinafter called ("Company"), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Routing Number: _____ Account Number: _____

Type of Account: Checking/Savings: _____

This authorization is to remain in full force and effect until the Company has received written notification from me of its termination in such time and in such manner as to afford the Company and Depository a reasonable opportunity to act on it.

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT "A-8"
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is entered into and made effective as of _____ by and between KJ-LICENSING, LLC ("We," "Us" or "Our") and the undersigned Guarantor(s) ("Guarantor(s)") owners of _____ (the "Business Entity") and their spouses or legal domestic partner (collectively and individually referred to as "spouse").

1. Scope of Guaranty. In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated _____ (the "Franchise Agreement"), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantees to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Franchisor and the franchisee thereunder will affect the enforcement or validity of this Guaranty.

2. Waivers. Each Guarantor waives: (a) acceptance and notice of acceptance by Us of Guarantor(s) obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (d) any right Guarantor(s) may have to require that an action be brought against the Business Entity or any other person as a condition of Guarantor(s) liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against the Business Entity arising as a result of Guarantor(s)' execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)' capacity as guarantors.

3. Consents and Agreements. Each Guarantor consents and agrees that: (a) Guarantor(s)' direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)' liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)' liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which We may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims (including the release of other guarantors) and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, where required by the Franchise Agreement, after its termination or expiration.

4. Enforcement Costs. If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) must reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorney's assistants, arbitrators, and

expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. Disputes. Guarantor(s) and its spouse acknowledge and represent that Guarantor(s) and its spouse have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (disputes and arbitration) of the Franchise Agreement have been reviewed by Guarantor(s) and its spouse and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and/or its spouse and Us. Each Guarantor(s) and its spouse irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) or a spouse is domiciled. Each Guarantor will be held personally, jointly, and severally liable. Any settlement made between Us and the Business Entity or any determination made pursuant to this Agreement will be binding upon the Guarantor(s).

6. Spouse's Signature. By signing below, the undersigned spouse acknowledges and consents to Guarantor(s) execution and performance under this Guaranty and the undersigned spouse also consents to his or her personal and marital assets securing the Business Entity's performance under the Franchise Agreement and Guarantor(s)' performance under this Guaranty.

7. Counterparts. This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) and its spouse have respectively signed this Guaranty effective as of the day and year first written above.

Guarantor(s)'s Signature	Spouse Signature	Contact Information for Notice
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____

EXHIBIT "A-9"
TO THE FRANCHISE AGREEMENT

DIGITAL, SOCIAL MEDIA, AND LISTINGS AUTHORIZATION FOR ASSIGNMENT

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION ("Assignment") is made and entered into as of the Effective Date (defined below), by and between the undersigned Franchisee and KJ-Licensing, LLC ("Franchisor").

RECITALS

WHEREAS, Franchisee has entered into a franchise agreement with ("Franchise Agreement"); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Capital Tacos® trademarks, trade names, trade dress, and other associated intellectual property (collectively, the "Marks") in conjunction with Franchisee's Franchise Business; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee's Facebook, Instagram, Tik-Tok, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, and the like (collectively the "Social Media Accounts"). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, Including providing all passwords and administrative access to such Social Media Accounts.
2. Franchisee hereby assigns and transfers, (or in Franchisor's sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on Marketing and Social Media Accounts, URL's, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (collectively "Listings").
3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:
 - a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
 - b. Franchisee shall not, after Termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.
 - c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts.

d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and/or Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed and interpreted in accordance with the laws of the state of Florida without giving effect to its conflicts of law provisions.

9. This Assignment may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISOR:

KJ-Licensing, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

EXHIBIT "A-10"
TO FRANCHISE AGREEMENT
STATE SPECIFIC ADDENDA



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This Rider amends the Franchise Agreement dated _____ (the "Agreement") between _____ ("Franchisor") and _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the Franchisor or sources designated by the Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Franchisor. However, the publication by the Franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the Franchisor does not constitute designation of a source nor does a reasonable right of the Franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the Franchisor.

(2) Allowing the Franchisor to establish a Franchisor-owned outlet engaged in a substantially identical business to that of the Franchisee within the exclusive territory granted the Franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the Franchisor to compete unfairly with the Franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the Franchisor without the consent in writing of the Franchisee.

(4) Allowing the Franchisor to obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the Franchisee.

(5) Requiring the Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the Franchisee and the Franchisor to be referred to any person, if referral would be binding on the Franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the Franchisor which the Franchisee had ordered for private retail consumers prior to the Franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the Franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the Franchisee meets certain conditions specified in the agreement.

(9) Requiring a Franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the Franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the Franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the Franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to Franchise Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

EXHIBIT "A-11"
TO THE FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT
(STATIC TRAILER)

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is entered into by and between KJ-LICENSING, LLC ("Franchisor," "We" or "Us") and _____ ("Franchisee," "You" or "Your").

RECITALS:

WHEREAS, Franchisee and Franchisor have entered into a franchise agreement dated _____ ("Franchise Agreement"), which was signed contemporaneously with this Addendum;

WHEREAS, Franchisee has purchased an static trailer franchise, and the parties intend for this Addendum to add clarity to the Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have agreed to revise or otherwise amend the Franchise Agreement as set forth in this Addendum.

WHEREAS, all capitalized terms used, but not defined, herein shall have the respective meanings assigned to them pursuant to the Franchise Agreement, and all references herein to "Article," "Sections" and "Paragraphs" shall refer to articles, sections, and paragraphs of the Franchise Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises in the Franchise Agreement and herein, it is hereby agreed as follows:

1. Purchase of the Static trailer. You must order Your static trailer from Our affiliate. A down payment of 75% of the total purchase price is due at the time of ordering. You must maintain Your static trailer in good condition, good working order, and free from unsightly wear and tear.

2. Premises. Where applicable in context, the term "Premises" as set forth in the Franchise Agreement also means Your static trailer, not just the approved location of Your static trailer.

3. Commissary. Depending on your state, or if Your static trailer does not have a direct hookup to electricity (i.e., the static trailer only runs off a generator), You may be required to use a commissary to prep and store Your perishable food items, or You may have to use garage space or rent space for just dry shelves, refrigerated and frozen storage (collectively, a "Commissary"). Any such Commissary must be built out and/or have the capabilities as directed by Us. It must also conform to local zoning and health laws. We will have the right to inspect Your Commissary space (either in person or electronically) similar to a Premises for a brick and mortar location as set forth in the Franchise Agreement.

4. Onsite Supervision. We require in-market supervision by Your Operating Principal, and You must have someone onsite (when the static trailer is operating) at all times with manager

level food safety certification.

5. Security for Your Trailer. Paragraph 6.1.13 of the Franchise Agreement regarding a security system and compliance monitoring system will not apply to the operation of an static trailer. However, You are required to install three security devices in/on Your static trailer: a hitch lock, a wheel boot, and GPS tracking.

6. Exhibit "A-3." Exhibit "A-3" of the Franchise Agreement is amended in its entirety as set forth in Schedule 1 hereto.

7. Opening Assistance. We shall provide opening assistance to You during Your opening. The fees and amount opening assistance We will provide to You is listed in the table below. You will also be responsible for the costs of Our representative's reasonable travel, food, and lodging to provide the opening assistance. You must provide Us with a valid business license for Your static trailer prior to scheduling the opening assistance.

Type of Franchise	Number of Days of Assistance	Opening Assistance Fee
Static Trailer Franchise	3.5 days	\$5,000
Subsequent Static Trailers	2 days	\$3,500

8. Commencing Operations. Section 4.4 of the Franchise Agreement is amended in part to provide You three months from the date You receive Your static trailer to commence operations.

9. Miscellaneous.

a. Controlling Document. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or attachments thereto, the terms of this Addendum shall supersede and control.

b. Franchise Agreement. Except as expressly amended or modified herein, all terms, provisions and conditions and personal guarantees (which personal guarantees shall apply to this Addendum as well) of the Franchise Agreement are hereby ratified and shall remain in full force and effect.

c. Counterparts. This Addendum may be executed in counterparts, including by means of telefaxed or scanned and emailed signature page or similar electronic means, each of which will be deemed an original, but all of which together will constitute one and the same document.

[Signatures on the Following Page]

IN WITNESS HEREOF, each of the undersigned parties hereby acknowledge that they have read this Addendum, understand its contents and consent to be bound by all its terms, and agree that it shall become effective as of the date hereof.

Dated as of _____.

FRANCHISOR:

KJ-LICENSING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

[Signature Page to the Addendum to the Franchise Agreement for Static Trailers]

SCHEDULE 1
TO THE ADDENDUM TO THE FRANCHISE AGREEMENT FOR A STATIC TRAILERS
EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT
FEE CHART¹

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Successor Franchise Fee	\$2,500	See Paragraph 2.2.4
Initial Franchise Fee	\$49,000	See Section 5.1
Royalty	8% of Gross Sales	See Section 5.2
Advertising Fund Fee	1.5% of Gross Sales	See Paragraph 5.3.1
Local Marketing Requirement	\$250 per month, up to \$500 per month (can be offset by royalty payments)	See Paragraph 5.3.2
Late Fees	\$25 per day for each late fee or report up to \$500 for each late fee	See Paragraph 5.4.4
NSF Fees	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.4
Interest Fees	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges	Amounts to be specified in Our Manuals, currently ranging between \$50 and \$5,000	See Section 5.9
Technology Stack Fee	Currently, \$485 to \$1,120 per month	See Section 5.10
Third Party Use Fees	to be 10% to 25% of the order price	See Section 5.11
Delivery Fees	Currently, up to \$9.99 per delivery	See Section 5.12
Additional Trainees at Initial Training / Retraining	\$250 per person/per day	See Paragraph 6.1.4
New Operating Principal or Management Training	\$5,000	See Paragraph 6.1.4(i)
Additional Training or Assistance	\$250 per person, per day	See Paragraph 6.1.4(ii) and Section 7.3
Rescheduling Fee	\$500	See Paragraph 6.1.4(iv)
Insurance Procurement Fee	Varies, plus an administration fee of \$50 per month	See Paragraph 6.1.11
PCI and DSS Audit	Reasonable costs of the audit	See Paragraph 6.1.13(iii)

Reimbursement Fee		
Conference or Seminar Fee	\$500 to \$1,500 per attendee	See Paragraph 6.1.14
Interim Management Fee	15% of Gross Sales	See Paragraph 6.2.3 and Section 14.10
Grand Opening Marketing Minimum Spend	\$1,500	See Paragraph 10.3.1
Additional Copies of Marketing Materials	Our reasonable costs, not to exceed 10% for shipping and handling	See Section 10.4
Fees on Default	Our costs associated with Your default	You must pay Us Our costs to enforce Your obligations under this Agreement. See Section 11.2
Post-Termination Fees and Damages	Varies	See Section 12.1
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by the lesser of 30 months or the remaining term of Your Franchise Agreement.	See Section 12.4
Transfer Fee	50% of the current initial franchise fee	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.6
Transferee Training Fee	\$5,000	See Paragraph 14.8.5
Indemnification	Varies	See Section 15.2
Non-compete violations	\$1,000 per day for each computing business	See Paragraph 16.8
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ If a fee is subject to change by Us rather than by a third party, the increase will not be more than the equivalent of 25% per year during the term of this Agreement. Costs or fees charged by third parties are subject to change at any time and do not have an annual cap.

EXHIBIT "A-12"
TO THE FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT
(EVENT TRAILER)

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is entered into by and between KJ-LICENSING, LLC ("Franchisor," "We" or "Us") and _____ ("Franchisee," "You" or "Your").

RECITALS:

WHEREAS, Franchisee and Franchisor have entered into a franchise agreement dated _____ ("Franchise Agreement"), which was signed contemporaneously with this Addendum;

WHEREAS, Franchisee has purchased an event trailer franchise, and the parties intend for this Addendum to add clarity to the Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have agreed to revise or otherwise amend the Franchise Agreement as set forth in this Addendum.

WHEREAS, all capitalized terms used, but not defined, herein shall have the respective meanings assigned to them pursuant to the Franchise Agreement, and all references herein to "Article," "Sections" and "Paragraphs" shall refer to articles, sections and paragraphs of the Franchise Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises in the Franchise Agreement and herein, it is hereby agreed as follows:

1. Purchase of the Event Trailer. You must order Your event trailer from Our affiliate. Payment is due in full at the time of ordering.

2. Territory. You are not granted a protect territory for the operation of Your event trailer unless You operate Your event trailer in conjunction with a brick and mortar or static trailer Capital Tacos® location, and You have purchased Your event trailer within two years of opening such brick and mortar or static trailer location. In such event, You shall have exclusive rights to operate an event trailer within the territory associated with Your brick and mortar or static trailer franchise. If You do not operate Your event trailer in conjunction with a brick and mortar or static trailer franchise, or You did not purchase Your event trailer within two years of opening such brick and mortar or static trailer location, then You will not be granted any sort of exclusive rights to operate Your event trailer in a specific territory.

Regardless of whether You are granted exclusive rights to operate an event trailer within a territory, You are granted the right to operate anywhere other than in the territories of brick and mortar and static trailer franchises that also operate an event trailer. Such areas are referred to as "protected areas," and non-protected areas are referred to as "open areas."

You and others operating event trailers may service or solicit any customer in an open area unless that customer is a current customer of another Capital Tacos® business. A “current customer” is a customer in the open area that has scheduled or invited a Capital Tacos® event trailer or other Capital Tacos® catering service to service an event, or who has done business with a Capital Tacos® franchise or affiliate of Ours in the previous six months. We will maintain the list of current customers, and this list will be accessible to Us, or affiliates, and all franchisees and will be updated at least quarterly. You may submit a customer to be on the list at any time, but You must update your submitted list at least quarterly.

You understand and acknowledge that We may sell franchises or open a Capital Tacos® business in an open area at any time. You do not gain any territorial rights to an open area by servicing a customer in that area. If You develop customers in an area that is later granted to an affiliate of Ours or to another franchisee as part of a protected area, You can no longer service customers in the protected area. Existing customers and any scheduled event in an area that becomes a protected area will be transferred to the franchisee or Our affiliate to which the protected area belongs (as applicable).

3. No Set Premises. You are not required to operate Your event trailer from a specific approved location. Therefore, references to a real estate location, real property, site, premises, and construction of a site as set forth in the Franchise Agreement will not apply.

4. Catering. You are allowed but not required to provide catering services. You may provide catering services to any customer in an “open area,” so long as the customer is not an “existing customer” of another franchisee or affiliate of Ours as described in the Territory section above.

5. Commissary. Depending on your state, and if you do not operate a separate brick and mortar franchise or static trailer, You may be required to use a commissary to prep and store Your perishable food items, or You may have to use garage space or rent space for just dry shelves, refrigerated and frozen storage (collectively, a “Commissary”). Any such Commissary must be built out and/or have the capabilities as directed by Us. It must also conform to local zoning and health laws. We will have the right to inspect Your Commissary space (either in person or electronically) similar to a Premises for a brick and mortar location as set forth in the Franchise Agreement.

6. Opening Assistance. We shall provide opening assistance to You during Your opening. The fees and amount opening assistance We will provide to You is listed in the table below. You will also be responsible for the costs of Our representative’s reasonable travel, food, and lodging to provide the opening assistance. You must provide Us with a valid business license for Your event trailer prior to scheduling the opening assistance.

Type of Franchise	Number of Days of Assistance	Opening Assistance Fee
Event Trailer Franchise	3.5 days	\$5,000
Subsequent Event Trailers	2 days	\$3,500

7. Onsite Supervision. We require in-market supervision by Your Operating Principal, and You must have someone onsite (when the event trailer is operating) at all times with manager level food safety certification.

8. No Security System or Compliance Monitoring System Required. Paragraph 6.1.13 of the Franchise Agreement regarding a security system and compliance monitoring system will not apply to the operation of an event trailer.

9. No Required Operational Hours. You are not required to operate Your event trailer a certain number of days during the month or at certain hours during the day. However, certain fees will still apply regardless of whether you decide to operate or not in a given month.

10. Exhibit "A-3." Exhibit "A-3" of the Franchise Agreement is amended in its entirety as set forth in Schedule 1 hereto.

11. Towing Vehicle. You must have a suitable vehicle with a hitch to pull Your event trailer. This may be purchased or leased. We must approve of Your towing vehicle. Your towing vehicle does not need to be wrapped, but we must approve of your vehicle wrap if you do. You must keep Your towing vehicle in good condition and repair with no external damage or unreasonable wear and tear.

12. Commencing Operations. Section 4.4 of the Franchise Agreement is amended in part to provide You three months from the date You receive Your event trailer to commence operations.

13. Miscellaneous.

a. Controlling Document. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or attachments thereto, the terms of this Addendum shall supersede and control.

b. Franchise Agreement. Except as expressly amended or modified herein, all terms, provisions and conditions and personal guarantees (which personal guarantees shall apply to this Addendum as well) of the Franchise Agreement are hereby ratified and shall remain in full force and effect.

c. Counterparts. This Addendum may be executed in counterparts, including by means of telefaxed or scanned and emailed signature page or similar electronic means, each of which will be deemed an original, but all of which together will constitute one and the same document.

[Signatures on the Following Page]

IN WITNESS HEREOF, each of the undersigned parties hereby acknowledge that they have read this Addendum, understand its contents and consent to be bound by all its terms, and agree that it shall become effective as of the date hereof.

Dated as of _____.

FRANCHISOR:

KJ-LICENSING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

[Signature Page to the Addendum to the Franchise Agreement for Event Trailers]

SCHEDULE 1
TO THE ADDENDUM TO THE FRANCHISE AGREEMENT FOR AN EVENT TRAILER

EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT

FEE CHART¹

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Successor Franchise Fee	\$2,500	See Paragraph 2.2.4
Initial Franchise Fee	\$49,000	See Section 5.1
Royalty	6% of Gross Sales (monthly minimum of \$175): However, in months where 6% of Your Gross Sales does not exceed \$175, We will allow You to apply up to \$175 of Your local marketing spend against the monthly minimum royalty due. For example, if there was a month in which You did not do any events with Your event trailer, the minimum royalty requirement would be satisfied if You spent at least \$175 on local marketing that month for Your event trailer.	See Section 5.2
Advertising Fund Fee	1.5% of Gross Sales	See Paragraph 5.3.1
Local Marketing Requirement	\$150 per month, up to \$250 per month (can be offset by royalty payments)	See Paragraph 5.3.2
Late Fees	\$25 per day for each late fee or report up to \$500 for each late fee	See Paragraph 5.4.4
NSF Fees	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.4
Interest Fees	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges	Amounts to be specified in Our Manuals, currently ranging between \$50 and \$5,000	See Section 5.9
Technology Stack Fee	Currently, \$400 to \$475 per month	See Section 5.10
Third Party Use Fees	Estimated to be 10% to 25% of the order price	See Section 5.11
Delivery Fees	Currently, up to \$9.99 per delivery	See Section 5.12
Additional Trainees at Initial Training / Retraining	\$250 per person/per day	See Paragraph 6.1.4

New Operating Principal or Management Training	\$5,000	See Paragraph 6.1.4(i)
Additional Training or Assistance	\$250 per person, per day, plus expenses	See Paragraph 6.1.4(ii) and Section 7.3
Rescheduling Fee	\$500	See Paragraph 6.1.4(iv)
Insurance Procurement Fee	Varies, plus an administration fee of \$50 per month	See Paragraph 6.1.11
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.13(iii)
Conference or Seminar Fee	\$500 to \$1,500 per attendee	See Paragraph 6.1.14
Interim Management Fee	15% of Gross Sales	See Paragraph 6.2.3 and Section 14.10
Grand Opening Marketing Minimum Spend	\$1,500	See Paragraph 10.3.1
Additional Copies of Marketing Materials	Our reasonable costs, not to exceed 10% for shipping and handling	See Section 10.4
Fees on Default	Our costs associated with Your default	You must pay Us Our costs to enforce Your obligations under this Agreement. See Section 11.2
Post-Termination Fees and Damages	Varies	See Section 12.1
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by the lesser of 30 months or the remaining term of Your Franchise Agreement.	See Section 12.4
Transfer Fee	50% of the current initial franchise fee	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.6
Transferee Training Fee	\$5,000	See Paragraph 14.8.5
Indemnification	Varies	See Section 15.2
Non-compete violations	\$1,000 per day for each computing business	See Paragraph 16.8
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ If a fee is subject to change by Us rather than by a third party, the increase will not be more than the equivalent of 25% per year during the term of this Agreement. Costs or fees charged by third parties are subject to change at any time and do not have an annual cap.

EXHIBIT "B"
TO THE FDD

STATEMENT OF PROSPECTIVE FRANCHISEE

STATEMENT OF PROSPECTIVE FRANCHISEE(S)

NOTE: If more than one person is a part of the franchisee, all must initial and sign.

The undersigned Prospective Franchisee(s) (“We,” “Us,” “Our” or “Prospective Franchisee”), and **KJ-LICENSING, LLC** (“Franchisor”), each have an interest in making sure that no misunderstandings exist between them, and understanding that the Franchisor is relying on Our statements, We represent as follows:

Representations and Other Matters:

1. No oral, written, visual or other claim, guarantee or representation of any sort, has been made to Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, except for information (if any) expressly set forth in Item 19 of the Franchisor’s Disclosure Document (or an exhibit referred to therein). _____

2. We are not relying on the Franchisor or any other entity to provide or arrange financing of any type, except as expressly set forth in the Franchise Agreement or a written Addendum/Appendix thereto to be signed by Us and the President of the Franchisor. _____

3. We have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that We obtain such independent professional advice. _____

4. We confirm that We have had the opportunity to discuss the proposed purchase of, or investment in, a Capital Tacos® Franchise with existing Capital Tacos® franchisees. _____

5. If there are any matters inconsistent with the statements in this document, or if anyone has suggested that We sign this document without all of its statements being true, correct and complete, We will (a) **immediately** inform the Franchisor’s President; and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time before going forward.

6. We are also a franchisee in the following system(s):

(write “NONE” if not a franchisee for another franchise system) _____

That franchise was first purchased on _____.

7. We acknowledge and represent that We have not and will not finance more than 70% of our initial franchise fees and startup costs for Our Capital Tacos® franchise business. _____

We understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

DATED _____.

PROSPECTIVE FRANCHISEE ENTITY:

By: _____
(Signature)

Name: _____

Title: _____

INDIVIDUALS: (individual owners)

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

**EXHIBIT "C"
TO THE FDD**

**FINANCIAL STATEMENTS
(Attached)**

Audited Financials Dated December 31, 2022

Unaudited Interim Financials Dated March 31, 2023



KJ-LICENSING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022



KJ-LICENSING, LLC

Table of Contents

	<u>Page</u>
Independent auditor’s report.....	3
Balance sheet	5
Statement of operations	6
Statement of members’ equity	7
Statement of cash flows.....	8
Notes to the financial statements	9



Independent Auditor's Report

To the Members
KJ-Licensing, LLC
Maricopa, Arizona

Opinion

We have audited the accompanying financial statements of KJ-Licensing, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity, and cash flows for the year 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 KJ-Licensing, LLC as of December 31, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Restrictions on Use

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

Kezar $\frac{3}{4}$ Dunlay

St. George, Utah
April 12, 2023

KJ-LICENSING, LLC
BALANCE SHEET
As of December 31, 2022

	2022
Assets	
Current assets	
Cash and cash equivalents	\$ 76,294
Accounts receivable	1,660
Note receivable from affiliate - on demand	1,408,634
Total current assets	1,486,588
Total assets	\$ 1,486,588
Liabilities and Members' Equity	
Current liabilities	
Deferred revenue, current	\$ 65,000
Total current liabilities	65,000
Non-current liabilities	
Deferred revenue, non-current	62,500
Total non-current liabilities	62,500
Total liabilities	127,500
Members' equity	1,359,088
Total liabilities and members' equity	\$ 1,486,588

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

KJ-LICENSING, LLC
STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	<u>2022</u>
Operating revenue	
Initial franchise fees	\$ 22,500
Royalties	269,624
Marketing fees	134,812
Total operating revenue	<u>426,936</u>
Operating expenses	
Advertising and marketing	136,948
General and administrative	73,409
Professional fees	36,583
Total operating expenses	<u>246,940</u>
Net income	<u>\$ 179,996</u>

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

KJ-LICENSING, LLC
STATEMENT OF MEMBERS' EQUITY
For the year ended December 31, 2022

Balance as of January 1, 2022	\$ 1,179,092
Net income	<u>179,996</u>
Balance as of December 31, 2022	<u><u>\$ 1,359,088</u></u>

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

KJ-LICENSING, LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	2022
Cash flow from operating activities:	
Net income	\$ 179,996
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(1,660)
Accounts payable	(2,515)
Deferred revenue	127,500
Net cash provided by operating activities	303,321
 Cash flows from investing activities:	
Change in note receivable from affiliate	(1,378,644)
Net cash used in investing activities	(1,378,644)
 Net change in cash	(1,075,323)
 Cash at the beginning of the year	1,151,617
Cash at the end of the year	\$ 76,294
 Supplementary disclosures of cash flows	
Cash paid for interest and taxes	\$ -

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

KJ-LICENSING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

(a) Nature of Business

KJ-Licensing, LLC (the “Company”) was formed on January 9, 2018 in the State of Florida, for the principal purpose of selling and supporting the Capital Tacos franchise system. The Company has developed a unique system for identifying, operating, and marketing businesses offering authentic Mexican cuisine. The Company began operations during the year ended December 31, 2021 and began actively seeking out franchisees during the year ended December 31, 2022.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

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

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, the Company had cash and cash equivalents of \$76,294.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in the Company’s existing accounts receivable. The Company determines the allowance based on historical collections, customers’ current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer’s ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2022, the Company had receivables of \$1,660. As of December 31, 2022, the Company had no allowance for doubtful accounts.

KJ-LICENSING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

(f) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Arizona. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021 and 2020 tax years are subject to examination.

(g) Revenue Recognition

The Company's revenues consist of initial franchise fees and royalties based on a percentage of gross revenues.

Upon inception, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by a franchisee, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

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

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

(h) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2022 were \$136,948.

KJ-LICENSING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same. Related party transactions may not be stated at fair market value.

(j) Concentration of Risk

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

(2) Related Party Transactions

(a) Related Party Revenue

An affiliate through common ownership owns and operates six franchised locations. These locations pay monthly royalties and marketing fees. During the year ended December 31, 2022, the Company reported royalty and marketing fees from these locations of approximately \$390,000.

(b) Note Receivable from Affiliate

On December 31, 2022, the Company entered into a promissory note with an affiliate. The loan has an initial principal balance of \$1,408,634 and accrues interest at a rate of 10.5%. The loan is due upon demand and has been included in current assets on the balance sheet. As of December 31, 2022, the balance on the note receivable was \$1,408,634.

(3) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Capital Tacos system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current. As of December 31, 2022, the Company had the following deferred revenue:

	<u>2022</u>
Deferred revenue, current	\$ 65,000
Deferred revenue, non-current	\$ 62,500

(4) Commitments and Contingencies

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

KJ-LICENSING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through December 31, 2022, and subsequent to the financial year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s potential customers and future vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(5) Subsequent Events

Management has reviewed and evaluated subsequent events through April 12, 2023, the date on which the financial statements were issued.

KJ, Licensing, LLC
Balance Sheet

	December 31st, 2022	March 31st, 2023
Assets		
Cash and cash equivalents	\$ 76,294	\$ 22,804
Accounts Receivable	1,660	104,223
Note Receivable	1,378,634	1,369,151
Total current assets	<u>1,456,588</u>	<u>1,496,178</u>
Total Assets	<u>\$ 1,456,588</u>	<u>1,596,901</u>
Liability and Member's Equity		
Current Liabilities:		
Accounts payable	\$ -	\$ 5,649
Deferred revenue, current	65,000	65,000
Non-current liabilities:		
Deferred revenue, non-current	62,500	62,500
Total Liabilities	<u>127,500</u>	<u>133,149</u>
Members' Equity	<u>1,329,088</u>	<u>1,463,752</u>
Total liabilities and members' equity	<u>\$ 1,456,588</u>	<u>\$ 1,596,901</u>

KJ, Licensing, LLC**Income Statement**

	<u>Jan - Dec 22</u>	<u>Apr 22 - Mar 23</u>	<u>Jan - Mar 23</u>
Revenue:			
Franchise and other revenue	\$ 426,936	\$ 458,892	\$ 128,499
Total net revenue	<u>426,936</u>	<u>458,892</u>	<u>128,498.84</u>
Operating expenses:			
Operating costs:			
Marketing Expenses	136,948.21	99,268	7,776.50
Labor	74,484.33	74,484	-
Other operating expenses	26,450.09	28,088	5,108.64
Professional fees	9,057.95	17,359	10,949.00
Total operating expenses	<u>246,940</u>	<u>219,200</u>	<u>23,834.14</u>
Gain from operations	<u>179,996</u>	<u>239,692</u>	<u>104,665</u>
Net (loss) / income	<u>\$ 179,996</u>	<u>239,692</u>	<u>\$ 104,665</u>

EXHIBIT "D"
TO THE FDD

SCHEDULE OF FRANCHISEES:
(as of December 31, 2022)

State	Location	Owner	Phone	Address
CO	Boulder	Janson Scoby and Marilyn Scoby	601.896.5998	1747 Rocky Mountain Ave 43 Loveland, CO 80538
FL	Trinity	BA-PT, LLC	727.645.6521	10700 State Road 54, Suite D- 104 Trinity, FL 34655
FL	Clermont	Central Florida Fresh Foods Inc.	727.492.1940	Suite 1042-44, E Highway 50, Clermont, FL 34711

**EXHIBIT “E”
TO THE FDD**

LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20 th Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General’s Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 th Place East, Suite 280, St. Paul, MN 55101	(651) 539-1500
New York	New York Department of State		99 Washington Avenue, 6 th Floor, Albany, NY 12231	(518) 473-2492
North Dakota	North Dakota Securities Department		600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities	Salem, OR 97310	(503) 378-4387

		Labor and Industries Building		
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 st Floor, Richmond, VA 23219	
Washington	Director of Financial Institutions		150 Israel Road SW, Tumwater, WA 98501	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

If a state is not listed, KJ-Licensing, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which KJ-Licensing, LLC has appointed an agent for service of process.

**EXHIBIT "F"
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California		Department of Financial Protection and Innovation	<u>Sacramento:</u> 2101 Arena Blvd., Sacramento, CA 95834 <u>San Diego:</u> 1455 Frazee Road, Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 th Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205 <u>San Diego:</u> (619) 525-4233 <u>San Francisco:</u> (415) 972-8559 <u>Los Angeles:</u> (213) 576-7500 <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 32314-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681

Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20 th Floor, Baltimore Maryland 21202-2020	(410) 576-6360
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 th Floor, Lansing, MI 48933	(517) 373-7117
Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7 th Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 st Floor, New York, NY 10005	(212) 416-8236 Fax: (212) 416-6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, State Capital 5 th Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor, Richmond, VA 23219	(804) 371-9051

Washington	Securities Division	Department of Financial Institutions	P.O. Box 9033, Olympia, WA 98507-9033	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6 th Street, NW, Washington DC 20580	(202) 326-3128

**“EXHIBIT “G”
TO THE FDD**

TABLE OF CONTENTS FOR POLICIES AND PROCEDURES MANUAL



Capital Tacos Training Videos Content

Subject	Equivalent Number of Pages Dedicated to Each Subject
❖ Manager in Training Part 1	
1. Intro to Jolt	(12)
2. Intro to MIT program	(13)
3. Hiring, Team Development, and Culture	(12)
4. Revenue.....	(13)
5. Cost of Goods Sold	(11)
6. Program recap 1 cleanliness	(12)
7. Managing Labor	(15)
8. System Utilization	(29)
9. Guest Feedback	(12)
10.Store Audits	(12)
 ❖ Manager in Training Part 2	
1. Intro to MIT program	(12)
2. People and Culture 1	(9)
3. People and Culture 2	(9)
4. People and Culture 3	(9)
5. People and Culture 4	(8)
6. Intro to Scheduling 1.....	(9)
7. Intro to Scheduling 2.....	(10)
8. Intro to Scheduling 3.....	(7)
9. Ticket Time Survey	(10)
10.Guest Rating and Experience 1	(7)
11.Guest Rating and Experience 2	(12)

❖ **Training Library**

- 1. How to Print Receipts to Go prior to sale(5)
- 2. 3 Levels of Prep(12)
- 3. Bottleneck Clearing(13)
- 4. Customer Happiness(13)
- 5. Dessert Program(10)
- 6. Ensuring Hot Food is Hot(11)
- 7. Intro to Jolt and Tests(10)
- 8. Intro to Jolt Roles and Lists(12)
- 9. Jolt Prep Open(8)
- 10.Jolt Training 1(8)
- 11.Jolt Training 2(9)
- 12.Jolt Training 3(8)
- 13.Key Vendors(10)
- 14.Kids Program(5)
- 15.Labor % Management(11)
- 16.Line Check(10)
- 17.KDS Overview(10)
- 18.Jolt People and Roles(12)
- 19.Preparing for Health Inspection(8)
- 20.Receiving(7)
- 21.Register 1.....(8)
- 22.Register 2.....(10)
- 23.Register 3.....(12)
- 24.Social Media and Mystery Shoppers(11)
- 25.Taco Tuesday(8)
- 26.Take Out Packaging(12)
- 27.To-Go Orders(12)
- 28.Uber Eats(8)
- 29.Operations Checklists(12)
- 30.Zenput Audits(11)
- 31.Zenput(12)

Total Pages551

**EXHIBIT "H"
TO THE FDD**

FORM RELEASE AGREEMENT

**RELEASE AGREEMENT
(FORM)**

This RELEASE AGREEMENT (“Agreement”) is made and entered into as of _____ by and between **KJ-LICENSING, LLC** (“Franchisor”) and _____, **LLC/INC.**, _____, **AND** _____ (jointly and severally “Franchisee”). The above will collectively at times be referred to as “Parties” and individually as “Party.” Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Capital Tacos® franchise agreement on _____ with Franchisor (“Franchise Agreement”); and

WHEREAS, the Franchise Agreement was personally guaranteed by _____ and _____ (“Personal Guarantor(s)”); and

WHEREAS, the Franchise Agreement has been terminated effective as of _____.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may

hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. Nothing in this Agreement releases Personal Guarantor(s) or Franchisee from their obligations under the non-competition clauses of the Franchise Agreement or their Non-Competition Agreements signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with, and all disputes hereunder will be governed by the laws of the state of Florida without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Florida even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Tampa Bay, Florida will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Florida.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Tampa Bay, Florida, and the laws of the state of Florida will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

6.4 Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements with between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

FRANCHISEE:

KJ-LICENSING, LLC

_____, **LLC/INC.**

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

PERSONAL GUARANTOR(S):

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

**EXHIBIT "I"
TO THE FDD**

SIGNING CHECKLIST



Franchise Documents Signing Checklist

The following items need to be filled out, signed, or dated by the party indicated

1. When you receive the FDD

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date <u>both</u> copies. You will keep the copy labeled "Franchisee Copy" and return the other copy ("Franchisor Copy") to the franchisor ("Capital Tacos").	—

2. When you sign the Franchise Agreement

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1)	Fill in the franchisee name	—
Franchise Agreement	(page 3)	In first paragraph fill in date and franchisee name.	—
Franchise Agreement	(page 43)	Fill in the franchisee name, address, and email	—
Franchise Agreement	(page 51)	<ol style="list-style-type: none"> 1. If the franchisee is an entity, (1) fill in the entity name on the line before LLC/INC., and have the president, manager, etc. sign on behalf of the entity. 2. If there is no entity, the franchisee will sign on the lower lines and print his or her name on the line before "personally." 	—
Territory	Exhibit A-1 (page 52)	If the premises is not already known, this will be filled out and initialed later.	—

Company Reps. and Warranties	Exhibit A-2 (page 53-54)	The franchisee must fill in the appropriate fields, date, and sign.	—
Brand Protection Agreement for Principals	Exhibit A-4 (page 57-61)	Each owner and principal manager of the franchisee must fill out and sign and date a separate form.	—
Employee Brand Protection Agreement	Exhibit A-5 (page 62-65)	All your management level employees need to fill out and sign separate non-compete agreements. 1. On the first page, the management employee will fill in the date the document is signed and will list you or your company as the franchisee, and the employee will fill in their address. 2. Each of your management employee must sign this document.	—
Landlord's Consent to Assignment	Exhibit A-6 (page 66-68)	Landlord fills in the blanks, dates, and signs. Landlord and franchisee (tenant) must sign the lease rider.	—
ACH Agreement	Exhibit A-7 (page 69)	This must be filled out with all the appropriate bank information and signed.	—
Guaranty of Assumption of Obligations	Exhibit A-8 (page 70-71)	Franchisee must fill in the date, the name of its entity and the date of the franchise agreement on the first page. The owners of the franchisee must sign the second page and each of their signatures must be notarized.	—
Digital, Social Media, and Listings Authorization for Assignment	Exhibit A-9 (page 72-73)	Franchisee and franchisor must sign and date.	—
Statement of Prospective Franchisee	Exhibit - B	The franchisee must fill in, initial, sign, and date where indicated.	—

3. Exhibits to the FDD

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Statement of Prospective Franchisee	Exhibit - B	The franchisee must fill in, initial, sign, and date where indicated.	—
Form Release Agreement	Exhibit - H	This does <u>not</u> get signed at the time of signing the franchise agreement. This agreement or a form thereof will only be signed upon the termination, non-renewal or transfer of the franchise.	—

4. If you sign the Multi-Unit Development Agreement

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Multi-Unit Development Agreement	Exhibit - J (page 1)	Fill in the date and franchisee's name.	—
Multi-Unit Development Agreement	Exhibit - J (page 6)	Both the franchisor and the franchisee must sign	—
Multi-Unit Development Agreement	Exhibit - J (page 7)	Fill in the description of the Area The franchisee and franchisor initial and date this page.	—
Multi-Unit Development Agreement	Exhibit - J (page 9)	Fill in the Development Fees table	—
Company Reps. and Warranties	Schedule 2.3 (page 10-11)	The franchisee must fill in the appropriate fields, date, and sign.	—

5. Items to complete after you sign the franchise agreement.

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED
Proof of insurance	The franchisee must get and maintain insurance and provide proof of insurance that lists the franchisor as an additional insured. The franchisee must provide this <u>annually</u> .	—

Franchisee's d.b.a.	<p>In the state where your franchise is located, you need to file for a dba or "doing business as" under the name "Capital Tacos _____." The blank line will be the city or neighborhood where your franchise is located or as assigned by the franchisor. For example, if your franchise is located in Irvine, California, your filed dba could be "Capital Tacos – Irvine." The franchisor must approve your dba before you file it. You must send a copy of the dba filing to the franchisor after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that also you <u>cannot</u> use the name "Capital Tacos" as part of your company name.</p>	—
Franchisee's certificate of occupancy	Franchisee must provide a certificate of occupancy before you schedule on-site opening assistance/training	—
Franchisee's entity documents	Articles of incorporation/organization along with bylaws or operating agreement sent to franchisor.	—
Copy of lease agreement	The franchisee must provide a copy of the lease agreement to the franchisor.	—

EXHIBIT "J"
TO THE FDD

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into effective as of _____ by and between **KJ-LICENSING, LLC**, a Florida limited liability company (“We,” “Us,” or “Franchisor”), and _____ (“You” or “Developer”).

RECITALS:

WHEREAS, You desire to acquire the right to develop and operate multiple Capital Tacos® Franchise Units in the Development Area described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You have entered into a separate Franchise Agreement with Us for the right to operate Your first Capital Tacos® franchise, which was signed contemporaneously with this Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 The following terms have the following described meanings. Additionally, unless otherwise clearly required by the context, when used in this Agreement, all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporarily with this Agreement.

“Development Area” means the geographical area set forth on Schedule 1.1.

“Development Business” means the business of developing Capital Tacos® Franchise Businesses in the Development Area and in compliance with the Development Schedule.

“Development Schedule” means the schedule setting forth the number of Franchise Units to be developed within a set period of time within the Development Area.

“Franchise,” “Franchise Business,” “Franchise Unit,” or “Unit” means a business that has signed a Franchise Agreement to operate a Capital Tacos® business in the Development Area.

“Franchise Agreement” means Our agreement which licenses the right to use Our Marks and System for the operation of a single Capital Tacos® Franchise Unit.

“Owners” means You and each of Your owners, partners, members, managers, officers, directors or shareholders.

“Termination” Includes expiration, non-renewal, repurchase of Your rights, transfer, or any other means by which this Agreement is no longer in effect, or wherein You are no longer an area developer for the Capital Tacos® brand.

Article 2 – Area Rights

2.1 **Rights.** Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to develop the number of Capital Tacos® Franchise Businesses in the Development Area in accordance with the Development Schedule set forth on Schedule 2.1. Other than as set forth herein, We will not establish or sell traditional Capital Tacos® businesses within the Development Area while this Agreement is in effect.

2.2 **Right of First Refusal - Non-Traditional Outlets.** We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell franchises for non-traditional Capital Tacos® outlets at Our discretion, within the Development Area without paying compensation to You. These non-traditional outlets include locations at gas stations, convenience stores, convention centers, military bases, universities, sporting arenas, airports, or other similar captive locations. Nonetheless, these non-traditional locations will not be able to deliver food from online orders into a one of Your Units' territories.

Before selling or opening a non-traditional location in the Development Area, We will give You a 10-day right of first refusal to exercise Your option to purchase a Franchise at the designated non-traditional location. If You exercise Your option, You must sign Our then-current franchise agreement and pay the initial franchise fee within 30 days thereafter. If You exercise Your option but then do not sign the franchise agreement and pay the initial franchise fee within 30 days thereafter, You will lose Your right to purchase that franchise, and We will not be required to offer You a right of first refusal on subsequent non-traditional locations in the Development Area. Non-traditional units will not count toward Your development obligation unless otherwise agreed by Us.

2.3 **Character of Rights.** The rights and privileges granted to You under this Agreement are personal in nature. The rights set forth herein are territorial only and do not grant or imply any license for You to use the Marks or System in any manner. Any such rights are granted only through Our Franchise Agreement. This Agreement does not create or grant rights or obligations outside the Development Area. You represent and We rely upon Your representations in entering into this Agreement that the individuals listed in Schedule 2.3 are the owners of and sole holders of a legal and beneficial interest in Your Development Business.

2.4 **Franchisor's Reservation of Rights.** All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein prevents Us from granting the right to establish or operate, or Us establishing, owning, and operating Franchise Businesses or similar operations outside of the Development Area. Furthermore, We and Our affiliates expressly reserve the right to sell market and distribute the Capital Tacos® products in the Development Area and elsewhere without compensation to You using other Marketing strategies and distribution channels, including, catering services, websites, the Internet, apps, Social Media, direct Marketing, national accounts, co-branding with other outlets, non-traditional outlets, grocery stores, etc. We also reserve the right to use other and different proprietary marks in connection with the sale of franchises, products or services similar to, the same as, or dissimilar from those which You will use in Your Franchise Businesses at any location, including in the Development Area, without compensation to You. Neither We, nor Our affiliates, or other franchisees are restricted from Marketing in Your Area.

Article 3 - Development & Term

3.1 **Minimum Development Schedule.** You must open the number of Units by the deadlines set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open and functioning Franchise Business located within the Development Area during the term hereof.

3.2 **Franchise Locations.** The location of each Franchise Unit will be selected by You but must be approved in writing by Us, as further set forth in Your Franchise Agreements. A separate Franchise Agreement in the form of Our then-current Franchise Agreement must be executed for each Franchise Unit in the Development Area as developed as further set forth herein.

3.3 **Time of the Essence.** Time is of the essence with respect to compliance with the Development Schedule and all other obligations of Yours under this Agreement.

3.4 **Term.** The term of this Agreement is the development period set forth on the Development Schedule. This Agreement will terminate prior if terminated according to Article 9 below, or once You have Developed all the Franchise Units listed on the Development Schedule if developed prior to the last deadline set forth on the Development Schedule. There is no right to renew this Agreement.

Article 4 - Fees

4.1 **Development Fee.** You shall pay a non-refundable 5-Unit Empire Builder Development Fee of \$175,000 payable upon execution of this Agreement, which includes the initial franchise fees for five Units contemplated in the Development Schedule on Schedule 4.1.

4.2 **Non-Refundable.** No Fee or deposit is refundable, regardless of whether You meet Your Development Schedule.

Article 5 - Franchise Agreement(s)

5.1 **Franchise Agreement.** Each Franchise Unit opened by You in the Development Area pursuant to this Agreement will be governed by Our then-current Franchise Agreement executed by You and Us. You must sign a separate Franchise Agreement for each applicable Franchise Unit as developed. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us prior to commencing construction or improvements, acquisition or lease of any related real property, or purchasing the applicable trailer, or any other development activity or operations for the applicable Franchise Unit.

5.2 **Modification of the Franchise Agreement.** We reserve the right, from time-to-time, to amend, change, or modify Our form Franchise Agreement which modifications will apply to those Franchise Agreements signed after such modifications are made.

5.3 **First Franchise Unit.** You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

Article 6 - Operating Standards and Covenants

6.1 **Compliance.** You shall, at Your expense, comply with all applicable laws, ordinances, rules, and regulations pertaining to the development of Your Franchise Businesses as contemplated herein.

6.2 **Cost of Doing Business.** You shall be responsible for all Your costs of doing business and other costs and expenses in connection with Your obligations herein.

6.3 **Franchise Obligations.** You shall promptly pay all Your obligations and liabilities to Us and Your suppliers, vendors, lessor, trade accounts and government agencies. We have no liability for Your obligations, and You shall indemnify and hold Us harmless from any such obligations.

6.4 **Periodic Reports.** You shall provide to Us, no later than the 15th day of each month, a written monthly progress report of Your preceding month's activities and progress in developing and establishing Franchise Units in Your Area.

6.5 **Indemnification.** You shall protect, indemnify and hold Us harmless from and against any and all claims, proceedings, expenses, costs, damages and liabilities, Including, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect or omission of Yours or Your employees, customers, agents or guests, in the operation of Your Development Business, Including, malfeasance, misstatements, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement.

Article 7 - Confidentiality

7.1 **Confidentiality.** Unless otherwise signed as part of Your Franchise Agreement, each of Your principals are required to sign Our standard principal brand protection agreement attached as Exhibit "A."

Article 8 - Marks

8.1 **Ownership of Marks.** You acknowledge that You have no interest whatsoever in the Marks or derivatives thereof and that Your right to use the Marks is derived solely from Your Franchise Agreement(s).

8.2 **Use of Marks.** You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent. You shall obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

Article 9 - Our Right of Termination

9.1 **Termination.** In addition to the other rights of termination that We may have at law or equity or as contained in this Agreement, We will have the following rights of termination:

9.1.1 **No Cure Period.** Upon a violation or default under paragraphs (1) through (6) below, this Agreement will automatically Terminate upon written notice to You.

1) You or any of Your Owners makes or attempts to make an unauthorized assignment of this Agreement, Your Franchise Agreements, Franchise Units, or any ownership

change in You without Our prior written consent, which consent will not be unreasonably withheld or delayed;

2) You or any of Your Owners take action, commit, are convicted of, plead guilty to, or plead no contest to a charge of violating any felony law or other crime, action or offense that We reasonably believe is likely to have an adverse effect on Your Franchise Units or the System;

3) You repeatedly breach (three or more times) the same provision of this Agreement within a 12-month period;

4) You become insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection, or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors; or

6) You voluntarily or otherwise abandon the development of Franchise Units in the Development Area hereunder exhibited by not responding to our calls, emails, letters, or other attempts to reach You, or Your actions to Us, other franchisees or developers, or to the public indicate that You do not plan to continue development operations.

7) You repeatedly breach (three or more times) the same or different conditions of this Agreement, one of Your Franchise Agreements, or the Manuals within a 12-month period.

9.1.2 30-Day Cure Period. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement and fail to cure within 30 days of receiving written notice of default from Us.

9.1.3 45-Day Cure Period. You fail to meet Your development obligations set forth in the Development Schedule and fail to cure within 45 days of receiving written notice of default from Us.

9.2 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for cause, We will have the right to terminate this Agreement upon written notice to You.

Article 10 - Obligations Upon Termination or Expiration

10.1 Our Rights Upon Termination. Upon Termination of this Agreement, for any reason, Your rights under this Agreement are terminated, and We will be free to own, operate or franchise Capital Tacos® businesses anywhere in the Development Area other than as prohibited by any existing signed Franchise Agreement. The foregoing is in addition to any other right or remedy We may have at law or in equity.

10.2 Operating Units. After Termination of this Agreement, You may still continue to own and operate Your individual Franchise Units in the Development Area that are owned and operated by You prior to Termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s).

10.3 Pre-Paid, Unopened Units. For a period of 10 years from the date of Termination of this Agreement, You may continue to develop those Units for which You have already paid in full, subject

to Our approval of the site, and You signing Our then-current Franchise Agreement for such Units as set forth herein. However, You will cease to have any exclusivity rights regarding the ongoing development of Capital Tacos® Units in the Development Area, and You will no longer have any right of first refusal for non-traditional locations in the Development Area other than as may be set forth in Your Franchise Agreements. Furthermore, You understand that there may not be available Units for You to develop inside the Development Area, or We may to decide not to develop any more Units in the Development Area, and You would be required to look outside the Development Area to develop any unopened Units. Any Units not developed within said 10 years will be forfeited, Including any payments made towards those undeveloped Units.

Article 11 – Transfer

Article XIV of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. However, the transfer fee to transfer this Agreement is \$15,000.

Article 12 – Integration of the Various Articles of the Franchise Agreement

Article XV through Article XXI of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. Additionally, the non-competition restrictions apply to Your Area defined in this Agreement. However, You will still be able to operate a Capital Tacos® business in the Development Area in those territories for which You are allowed to operate under an active Franchise Agreement.

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the day and year first above written.

FRANCHISOR:

DEVELOPER:

KJ-LICENSING, LLC

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

**SCHEDULE 1.1
TO THE AREA DEVELOPMENT AGREEMENT**

DEVELOPMENT AREA

The Development Area will consist of the following area:

Our approval of the Development Area or a location within the Development Area is not a guarantee or a warranty of the potential success of the Development Area or a location.

Developer Initial Date

Franchisor Initial Date

MAP OF THE DEVELOPMENT AREA

**SCHEDULE 4.1
TO THE AREA DEVELOPMENT AGREEMENT**

DEVELOPMENT SCHEDULE AND FEES

1. Development Schedule

Unit #	Deadline to Open Unit
Unit #1	12 months from the date of this Agreement
Unit #2	12 months from the opening of Unit #1
Unit #3	12 months from the opening of Unit #2
Unit #4	12 months from the opening of Unit #3
Unit #5	12 months from the opening of Unit #4

2. Development Fees

Summary	Number or Amount
Total Units to be Developed	5
Total 5-Unit Empire Development Fee ¹	\$175,000
Balance of Initial Franchise Fee Owing per Unit to be Developed	\$0

¹ Due upon signing this Agreement.

**SCHEDULE 2.3
TO THE AREA DEVELOPMENT AGREEMENT**

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

- Partnership Corporation
 Sole Proprietorship Limited Liability Company

Name of your entity: _____

The state in which your entity was formed: _____

Date of formation: _____

EIN: _____

The name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company (please print or type names and add extra lines if necessary):

Name	Address	Percentage of Ownership*

- *Corporation: Percentage owned of outstanding voting stock.
 *Partnership: Percentage owned in voting and in capital and profits.
 *Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type names and add extra lines if necessary):

Name	Title

The address where Your company records are maintained is:

The name and address of the person acting as principal contact who has been approved by Us and who will be directly responsible for supervising Your Development Business operations and who has authority to work with Us and make decisions relating to the operations of the Development Business:

Name: _____

Address: _____

Email: _____

Phone: _____

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated: _____.

DEVELOPER:

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT "A"
TO THE AREA DEVELOPMENT AGREEMENT

BRAND PROTECTION AGREEMENT FOR PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the "Agreement") is entered into and made effective as of the date written on the signature page below, by KJ-LICENSING, LLC ("Franchisor" or the "Company") and the undersigned ("Principals").

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor to be able to obtain the rights to open and operate multiple Capital Tacos® Franchise Businesses using the System developed by Franchisor, Including certain confidential and proprietary information of Franchisor ("Area Development Agreement"); and

WHEREAS, Franchisor has developed confidential and proprietary Recipes for the operation of a Capital Tacos® Franchise Business and may continue to develop new Recipes and revise current Recipes for use in association with the Capital Tacos® System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Area Development Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor's entering into the Area Development Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Area Development Agreement and Franchise Agreement as applicable.

NOW THEREFORE, in consideration of Franchisor entering into the Area Development Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain knowledge of confidential matters related to the System and made available to Principals that are necessary and essential to the operation of Franchise Businesses, without which information the Franchise Businesses could not efficiently, effectively, and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Area Development Agreement, Principals and any of a Principal's Immediate Family, shall not during the term of the Area Development Agreement or any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Businesses or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, including restrictions on disclosure to employees and other third parties. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement will constitute Confidential Information and will be subject to all the terms and conditions of this

Agreement (Including the covenants protecting against disclosures) as if such information had been disclosed following the execution of this Agreement.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all employees to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

2.2 No Reverse Engineering. Principals shall not, either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile, or deconstruct any portion of the Confidential Information, Including the Recipes, and shall not allow, encourage, or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering as it relates to the Recipes, Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.3 Limited Use. Principals must limit his/her use of the Recipes, Including, their recollection of the Recipes, to the performance of their duties as described in the Area Development Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Recipes for any personal use or gain.

3. Non-Competition. The following covenants will be enforced during and after the term of the Area Development Agreement.

3.1 In-Term Covenant. During the term of the Area Development Agreement and for any extensions thereof, except as permitted under the Area Development Agreement and applicable Franchise Agreements, Principals and each Principal's Immediate Family, shall not directly or indirectly be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business in any capacity or location, except with Franchisor's prior written consent. Principals understand and acknowledge that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Upon Termination for any reason of this Agreement, and for a continuous, uninterrupted period of two years thereafter, except as permitted by the applicable Franchise Agreements, Principals, and Principals' Immediate Family members, shall not directly or indirectly, be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business within Your Development Area or within 25 miles of Your Development Area or within 15 miles of the territory of any franchise or Capital Tacos® business operation at the time of Termination of this Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

3.3 Non-Solicitation of Customers. Subject to applicable state law, Principals and Principals' Immediate Family shall not, during the term of the Area Development Agreement and any extensions or Successor Franchise and for two years thereafter, directly, or indirectly, contact any former or then-current customer of the Franchise Business or Franchisor or an affiliate of Franchisor for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor.

4. Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Unless Principal remains a part of a company with an active Franchise Agreement, upon the Termination of the Area Development Agreement, or a Principal's disassociation from the franchise entity, each Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Capital Tacos® Manuals and any and all Confidential Information.

6. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 5 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 5 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether arising from this Agreement or the Area Development Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

7. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable considering the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action.

8. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Florida without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Florida , and unless the enforcement of this Agreement is brought in connection with a Dispute under the Area Development Agreement (in which case this matter may be handled through arbitration as set forth in the Area Development Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Tampa, Florida.

9. Attorney's Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

10. Binding Agreement. This Agreement will bind the successors and assigns of a Principal and his or her heirs, personal representative, successors, and assigns. No rights under this Agreement are assignable by any Principal, and any purported assignment will be null and void and of no force or effect.

11. Survival of Covenants. All covenants made in this Agreement by Principals will survive the Termination of this Agreement or the Area Development Agreement or Principal's disassociation with the Franchise Business or the System in any way.

12. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

13. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

[Signatures on the Following Page]

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated effective as of _____.

FRANCHISOR:

##, LLC/INC.

By: _____
(Signature)

Name: _____

Title: _____

PRINCIPALS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

[Signature Page of the Brand Protection Agreement for Principals]

EXHIBIT "B"
TO THE AREA DEVELOPMENT AGREEMENT
STATE ADDENDA

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to Area Development Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Area Development Agreements issued in the State of Wisconsin.
- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section 9 of the Area Developer Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT "K"
TO THE FDD**

3-UNIT FLEX PACK AGREEMENT

3-UNIT FLEX PACK AGREEMENT

THIS 3-UNIT FLEX PACK AGREEMENT (“Agreement”) is made and entered into effective as of the effective date written on the signature page by and between **KJ-LICENSING, LLC**, a Florida limited liability company (“We,” “Us,” or “Franchisor”), and _____ (“You”).

RECITALS:

WHEREAS, You desire to acquire the right to purchase three Capital Tacos® franchises pursuant to the terms and conditions of this Agreement; and

WHEREAS, You have entered into a separate Franchise Agreement with Us for the right to operate Your first Capital Tacos® franchise, which was signed contemporaneously with this Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 The following terms have the following described meanings. Additionally, unless otherwise clearly required by the context, when used in this Agreement, all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporarily with this Agreement.

“Franchise Agreement” means Our agreement which licenses the right to use Our Marks and System for the operation of a Capital Tacos® Franchise Unit at a single designated location.

Article 2 - 3-Unit Flex Pack Purchase

2.1 3-Unit Flex Pack Fee. You shall pay a non-refundable 3-Unit Flex Pack Fee of \$110,000 payable upon execution of this Agreement, which includes the initial franchise fees for three Capital Tacos® franchises. You may apply this fee to any combination of Capital Tacos® franchises (brick and mortar franchises, static trailer franchises, and event trailer franchises).

2.2 Franchise Locations. The location of each franchise will be selected by You but must be approved in writing by Us, as further set forth in Your Franchise Agreements.

2.3 Franchise Agreement. Each franchise You open will be governed by Our then-current Franchise Agreement. You must sign a separate Franchise Agreement for each applicable franchise as developed. You must sign Our then-current Franchise Agreement for the applicable franchise prior to commencing construction or improvements, acquisition, or lease of any related real property, or purchasing a trailer, or any other development activity or operations for the applicable franchise.

2.4 Modification of the Franchise Agreement. We reserve the right, from time-to-time, to amend, change, or modify Our form Franchise Agreement which modifications will apply to those Franchise Agreements signed after such modifications are made.

2.5 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first franchise is being executed concurrently with this Agreement.

Article 3 - Development Period

3.1 5-Year Development Period. You have five years from the date of this Agreement to have opened and operating all three of Your chosen franchises in the 3-Unit Flex Pack. Time is of the essence. Any franchises not developed within said five years will be forfeited, including any portion of the 3-Unit Flex Pack Fee paid for those undeveloped franchises.

3.2 No Development Area Granted. You are not granted any sort of development area for the development of three franchises. However, You will be granted the applicable territorial protection granted to brick and mortar franchises and static trailer franchises if You purchase and develop either of those types of franchises.

3.3 Cross Default. If any Franchise Agreement for one of Your franchises is terminated for cause, We will have the right to terminate this Agreement upon written notice to You.

Article 4 - Operating Standards and Covenants

4.1 Compliance. You shall, at Your expense, comply with all applicable laws, ordinances, rules, and regulations pertaining to the development of Your franchises as contemplated herein.

4.2 Cost of Doing Business. You shall be responsible for all Your costs of doing business and other costs and expenses in connection with Your obligations herein.

Article 5 - Transfer

Article XIV of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. However, the transfer fee to Transfer this Agreement is \$5,000.

Article 6 - Integration of the Various Articles of the Franchise Agreement

Article XV through Article XXI of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement.

[Signature Pages Follows]

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the effective date written below.

Effective as of _____.

FRANCHISOR:

DEVELOPER:

KJ-LICENSING, LLC

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

**SCHEDULE 1
TO THE 3-UNIT FLEX PACK AGREEMENT
STATE ADDENDA**

**ADDENDUM TO THE 3-UNIT FLEX PACK AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to multi-unit development agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of multi-unit development agreements issued in the State of Wisconsin.
- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Article 3 of the 3-Unit Flex Pack Agreement to the extent they may be inconsistent with the Act’s requirements.

EXHIBIT "L"
TO THE FDD

TRAILER PURCHASE AGREEMENT

Trailer Purchase Agreement

This Trailer Purchase Agreement (“Agreement”) is entered into as of the date listed on the signature page below by and between Premier Mobile Food Solutions, LLC (“Seller”) and the buyer listed below (“Buyer”) for the purposes herein stated.

Buyer: _____
Address: _____
Contact Person: _____
Email: _____
Phone: _____

WHEREAS, Seller is the supplier of Capital Tacos® trailers, and Buyer desires to purchase a Capital Tacos® trailer.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms, and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. **SALE OF TRAILER:** Seller hereby sells Buyer a Capital Tacos® trailer as listed on Schedule 1 hereto. The trailer will come equipped with the equipment and items listed on Schedule 1. Buyer is responsible for confirming that the trailer and items listed on Schedule 1 are correct. Equipment and items not listed on Schedule 1 will not be included in the build of the chosen trailer.

2. **PRICE:** The purchase price for the trailer is listed below. The deposit listed below must be paid in full at the time of signing this Agreement. (If Buyer is purchasing a static trailer, a deposit of 75% of the purchase price is due, and if Buyer is purchasing an event trailer, 100% of the purchase price is due as a deposit.) Taxes and the balance of the purchase price, if any, must be paid within 10 days of the trailer being completed, or at the time of pickup (whichever happens first). A late charge of \$25 per day will be added to any late payments. Seller must make all payments by wire transfer, cash, or cashier’s check. Credit cards or debit cards are not an acceptable form of payment. The trailer may not be picked up or delivered prior to full payment.

- a. Purchase price:¹ \$ _____
- b. Tax: \$ _____
- c. Deposit: \$ _____
- d. Balance due at delivery: \$ _____

¹ Pricing and materials fluctuate daily. Seller reserves the right to adjust the purchase price prior to build. Should Buyer decide to cancel this Agreement because of a price change, and it is before the build has started, Buyer will receive a full refund of the deposit.

Buyer understands that the trailer will be a custom build for Buyer, and therefore, all deposits are non-refundable. If Buyer is more than 30 days late on a payment, Seller has the right to cancel this Agreement and sell the trailer to try and recover any losses, which will not be Seller’s sole remedy.

3. **CONFORMING THE TRAILER TO LOCAL ORDINANCES.** The trailer will be built to Florida standards, unless agreed upon prior to building the trailer. Buyer is responsible for knowing the related codes for trailers in its jurisdiction and to notify Seller of any needed alterations to the trailer based on

Buyer's local codes. Buyer shall be responsible for any change in the cost of the trailer to conform the trailer to Buyer's jurisdiction.

4. ESTIMATED COMPLETION DATE: The estimated completion date for the trailer is _____. All build times are only an estimate. Buyer should not schedule an opening date or book or plan any event based on the estimated completion date. Based on history and current supply chain issues, build times are estimated between 10 and 18 weeks.

5. CHANGE ORDER. Buyer will be charged a \$100 change order fee, plus the additional cost associated with the change for Buyer-initiated change orders. Seller also reserves the right, as it may deem necessary or appropriate, after consultation with Buyer, to modify or change the specifications of the trailer, equipment, and other items prior to delivery. Buyer will not be charged a change order fee for Seller-initiated changes, but Buyer shall be responsible for the additional cost associated with the change.

6. PICK UP OR DELIVERY: Upon completion of the trailer, Buyer shall pick up the trailer or arrange for the delivery of the trailer no later than 10 days from the date of completion. If the trailer will be delivered, Seller must approve the transportation company. If Buyer is utilizing a third party to pick up or deliver the trailer, Buyer authorizes the third party to accept the trailer as stated in the terms of this Agreement. All shipping and transit insurance costs shall be borne by Buyer. Buyer must contract separately with the transportation company. Buyer will be charged a \$25 storage fee for each day the trailer remains with Buyer after 10 days from the date the trailer is completed.

7. FINAL INSPECTION. Seller will correct all issues brought to Seller's attention at the time of final inspection, which will take place at the time of pickup, whether by Buyer or a transportation company. Seller has the right to remake or replace the trailer to fix an issue.

8. WARRANTY: All equipment installed in the trailer comes with the original manufacturer's warranty. Seller does not warranty or register any installed equipment. Buyer is responsible for registering any and all installed equipment with the original manufacturer. There are no warranties on refrigeration equipment installed by Seller. Buyer will have a limited warranty on plumbing and electric for a period of three months from delivery date.

SELLER MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, AS TO THE DESIGN, OPERATION, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE TRAILER, EQUIPMENT, OR OTHER ITEMS, AND ALL WARRANTIES, INCLUDING WARRANTIES OF, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE TRAILER, EQUIPMENT, AND OTHER ITEMS ARE HEREBY EXCLUDED. BUYER AGREES THAT SELLER WILL IN NO EVENT BE LIABLE FOR DAMAGES ARISING IN STRICT LIABILITY OR FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, HOWEVER ARISING. SELLER'S LIABILITY SHALL UNDER NO CIRCUMSTANCES EXCEED THE PURCHASE PRICE OF THE TRAILER.

9. WARRANTY REPAIRS: Buyer must bring trailer to __(US Custom Concession?)_____, located at __(US Custom Concession?)_____, at the trailer owner's expense, for repairs. Any repairs performed by a non-__(US Custom Concession?)_____ employee will void Buyer's warranty.

10. INDEMNIFICATION OF SELLER: Buyer shall indemnify, protect, and hold harmless Seller, its agents, servants, successors and assigns from and against all losses, damages, injuries, claims, demands and expenses, including legal expenses, of whatever nature, arising out of the use, condition

or operation of the trailer, equipment, or any item on the trailer, regardless of where, how and by whom operated. Buyer shall assume the settling of, and the defense of any suits or other legal proceedings brought to enforce all such losses, damages, injuries, claims, demands and expenses and shall pay all judgments entered in the suit for other legal proceedings. The indemnification and assumptions of liability and obligation herein provided shall continue in full force and effect notwithstanding the termination of this Agreement, whether by expiration of time, by operation of law or otherwise.

11. **INTELLECTUAL PROPERTY.** Buyer, its agents, employees, and representatives acknowledge that it shall acquire no interest in the intellectual property related to the trailer and equipment or the trailer by virtue of this Agreement.

12. **LIMITED RIGHTS TO CONVEY.** The purchase of the trailer is conditional upon Buyer entering signing a franchise agreement with KJ-Licensing, LLC (“Franchise Agreement”) and Buyer acknowledges that the trailer may not be used for any other purposes other than as permitted under the Franchise Agreement nor sold, leased, licensed, assigned other than as permitted under the Franchise Agreement.

14. MISCELLANEOUS

a. **Governing Law and Jurisdiction.** The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Florida without giving effect to its conflicts of law provisions. If for any reason court action is filed, each party consents to the jurisdiction of the courts of record in the state of Florida. The parties agree that proper jurisdiction and venue for all dispute resolution will be exclusively in the state and federal courts Tampa, Florida.

b. **Attorneys’ Fees and Costs.** In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney’s fees and other costs reasonably incurred in such action or proceeding.

c. **Entire Agreement.** The parties intend this Agreement be the full and complete agreement between the parties and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement.

d. **Modification of Agreement.** This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

e. **Waiver.** The failure of either party to enforce, at any time or for any period, any provision of this Agreement shall not be construed to be a waiver of such provision or of the right of such party thereafter to enforce such provision.

f. **Force Majeure.** Neither party will be liable by reason of any failure or delay in the performance of such applicable party’s obligations hereunder on account of strikes, fires, flood, storm, explosion, government interference, pandemic, or other cause which is beyond such party’s reasonable control. This Section will not be interpreted to relieve Buyer from its obligation to pay Seller when due all payments required to be made under this Agreement.

g. No Partial Payments. No payment by Buyer or receipt by Seller of any amount less than that required to be paid under this Agreement will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

h. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

i. Assignment. Neither this Agreement nor any of the rights or obligations created herein are assignable by Buyer without the prior written consent of Seller. Any purported assignment in violation of this Section shall be void.

j. Severability. If any provision, term, or condition of this Agreement is found invalid or unenforceable, the remaining provisions will be given effect as if the invalid or unenforceable provision were not a part of this Agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated as of _____.

SELLER:

Premier Mobile Food Solutions, LLC

By: _____

Name: _____

Title: _____

BUYER:

By: _____

Name: _____

Title: _____

[Signature Page of the Trailer Purchase Agreement]

**Schedule 1
To the Trailer Purchase Agreement**

Type of Trailer: _____ (Choose one: Static Trailer/Event Trailer)

Size of the Trailer: _____

Static Trailer

Furnishings, equipment, items included with a Static Trailer:

- Metal walls
- One concession window center passenger side with glass and fold down shelf and a door on the rear of the trailer
- Non-slip flooring
- Water hose hook-up
- Hand wash sink
- Vegetable sink
- 3-compartment sink medium
- 30-gal freshwater tank
- 40-gal gray water tank
- 5-gal water heater
- On demand water pump
- PEX plumbing & PVC
- Breaker box
- Outlets
- 50 amp shore line
- 3000 lumens led roof lights
- Tables & shelving
- 72" oven hood with roof vent & fan
- 40-pound fryer
- 36" griddle
- Built-in grease trap
- Fire suppression
- Medium size refrigerator commercial
- 48" prep cooler
- Mini split A/C
- 2100-pound propane cages (no tanks)
- Generator platform
- Tech stack with self-ordering kiosk system
- Rooftop powered sign
- Smallwares

Optional Equipment:

24' Size: includes additional kitchen equipment and larger rooftop sign for an additional \$12,500
Heater for an additional \$1,600

Event Trailer

Furnishings, equipment, items included with an Event Trailer:

- Metal walls
- freshwater tank
- gray water tank
- Flat top fryer
- Fire suppression
- Breaker box
- Outlets
- Sinks
- Refrigeration
- Freezer
- Branded wrapping
- Generator
- Smallwares
- Tech stack with Kiosk self-ordering system
- Propane cage (no tanks)

Optional Equipment:

Heater for an additional \$950

State Effective Dates

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

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

<u>State</u>	<u>Effective Date</u>	<u>State</u>	<u>Effective Date</u>
California	_____	New York	_____
Hawaii	_____	North Dakota	_____
Illinois	_____	Rhode Island	_____
Indiana	_____	South Dakota	_____
Maryland	_____	Virginia	_____
Michigan	_____	Washington	_____
Minnesota	_____	Wisconsin	_____

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

RECEIPT
(Franchisee's 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 KJ-Licensing, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days or 10 business days as applicable before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

The issuance date of this disclosure document is April 13, 2023.

If KJ-Licensing, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state administrator listed in Exhibit "F." KJ-Licensing, LLC authorizes the respective state agencies identified on Exhibit "E" to receive service of process for it in the particular state.

The franchisor, KJ-Licensing, LLC, is located at 23110 SR 54 #139, Lutz, Florida 22549. Its telephone number is (813) 388-6830. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone Number
James Marcus	23110 SR 54 #139, Lutz, Florida 22549	(813) 388-6830
Josh Luger	23110 SR 54 #139, Lutz, Florida 22549	(813) 388-6830

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April 13, 2023 that included the following Exhibits:

- | | |
|--|---|
| A. Franchise Agreement and Its Exhibits | G. Table of Contents for Policies and Procedures Manual |
| B. Statement of Prospective Franchisee | H. Form Release Agreement |
| C. Financial Statements | I. Signing Checklist |
| D. Schedule of Franchisees | J. Area Development Agreement |
| E. List of Agents for Service of Process | K. 3-Unit Flex Pack Agreement |
| F. List of State Agencies Responsible for Franchise Disclosure and Registration Laws | L. Trailer Purchase Agreement |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____

Name: _____
(Print name)

Please keep this copy for your records.

RECEIPT
(Franchisor’s 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 KJ-Licensing, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days or 10 business days as applicable before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

The issuance date of this disclosure document is April 13, 2023.

If KJ-Licensing, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state administrator listed in Exhibit “F.” KJ-Licensing, LLC authorizes the respective state agencies identified on Exhibit “E” to receive service of process for it in the particular state.

The franchisor, KJ-Licensing, LLC, is located at 23110 SR 54 #139, Lutz, Florida 22549. Its telephone number is (813) 388-6830. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone Number
James Marcus	23110 SR 54 #139, Lutz, Florida 22549	(813) 388-6830
Josh Luger	23110 SR 54 #139, Lutz, Florida 22549	(813) 388-6830

If your franchise seller’s name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April 13, 2023 that included the following Exhibits:

- | | |
|--|---|
| <ul style="list-style-type: none"> A. Franchise Agreement and Its Exhibits B. Statement of Prospective Franchisee C. Financial Statements D. Schedule of Franchisees E. List of Agents for Service of Process F. List of State Agencies Responsible for Franchise Disclosure and Registration Laws | <ul style="list-style-type: none"> G. Table of Contents for Policies and Procedures Manual H. Form Release Agreement I. Signing Checklist J. Area Development Agreement K. 3-Unit Flex Pack Agreement L. Trailer Purchase Agreement |
|--|---|

Date: _____
(Do not leave blank)

Title: _____

By: _____
(Signature)

Name: _____
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to KJ-Licensing, LLC at 23110 SR 54 #139, Lutz, Florida 22549 or by emailing it to us at franchising@capitaltacos.com.