



## FRANCHISE DISCLOSURE DOCUMENT

WING SNOB FRANCHISING, LLC

a Michigan limited liability company

30800 Van Dyke Ave., Ste. 102

Warren, Michigan 48093

(248) 242-0077

brian@wingsnob.com

[www.wingsnob.com](http://www.wingsnob.com)

You will operate a “fast-casual” limited sit down or carry-out Restaurant that will principally offer specially created chicken wings and sauces, multiple varieties of French fries, traditional side items, beverages, desserts and related items under the trade name “Wing Snob®” and such other trademarks that we authorize.

The initial investment necessary to begin operation of one Wing Snob restaurant franchise ranges from \$330,200 to \$599,500. This amount includes \$30,000 which must be paid to the franchisor or its affiliates. If we grant you development rights, the initial investment necessary to begin operation of one Wing Snob restaurant and development rights for two additional restaurants is \$355,200 to \$624,500. This includes \$55,000 which must be paid to franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our President, Brian Shunia, 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093, (248) 242-0077, brian@wingsnob.com.

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

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

Issuance Date: April 29, 2024

## How to Use This Franchise Disclosure Document

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

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

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

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if your franchise is losing money.

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. 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 Michigan than in your own state.
2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

**(THE FOLLOWING APPLY 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:**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its 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 such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
P.O. Box 30755  
Lansing, Michigan 48909  
Telephone Number: (517) 335-7632

# FRANCHISE DISCLOSURE DOCUMENT

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### EXHIBITS:

- A. LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
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## ITEM 1

### THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The franchisor is Wing Snob Franchising, LLC. To simplify the language in this disclosure document (the “**Disclosure Document**”), Wing Snob Franchising, LLC, is referred to as “**Franchisor**,” “**we**,” “**us**,” or “**our**” and the person or entity who is considering the franchise is referred to as “**Franchisee**,” “**you**,” or “**your**”. If you are a corporation, limited liability company, partnership or other legal entity, the word “**you**” or “**your**” will apply to your shareholders, members, partners, officers, managers, and directors.

#### **The Franchisor**

We are a Michigan limited liability company organized on September 7, 2017. Our principal place of business is 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093. We do business under the name “**Wing Snob**” and such other trade names, trademarks and logos that we may designate or authorize from time to time. We commenced offering Wing Snob franchises in October 2018. We have never offered any other franchises in any other line of business. We are not currently engaged in any other business activity.

#### **Our Parents, Predecessors and Affiliates**

We have no predecessor or parent companies. Our affiliate, our principals and founders Brian Shunia and Jack Mashini incorporated Wing Snob, Inc., a Michigan corporation formed on October 3, 2017, with its principal place of business at 16099 Adelaide Dr. Macomb, Michigan 48044, to operate a Wing Snob restaurant in Livonia, Michigan. On March 31, 2018, Wing Snob, Inc. sold its assets to Ganesh Foods, LLC who operates the Livonia location as a Wing Snob franchise. Wing Snob, Inc. has never offered franchises for sale in this or any other line of business. Our principals and founders Brian Shunia and Jack Mashini, are also members of JBR Restaurants, LLC; JBC Restaurants, LLC; and JJJ Restaurants, LLC and JB Wings LLC that operates an affiliate owned Wing Snob location in Roseville, Michigan as of 2024.

We do not have any other affiliates required to be included in this item except as provided above. Our agent for service of process is listed in Exhibit A.

#### **The Franchised Business**

The franchise offered is for a fast-casual Wing Snob Restaurant devoted to offering traditional and boneless chicken wings, chicken tenders, multiple side dishes, dipping sauces, beverages and cheesecake dessert, and other menu items we offer from time-to-time (each a “**Restaurant**”). Wing Snob franchises will operate under our trademarks, service marks, logos, trade dress and other elements identifying our franchise system and Restaurants, some of which are described in Item 13 of this Franchise Disclosure Document (the “**Marks**”) and in accordance with the systems that we specify for operating a Wing Snob Restaurant (the “**System**”). The distinguishing characteristics of the System include the Marks, proprietary food products and food preparation techniques, trade dress elements of the business, including color schemes, art and overall look and feel of the Restaurant, the uniforms worn by staff and certain materials used in the operation of the business, supplier and distribution arrangements, formulas, recipes and specifications for food products, training, operational procedures,

promotional techniques and materials, signs, paper products, equipment layout, methods of inventory and operation, and manuals covering business practices and policies.

The typical Wing Snob Restaurant is located in a shopping center or retail strip center that meets our traffic, parking, access, space, and demographic standards. The prototypical space size will be approximately 1200-2200 square feet and will include uniform interior and exterior designs and colors surrounding our proprietary Marks. Your seating capacity will depend upon the size of your Restaurant. Your Restaurant may be referred to as the “**Franchised Business**”.

### **The Franchise Agreement and Development Rights**

We offer the right to own and operate Wing Snob restaurants under our standard form of franchise agreement (the “**Franchise Agreement**”). The Franchise Agreement is attached as Exhibit B. You must operate your Restaurant according to (a) our System, standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a Wing Snob restaurant, all of which we may periodically change, improve, and further develop and (b) our standards and procedures set out in our confidential operation manuals (collectively, the “**Manual**”). We will lend you a copy of the Manual for the duration of the Franchise Agreement.

If qualified, we may grant you development rights pursuant to our Development Rights Agreement included with this Disclosure Document in Exhibit C (the “**Development Agreement**”). The Development Agreement includes a specific geographic area (the “**Development Area**”) according to a pre-determined development schedule (“**Development Schedule**”). You must sign our then-current form of franchise agreement for each Restaurant you open which may have materially different terms than the Franchise Agreement attached to this Disclosure Document. To qualify for development rights, you must establish at least three (3) Wing Snob restaurants within the Development Area according to a Development Schedule.

### **Market and Competition**

Your Restaurant will serve the general public. The general market for the products and services offered by Wing Snob restaurants is highly developed, and there is substantial competition from other fast casual and quick service restaurants, including fast food and dine-in and carry out restaurants. The restaurant overall business is highly competitive with respect to concept, price, location, food quality and service. Generally, restaurant economics are often affected by economic and real estate conditions, political conditions, consumer tastes, population, the cost and availability of products, ingredients and qualified labor and traffic patterns. Wing Snob restaurants compete in each market with national and regional restaurant chains and locally-owned restaurants, some of which operate more restaurants, have more substantial marketing budgets, and have longer operating histories than your Restaurant.

There also is active competition for suitable commercial real estate sites and staff, including management personnel. You may also compete with our wholesale accounts that offer Wing Snob products at retail, such as supermarkets, convenience stores, club stores and other similar retail outlets and unaffiliated branded restaurants and retail stores that we permit to sell one or more of our branded products.

## Industry Specific Laws

You must comply with all local, state and federal laws that apply to businesses generally, including the Fair Labor Standards Acts and state laws governing various matters, such as minimum wage, overtime and other working conditions. Increases in the minimum wage can increase your labor costs and affect your bottom line. You also must comply with the provisions of the Americans with Disabilities Act, which requires that employers provide reasonable accommodations for employees and customers with disabilities. Additionally, you must comply with all local, state and federal laws and regulations applicable to restaurants, including those impacting licensing, health, sanitation, smoking, safety, and fire.

The restaurant industry is heavily regulated. You will have to comply with the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration regulations, food and safety regulations, discrimination, employment, sexual harassment, tax and environmental laws and laws and regulations on citizenship or immigration status. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture and state and local health and sanitation agencies have regulations for the preparation of food and the condition of restaurant facilities. The Clean Air Act and state implementing laws also may require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

Some states may require franchisees to obtain restaurant, business, occupational, food products and miscellaneous licenses. In addition, you will need to comply with certain federal, state and local laws and regulations relating to the labeling that is included on your menus, menu boards, and related materials. You must ensure that your point of sale system (“**POS System**”) and/or your credit card processing terminals (whichever are responsible for processing credit card transactions) are in compliance with the most current Payment Card Industry (“**PCI**”) standards. This currently includes, at a minimum, completing required assessments by the credit card associations, performing quarterly scans of the network, and in some cases may include on-site audits. You are solely responsible for complying with these standards and applicable regulations in a timely manner and for all costs of maintaining compliance.

You should consult with your attorney about laws and regulations that will affect your Restaurant. Your Restaurant could be adversely affected by negative publicity related to food quality, illness, injury or other health concerns. Additionally, the global Covid-19 pandemic effected restaurants world-wide including governmental mandates that ordered restaurants to temporarily close for dining. We cannot predict if future global health conditions may result in similar mandates but it could have an impact on your Restaurant.

## **ITEM 2 BUSINESS EXPERIENCE**

### **President: Brian Shunia**

Brian Shunia is the President and co-founder of Wing Snob Franchising, LLC and has served as our President since inception. Mr. Shunia also serves as the President of our affiliate Wing Snob Inc., since October 2017 in Livonia, Michigan.

### **Vice Executive President: Jack Mashini**

Jack Mashini is the Vice Executive President and co-founder of Wing Snob Franchising, LLC and has served as our Vice Executive President since inception. Mr. Mashini also serves as the Vice Executive President of our affiliate Wing Snob Inc., since October 2017 in Livonia, Michigan.

## **ITEM 3 LITIGATION**

On September 19, 2023, the State of Michigan, Department of Attorney General imposed fines against us for failing to register as required by Michigan Compiled Laws §445.1507a for the period from October 29, 2021 to June 8, 2023 and for making franchise sales during this time. We agreed to pay \$5,500 to the State of Michigan to resolve the matter.

## **ITEM 4 BANKRUPTCY**

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

## **ITEM 5 INITIAL FEES**

### **Initial Franchise Fee**

The initial franchise fee for a single Restaurant is \$30,000 (the “**Initial Franchise Fee**”). The Initial Franchise Fee is paid in lump sum upon signing the Franchise Agreement. The Initial Franchise Fee is uniform, non-refundable and fully earned by us upon receipt.

### **Veteran Discount**

We offer a discounted Initial Franchise Fee if you are a United States Military Veteran with an Honorable Discharge, in which we will reduce the Initial Franchise Fee by \$5,000.

### **Development Rights Agreement**

If you sign a Development Agreement, you will pay the Initial Franchise Fee of \$30,000 for your first Restaurant when you sign the Franchise Agreement plus a development fee for each

additional franchise you agree to develop (the “**Development Fee**”). The Development Fee is based on a discounted Initial Franchise Fee of \$25,000 per Restaurant. You must pay half of the discounted Initial Franchise Fee in the amount of \$12,500 upon signing a Development Agreement. You will sign a Development Agreement for a minimum of three Restaurants, together with the Franchise Agreement for the first Restaurant that you must develop. For example, if you are approved to develop three Restaurants, you will owe \$55,000 (\$30,000 for the first Restaurant and \$25,000 as the Development Fee for both the second and third Restaurant) upon signing the Franchise Agreement and Development Agreement.

You will pay the remaining \$12,500 upon signing the then-current franchise agreement, which may contain materially different terms than the Franchise Agreement attached to this Disclosure Document, for each Restaurant established under the Development Agreement prior to signing the lease for the Restaurant. The Development Fee is fully earned when paid and non-refundable.

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of Gross Sales (Note 1)	Every Tuesday, for Gross Sales from the previous week (defined as Monday through Sunday)	You must pay this fee directly to us. We reserve the right to change payment terms and due dates in our discretion. (Note 2)
Advertising Fund Contribution (Note 3)	1% of Gross Sales	Every Tuesday, for Gross Sales from the previous week (defined as Monday through Sunday)	You must pay this fee directly to us. We may from time to time change the rate or rates required to be paid by you as an Advertising Fund Contribution up to 3% of Gross Sales. We reserve the right to change payment terms and due dates in our discretion.
Local Advertising (Note 4)	1% of Gross Sales per month	Monthly	You pay this amount directly to third-parties subject to our approval, but you may be required to pay this amount to us if you do not meet your minimum requirements. If you contribute to a Co-op, all contributions paid to the Co-op will be contributed to Local Advertising expense.

Type of Fee	Amount	Due Date	Remarks
Advertising Cooperative Contribution	Varies	Monthly or at the same time as Royalty Fee	If an advertising cooperative (“ <b>Co-op</b> ”) is established, all members of the Co-op, whether franchisee-owned, franchisor-owned or affiliate-owned, will have equal voting rights on matters relating to the amount of fees imposed by the Co-op. Any money spent toward the Co-op will be applied toward your Local Advertising expense.
Audit Fee (Note 5)	Cost of audit plus interest on underpayment at Default Rate	Immediately upon a determination by audit.	Due if the audit or any other inspection should reveal that any payments to us have been underpaid or for your failure to provide any required report. You shall reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and accounting and attorneys’ fees).
Interest (Note 6)	The lesser of 1.5% per month or the highest amount allowed by applicable law (“ <b>Default Rate</b> ”)	Amounts not received by us on the due date shall incur interest charges	Due on all overdue amounts owed to us or our affiliates.
Late Fee	\$100 per occurrence per day	As incurred	Due when you fail to make a timely payment or provide a required report.
Management Fee (Note 7)	Our expenses plus an administrative fee of 10% of Gross Sales	As incurred	Due when we (or a third party) manage your Restaurant after your managing owner’s death or disability, or after your default or abandonment.
Transfer Fee (Note 8)	\$10,000 or \$5,000 if sold to an existing franchisee	At the time of transfer	You may not transfer your Restaurant without our prior written consent. The Transfer Fee is due at the time of transfer and is not refundable.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Our then-current fee (currently, \$199 per month)	Payable monthly	We reserve the right to collect this fee to cover costs in establishing and maintaining the technology used in your Restaurant online ordering, mobile application, emailing boating capabilities and our Snob Perks loyalty program. We may increase this fee upon written notice to you based on vendor pricing and additional technology that we may add to our System periodically in our sole discretion. You must start paying the Technology Fee in the calendar month preceding the required opening date or when your POS System is set up, whichever is earlier.
Renewal Fee	25% of the then current initial franchise fee	Before we sign the renewal Franchise Agreement	You must pay a renewal fee if you renew your franchise at the end of the initial term. If charged, this fee would be payable when you renew your Franchise Agreement after the expiration of the initial 10-year term of your Franchise Agreement. The Renewal Fee would not refundable.
Convention Fee	Will vary	Upon demand	We may hold an annual Wing Snob franchisee conference. We reserve the right to change the convention fee at our discretion. Additionally, you will be obligated to pay for your representatives' salaries and benefits, and for their travel, lodging, and meal expenses.
Indemnification (Note 9)	Will vary	As incurred	You must indemnify and reimburse us for all costs, fees and damages if we are sued or held liable in any case having to do with the operation of your Restaurant or your breach of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Cost of Enforcement	All costs including reasonable attorney's fees	Upon demand	You will reimburse us for all costs, including reasonable attorneys' fees, as a result of your default and to enforce and/or terminate the Franchise Agreement whether you are defaulted or terminated or not.
Maintenance and Refurbishment (Note 10)	Will vary but not to exceed \$20,000	Upon demand	We may require you to refurbish or update your Restaurant upon inspection.
Testing of Products or Approval of New Suppliers (Note 11)	Actual costs and expenses of inspection and testing	As invoiced	This covers the costs of testing new products or inspecting new suppliers you propose to us.
Liquidated Damages	An amount equal to the average Royalty Fees earned by us for the last 12 months (or shorter period, if your Restaurant has been in operation less than 12 months), multiplied by 36 or the number of months remaining in the term, whichever is less.	Upon demand	We may require you to pay us this amount in the event you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for cause.



Type of Fee	Amount	Due Date	Remarks
Sanitation Inspection Fee	Our expenses including attorney's fees and inspection fees of up to \$5,000 per visit	As invoiced	If we inspect your Restaurant and find a violation of applicable law or our operating standards, then you will be in default of the Franchisee Agreement, and you must pay the inspection fee and our expenses of correcting the violation, including travel expenses, cost of product sample analysis, and any attorneys' fees. For purposes of charging this fee, we currently only charge for major violations that jeopardize health, safety and/or the brand.
Insufficient Funds Fee	\$100	As incurred	Due if you have insufficient funds or non-sufficient funds (NSF) in your designated bank account to cover a payment, or if any other payment instrument you use is rejected for insufficient funds.
Insurance	You must reimburse our costs plus a 10% administrative fee	When billed	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us. You will pay a 10% administrative fee to account for our costs in obtaining your insurance.
Additional or Replacement Training and Assistance	Currently \$500 per person per day, plus hotel, air fare, and other expenses incurred by our trainer or you	Prior to training or assistance begins	This fee will be assessed for training a newly appointed Manager, Designated Owner and for training newly hired personnel; for refresher training courses; and for special assistance or training you need or request to be conducted. We provide opening assistance for up to 14 days without any additional charge (See Item 11). If you request we may provide additional assistance, but you must pay a charge specified by us.
Appraiser Fee	100% of actual cost	When billed	If we elect to purchase the assets of your franchise on expiration or termination and we cannot mutually agree on the purchase price.

Type of Fee	Amount	Due Date	Remarks
Promotions, coupons, Gift Card, E-card or Frequency Card Program fees	Amount to be determined	When billed	If we establish and administer various promotions such as coupons, gift cards, E-Cards, frequency or other similar programs, we may charge an administrative fee for administering those programs.
Non-compliance Fee	\$500 per occurrence	When assessed	The fee applies if you are not in compliance with the Franchise Agreement and may be implemented without issuance of a written notice of default.
Wing Snob Mobile Application	Varies	When assessed	We do not currently charge a monthly fee for use of our Mobile Application but reserve the right to do so in the future.

NOTES

**Note 1. Gross Sales and Payment Terms:** All fees expressed in percentages are calculated by multiplying the percentage stated by the total monthly Gross Sales of your Restaurant. All fees due to us shall be payable to us by direct deposit from your designated bank account or in another form or manner approved by us. “**Gross Sales**” means all revenues generated by your Restaurant conducted from or with respect to the Restaurant, whether sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales includes, without limitation, monies, gift card redemptions or credit received from the sale of food, services and other products and merchandise, from third party delivery orders, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Restaurant, including without limitation off-premises services such as catering and delivery or on premises activities such as games, third-party advertising (e.g., on menus), or other activities that use either the Wing Snob brand, the System, Marks, or products that are the same as or similar to Wing Snob products. Gross Sales will not include coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Restaurant, nor will it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers; provided that the amount for the tax is added to the selling price or absorbed therein, and is actually paid by you to a governmental authority. We shall have direct access to your Computer System (defined below) which shall provide us up-to-date Gross Sales information. However, if requested by us, you shall deliver to us electronically a signed and verified statement of Gross Sales (“**Gross Sales Report**”) for any time period requested. All fees and other amounts due to us shall be paid through a designated bank account. You must allow us to debit your account through the Automated Clearing House (“**ACH**”) system or any other means of electronic funds transfer. The ACH form you are required to fill out is attached as Schedule 5 to the Franchise Agreement. You shall make deposits to the designated bank account sufficient to cover amounts owed to us prior to the date such amounts are due. You shall not close your designated bank account without our written consent.

**Note 2. Royalty Fee:** This fee is set at 6% of your Gross Sales (the “**Royalty Fee**”) payable every Tuesday for the Gross Sales from the previous week (defined as Monday through Sunday) for the entire term of the Franchise Agreement and all renewal terms. The Royalty Fee obligation begins immediately on the first day you earn Gross Sales at your Restaurant whether you are open for business to the public or not. We reserve the right to change the time and manner of payment of your Royalty Fee at any time upon written notice to you. Royalty Fees and all fees paid to us are non-refundable.

**Note 3. Advertising Fund Contribution:** You must contribute 1% of Gross Sales each week during the term of the Franchise Agreement and all subsequent terms (the “**Advertising Fund Contribution**”). The payment of the Advertising Fund Contribution is due every Tuesday for the Gross Sales from the previous week (defined as Monday through Sunday) for the duration of your Franchise Agreement. You shall pay the Advertising Fund Contribution at the same time, and on the same terms, as the Royalty Fee. The Advertising Fund is defined and discussed in Item 11.

**Note 4. Local Advertising:** You are required to spend 1% of Gross Sales each month on local marketing during the term of the Franchise Agreement and all subsequent terms. We can require that you pay all of the local marketing expenditures that we require to us or our designated approved marketing firm. You will be required to submit an accounting of this expense to us upon request or, at minimum, on a monthly basis on the 5th of each month. If you fail to spend the amounts required, you shall be required to pay us the amount underpaid in local marketing to us to be allocated through the Advertising Fund in our sole discretion.

**Note 5. Audit Fee:** We will assess audit fees against you if you fail to provide us reports, supporting records, or any other information we require under the Franchise Agreement; or if you understate (or if we have reason to believe you understated) Gross Sales or underpay any fees due to us including Royalty Fees and Advertising Fund Contributions. The total amount of the audit fees that you pay us will vary depending on the cost of the audit itself (for which you will be entirely liable), and whether you have any unpaid Royalty Fees or Advertising Fund Contributions for which you may be penalized in accordance with the Franchise Agreement.

**Note 6. Interest:** Interest and late charges begin to accrue on all amounts not received before end of business day (5:00 PM EST) on the date such payment or report is due, without notice to you. In addition to any interest and late charges, you must also pay any damages, expenses, collection costs, and/or reasonable attorneys’ fees we may incur when you do not make the required payments, provided no interest charged shall exceed the maximum legal rate of any local, national, or international authority having jurisdiction over your Restaurant.

**Note 7. Management Fee:** Management fees will only be charged when one of our employees, or a third party appointed by us, actively controls the day-to-day management of your Restaurant. The total fee you owe will be determined by the number of days that it is necessary for us to manage your Restaurant.

**Note 8. Transfer Fee:** The term “transfer” means any of the following: the sale of the assets of your Restaurant; the sale, assignment, or conveyance of your stock, membership interest, membership units, or partnership units to any third party; or the placement of your assets, stock, membership interest, partnership units, or membership units of your Restaurant into a business trust.

**Note 9. Indemnification:** You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits, damages or losses of any kind arising out of your operation of your Restaurant. This indemnification includes claims related to the lease of your Restaurant, sale or transfer of your Restaurant, any default under the Franchise Agreement, and for costs associated with defending claims that you used our Marks in an unauthorized or illegal manner including through your marketing efforts. You must pay for any and all damages, legal fees, enforcement or collection costs, and/or any other costs assessed against us in any proceeding related to your Restaurant.

**Note 10. Maintenance and Refurbishment:** We can require refurbishing no more than one time during the initial term of the Franchise Agreement. This limit of \$50,000 will not apply at the time of renewal of the Franchise Agreement. It is our intent to impose this requirement uniformly on all franchise locations.

**Note 11. Testing of Products or Approval of New Suppliers:** You will be required to obtain our written approval for most of the products, vendors, and/or suppliers of products, that you will use in the operation of your Restaurant (as described in more detail in Item 8), and you will reimburse us for all cost associated with the examination of any product, vendor, or supplier submitted to us for approval. We may waive these fees at our sole and absolute discretion if the equipment, products, vendors and/or suppliers you select meet our requirements and are added to our approved list of equipment, products, vendors and/or suppliers for all franchise locations.

**Development Rights Agreement**

If you sign a Development Agreement, you should review both the above table of fees applicable to your Franchise Agreement as well as the following table of fees applicable to being a developer:

Type of Fee	Amount	Due Date	Remarks
Development Fee	\$30,000 plus \$12,500 multiplied by the number of locations in the Development Schedule		You must pay the initial franchise fee of \$30,000 for the first Restaurant plus a 50% deposit of our reduced initial franchise fee of \$25,000 for each additional restaurant in the development schedule (\$12,500 multiplied by the number of additional restaurants). This fee is nonrefundable.
Transfer Fee	25% of the Development Fee	At the time of transfer	The Development Agreement is personal to you but, among the other obligations before you may transfer your rights under the Development Agreement, you must pay a transfer fee and which is non-refundable.

Type of Fee	Amount	Due Date	Remarks
Cost of Enforcement	Will vary	As incurred	Payable to us if we are forced to incur costs (including attorneys' fees) if you fail to comply with or breach any provision in the Development Agreement among our other remedies.
Indemnification	Will vary	As incurred	You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of your breach of the Development Agreement

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**Franchise Agreement**

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (Note 1)	\$30,000	Lump sum	Upon signing your Franchise Agreement	Us
Leasehold Improvements (Note 2)	\$150,000 - \$300,000	As arranged	Before opening	Landlord, Vendors, Utility Providers
Training Expenses (Note 3)	\$0 - \$3,000	As arranged	Before opening	Hotel, Airlines, etc.
Lease Deposit, Utility Deposit and First Month Rent (Note 4)	\$4,000 - \$8,000	As arranged	As arranged	Landlord
Furniture, Fixtures, and Equipment (Note 5)	\$110,000 - \$200,000	As arranged	Before opening	Vendors
Signage & Decor (Note 6)	\$9,000 - \$18,000	As arranged	Before opening	Vendors
Insurance Deposits and Premiums (Note 7)	\$1,200 - \$1,500	As arranged	Before opening	Insurance Carriers

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Opening Inventory and Supplies (Note 8)	\$7,000 - \$10,000	As incurred	Before opening	Approved Suppliers
Business Licenses/Permits (Note 9)	\$3,000 - \$6,000	As arranged	Before opening	Government Agencies
Professional Fees (Note 10)	\$1,000 - \$2,000	As arranged	As incurred	Your Accountant, Attorney and Other Professionals
Grand Opening Marketing (Note 11)	\$2,000 - \$4,000	As arranged	15 days before and 60 days after opening	Vendors
Health Department Plan Review	\$1,000 - \$2,000	As arranged	As incurred	Vendors or Consultant
Additional Funds (3 months) (Note 12)	\$10,000 - \$15,000	As arranged	As incurred	Employees, Vendors, Suppliers
<b>Total Estimated Initial Investment (Note 13)</b>	<b>\$330,200 - \$599,500</b>			

## NOTES

**Note 1. Initial Franchise Fee:** You must pay us a \$30,000 Initial Franchise Fee if you purchase one Restaurant. You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable and fully earned when paid.

**Note 2. Leasehold Improvements:** You must improve the premises of your Restaurant to our standards and specifications before you open. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, and décor items which must be constructed according to our specifications and applicable law. These costs are likely to vary or increase depending upon the size, location, configuration, installation costs, and overall condition of the premises at the time you sign your lease and may be much higher if you establish your Restaurant in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. We encourage you to find a second generation restaurant to reduce your leasehold improvement costs due to the uncertainty of the impact that inflation has on construction and contractor costs which are at a 40-year high as of the issuance date of the Disclosure Document. The low end of this range accounts for a leasehold improvement allowance covering a portion of the costs of constructing the leasehold improvements from the landlord. You should hire a leasing attorney to maximize the amount of tenant allowance received. The figures in the chart are for the build-out of a location for a space that is approximately 1,200 to 2,200 square feet in size. Additionally, inflation and supply chain delays may impact your overall costs to build out your Restaurant. You should evaluate your estimated costs for any specific site that might be considered with a realtor or broker in your geographic region before you sign your lease.

**Note 3. Training:** You will be responsible for all travel and living expenses for you and anyone required to attend training. If applicable, you will be responsible for your employees' wages while they are training. The costs will vary depending on the distance traveled, choice of accommodations and travel arrangements, and other related factors.

**Note 4. Rent and Lease/Utility Deposits:** You must lease or otherwise provide a suitable commercial space for the operation of your Restaurant. The cost per square foot for leasing commercial space varies considerably depending upon the location and market conditions affecting commercial property as well as the size of the premises, the site's condition, its location, demand for the site, the build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. The amounts in the chart reflect our estimate for your payment of rent for three months. We are unable to estimate the total cost of purchasing suitable premises for your Restaurant or the amount of any down payment that would be required. These figures may vary considerably in other parts of the United States. Your Restaurant may be located in either a freestanding building, in an in-line retail plaza space, or other non-traditional venue, but in any event, the Restaurant requires ample parking, good visibility and availability of prominent signage. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location. Your initial investment will be much greater if you purchase real estate and construct your Restaurant, and we do not have any estimate of those costs. The balance of costs in the estimation are for utilities (i.e., gas, water, electricity) that you will incur each month.

**Note 5. Furniture, Fixture and Equipment:** You must purchase or lease certain furniture, fixture and equipment including tables, chairs, accessories, paneling, lighting, ceiling treatments, floor treatments and artifacts, decorations, phones, security system, safe, and office furniture that comply with our specifications and standards. Some of the major items included in this category are a walk-in cooler, walk-in freezer, refrigerators, freezer, dishwasher, hood, fryers, prep tables, beverage dispensing equipment, dining area furniture and fixtures. These costs will vary depending on the size of the Restaurant. You may include some of these items in a finance or lease package if you finance a portion of your initial investment. Costs will vary depending on a number of factors including, without limitation, size of your Restaurant, building codes and health requirements of the state where your Restaurant is located. This range includes the computer system described in Item 11.

**Note 6. Signage and Decor:** Signage includes the exterior and interior storefront signs. The specific location where your Restaurant will be located may have different requirements and regulations dictating the size, layout and illumination of the exterior and interior signage. You will be required to abide by these regulations, and as a result may experience higher or lower costs for your signage.

**Note 7. Insurance:** You must obtain certain insurance included in Item 8 and as detailed in the Manual. Factors that may affect your cost of insurance include the size and location of your Restaurant, the number of employees you have and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time you sign the Franchise Agreement.

**Note 8. Opening Inventory:** You must purchase certain recipe items which constitute key components of the System, the cost of which is included in this range. Also included in our estimate is the opening food inventory, uniforms, linens, small wares, first aid supplies, office supplies, initial

cleaning supplies, gift cards, menus and other printed items and opening cash drawer. The amount of your initial inventory will vary depending on the sales volume you anticipate for your Restaurant and current market prices. The cost will depend upon the space of your Restaurant, the location and the projected demand.

**Note 9. Business Licenses and Permits:** You must obtain a general business license, if applicable, in your state. You may need additional licenses that apply to restaurant and food service. You must consult your attorney regarding licensing and permitting requirements in your state or municipality.

**Note 10. Professional Fees:** We strongly recommend that you hire an attorney to help you evaluate this franchise offering, your lease agreement for your Restaurant and for whatever other purpose you deem appropriate.

**Note 11. Grand Opening Marketing:** Under the Franchise Agreement, you must spend \$2,000 to \$4,000 on the “**Grand Opening Marketing Program**”. The Grand Opening Marketing Program must be conducted the 15 days before and 60 days after the opening of your Restaurant. You may choose to spend more than the required amount. Your Grand Opening Marketing Program must include the promotional elements we require, and we must approve of your marketing plan before it is conducted. We may require you to submit expenditure reports to us, accurately reflecting your grand opening expenditures.

**Note 12. Additional Funds:** You will need additional capital to support on-going expenses, such as utilities, insurance, licenses, inventory, security, repairs and maintenance, and miscellaneous expenses. This estimate includes wages for employees, but does not include a salary or draw for you (or your Designated Owner) or your Manager if applicable. The estimate does not include Royalty Fee or Advertising Fund Contribution payments due to us. In formulating the estimate for Additional Funds, we have relied on the initial development costs of our affiliate’s Wing Snob restaurant in Livonia, Michigan, and our knowledge of franchised location costs. New businesses often generate a negative cash flow. We have not provided for capital or other reserve funds necessary for you to reach “break-even”, “positive cash flow” or any other financial position. We cannot and do not guarantee when or if your Restaurant will break even. We do not furnish, nor do we authorize our salespersons or anyone else to furnish estimates as to those amounts. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be approximately three months. Also, your sales level will impact your cash flow and the amount of working capital and additional funds that you may need during this start-up phase. These costs are only an estimate, however, and there is no assurance that additional working capital will not be necessary during this startup phase or after. Your credit history could impact the amount (and cost) of funds needed during the start-up phase. You will need to have staff on-hand before opening to prepare your Restaurant for opening, for training, orientation, and related purposes.

**Note 13. General:** Your costs will depend on factors like how closely you follow our methods and procedures; your management skill, experience and business knowledge; local economic conditions; the local market for our product; the prevailing wage rate; inflation; competition; and the sales level achieved during the initial period. All expenses paid to us or our affiliates are non-refundable. We will not finance any part of the initial investment. These figures are estimates only, and we cannot and do not guarantee that you will not have additional expenses in starting this business. You should review this chart with a business advisor before making a decision to purchase a franchise.



**Development Agreement for Three Restaurants**

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Development Fee in Addition to the \$30,000 Initial Franchise Fee (Note 1)	\$12,500 for each Restaurant we agree to sell to you under the Development Agreement for a Total of \$25,000	Lump sum	Upon signing your Development Agreement	Us
Total Investment for a single Restaurant under the Franchise Agreement (Note 5)	\$330,200 - \$599,500	<i>See Table Above</i>		
<b>Total Estimated Initial Investment for Three Restaurants (Note 6)</b>	<b>\$355,200 - \$624,500</b>			

**NOTES**

**Note 1. Development Fee:** If you sign a Development Agreement, in addition to the Initial Franchise Fee of \$30,000 that you will pay for your first Restaurant (which is included in the Total Investment of a single Restaurant) you will be required to pay us a Development Fee that will vary significantly depending on the number of Restaurants we agree to sell to you at a rate of \$12,500 per Restaurant.

**Note 2. Initial Investment for a Single Restaurant:** This is the estimated initial investment set forth above that is applicable to your initial Restaurant.

**Note 3. Estimated Initial Investment for Developer:** This estimate includes the Development Fee for the development of three total Restaurants, but we may grant qualified developer candidates the right to develop more Restaurants in our discretion. We cannot guarantee you will not need additional capital toward the development of your Restaurants under the Development Agreement. We recommend you review these estimates carefully with your business advisor, accountant or attorney before making any decision to sign the Development Agreement. We do not offer any financing for your initial investment toward developing Restaurants.

## ITEM 8 RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

### Approved Services and Products

To ensure that you maintain the highest degree of consistency, quality and service, you must use in the operation of your Restaurant, and in the offer and sale of the products we approve, only those techniques, procedures and supplies we specify. You must offer all, and only such, products and services as we approve from time to time. We may require that you, at your expense, enter into agreements with suppliers approved by us specifically for the offer, sale and performance of the services and related products at your Restaurant. We may change any of our requirements periodically. All services and products must conform to our standards and specifications. You must obtain our written approval before making any changes to your Restaurant and before modifications to or replacements of furniture, fixtures, equipment, computer hardware, software, products, ingredients, signs or other items.

### Marketing and Promotional Materials; Items Bearing our Marks

The Franchise Agreement requires you to purchase the Proprietary Products and Non-Proprietary Products from us, or from suppliers and/or distributors we designate or approve. “**Proprietary Products**” include all products, services, and equipment that now comprise, or in the future may comprise, a part of our System and that are proprietary to us including, without limitation, ingredients, recipes, blends of spices, certain food items, uniforms, signs, menu boards, digital displays, materials, supplies, paper goods and packaging. We will either designate a supplier or approve a supplier for “**Non-Proprietary Products**” including all non-proprietary ingredients, flavorings, components, and other edible items sold as part of the products offered at Wing Snob restaurants. You must buy all printed paper, paper products, and plastic products bearing our Marks (including, for example, dishes, containers, cartons, bags, napkins, and packaging supplies) from us or distributors, manufacturers and/or suppliers that we designate or approve. Before obtaining any of these items from a supplier other than us or our authorized distributor or manufacturer, you must obtain our written approval, as described below.

### Approved Suppliers

We may require that you, at your expense, enter into agreements with suppliers approved by us (“**Approved Suppliers**”). We may designate Approved Suppliers from whom you will be required to purchase Proprietary Products, Non-Proprietary Products, certain fixtures, furnishings, ingredients, equipment, uniforms, supplies, marketing materials, signs, banners, inventory, food products, packaging materials, paper and plastic products, menus, POS System, time clocks, computer hardware, and software which you may or must use or sell at or through your Restaurant. These purchase requirements may take the form of purchasing programs, arrangements and/or contracts we negotiate or specify. We may change Approved Suppliers from time to time. We will provide you with a current list of Approved Suppliers through updates to the Manual or other forms of communication. We may designate ourselves or our affiliates as Approved Suppliers for certain or all of the products and services offered at your Restaurant.

None of our officers own an interest in any required third-party vendors but we reserve the

right to designate Approved Suppliers which are owned, in part or in whole, by us or our officers. Although we may require you to purchase Proprietary Products and Non-Proprietary Products from us or our affiliates in the future, we and our affiliates are not Approved Suppliers and presently do not offer to sell or lease products or services to our franchisees.

If you would like to use any products or services in establishing and operating your Restaurant that we have not approved (for products and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our Approved Supplier criteria. You must pay our expenses to evaluate goods, services or suppliers regardless of whether we provide our approval or not. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of products; quality of products or services at competitive prices; production and delivery capability; our existing relationships with competitive vendors; and experience, dependability and general reputation. We will notify you in our Manual or other written communications if we revoke approval of any supplier.

Notwithstanding the foregoing, we may limit the number of Approved Suppliers with whom you may deal with for any reason, including suppliers that we have already designated as an exclusive source (which may be us or our affiliates) for any particular product or service if we believe doing so is in the best interest of our System in our sole judgment. We will notify you if and when we no longer approve a previously Approved Supplier, Proprietary Product, Non-Proprietary Product or piece of equipment. A supplier must continually adhere to our standards and specifications to maintain its approval. We reserve the right to condition our approval of any proposed service or product on such terms we decide at our discretion, including your execution of a general release in our favor, your agreement to obtain additional related insurance and to attend additional training, and your agreement to a test period.

### **Purchase Arrangements**

We do not provide you with any material benefits based on your purchase of particular products or services, or your use of designated or approved sources. We or an affiliate may enter into various agreements with distributors or suppliers regarding the purchase, sale, pricing and/or delivery of products for Wing Snob restaurants; these arrangements may affect your Restaurant differently than other Wing Snob restaurants. We may change our distribution arrangements in the future. We or an affiliate may make available to you the opportunity to participate from time to time in certain discounts, rebates, or other benefits in connection with Approved Suppliers, if you meet certain conditions such as supplier terms and conditions. We may retain such discounts, rebates, or other benefits for our own benefit.

We may, but are not required to, use the services of a food broker to negotiate purchase arrangements, monitor suppliers, conduct inspections, and carry out various other services related to suppliers. Although we are not required to, we (or our food broker) do, on occasion, negotiate purchase arrangements with various suppliers, including equipment and food product manufacturers, some of which operate on a large-scale basis. The negotiated purchasing arrangements may include special contract pricing and volume discounts that result in lower prices than regular wholesale and/or

retail prices. There can be no assurance that special pricing or terms will be available; any negotiated arrangements may be discontinued at any time.

During the fiscal year ending in 2023, we earned \$185,262 from rebates which is approximately 9.6% of our total revenue of \$1,928,265. Except as described in this section, neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases.

### **Payment Processing Services**

We require you to enter into a merchant services agreement with our Approved Supplier for payment processing and fund transfer services (i.e., ACH).

### **Insurance**

You must maintain insurance that we determine is necessary or appropriate for liabilities caused by or occurring in connection with the development and operation of your Restaurant, which must include the following minimum coverages:

- Comprehensive General Liability Insurance, including Products & Completed Operations coverage with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate with a maximum \$5,000 deductible per occurrence;
- Property Liability coverage covering all perils to personal property contained within and outside the premises of your Restaurant including spoilage. The amounts may vary based on coverage needed but must cover your business property and a minimum of \$1,000,000;
- Employment Practices Liability Insurance with limits not less than \$1,000,000 per occurrence;
- Commercial Automobile Liability Coverage with limits of not less than \$1,000,000 combined single limit;
- Workers' Compensation insurance, including employer's liability insurance, with limits not less than \$500,000;
- Business interruption and extra expense insurance for a minimum of 12 months to cover net profits and continuing expenses, including Royalty Fees; and
- Other insurance required by the state or local authority.

We have the right to establish and modify the minimum coverages required, and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All insurance policies must name us as additional insured, include any endorsements we may require and include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees.

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of the Franchise Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do

purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance and a 10% administrative fee.

**Revenue from Required Purchases**

We have not received any revenue from any planned revenue-sharing or incentive programs with Approved Suppliers, and no agreements have been entered into to memorialize these programs at this time. However, we have the right to negotiate agreements with our Approved Suppliers which may provide for us to receive revenue from products or supplies purchased by our franchisees in the future. None of our affiliates are providing services, supplies or equipment to franchisees from which these affiliates have derived revenue as of the date of this Disclosure Document.

**Required Purchases as a Proportion of Costs**

It is estimated that all of your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will represent approximately 90% to 100% of your total initial purchases. It is anticipated that during the operation of your Restaurant, required purchases from us, our affiliates or the vendors that we specify or approve (not including rent, Royalty Fees or labor costs) are estimated to be approximately 90% to 100% of your total monthly purchases in the continuing operation of your Restaurant.

**Purchasing or Distribution Cooperatives**

At this time, we do not have any purchasing or distribution cooperatives. We anticipate that we will negotiate purchase arrangements with suppliers for the benefit of our franchisees in the future.

**ITEM 9  
FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement 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.**

<b>Franchisee Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section in Development Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	2 and 5	3, 4, and 8	11 and 12
b. Pre-opening purchases/leases	5, 13, and 15	Not Applicable	7, 8, and 11
c. Site development and other pre-opening requirements	2, 3, 5, 8, and 10	1, 3, and 4	11

<b>Franchisee Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section in Development Agreement</b>	<b>Disclosure Document Item</b>
d. Initial and ongoing training	8	Not Applicable	11
e. Opening	4, 5, 11, and 13	4	11
f. Fees	3, 4, 8, 10, 11, 12, 13, 15, 18, 21, 22, and 23	2	5, 6, 7, 8, and 11
g. Compliance with standards and policies/Manual	6, 7, 9, 10, and 13	Not Applicable	8, 11, 14, and 16
h. Trademarks and proprietary information	6, 7, and 9	Not Applicable	13 and 14
i. Restrictions on products/ services offered	6 and 13	Not Applicable	8 and 16
j. Warranty and customer service requirements	13	Not Applicable	16
k. Territorial development and sales quotas	2	4	12
l. Ongoing product/service purchases	13	Not Applicable	8 and 11
m. Maintenance, appearance & remodeling requirements	3, 10, and 13	Not Applicable	6
n. Insurance	15	Not Applicable	6, 7, and 8
o. Advertising	11	Not Applicable	6, 7, 8, and 11
p. Indemnification	21	14	6
q. Owner's participation/ management/staffing	8 and 13	7	15

<b>Franchisee Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section in Development Agreement</b>	<b>Disclosure Document Item</b>
r. Records and reports	12	Not Applicable	11
s. Inspections and Audits	6 and 12	Not Applicable	6, 11, and 13
t. Transfer	18, 19, and Schedule 8	11	6 and 17
u. Renewal	4 and Schedule 8	5	17
v. Post-termination obligations	17 and Schedule 2	10	17
w. Non-competition covenants	7, 9, 17, and Schedule 2	12	17
x. Dispute resolution	23, Schedule 2, and Schedule 3	19	17

## **ITEM 10 FINANCING**

We do not offer any direct or indirect financing. We do not guarantee your loan, lease or obligations.

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

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

### **Pre-Opening Assistance**

Before you open your Restaurant, we or our designee will:

1. Provide an initial training program. This training does not include any professional licenses, certification, or other training you must possess and/or complete before you can operate your Restaurant. (FA Sec. 8.1).
2. Provide reasonable assistance in ordering your initial inventory, equipment, signage and other required Proprietary Products and Non-Proprietary Products as we deem necessary. (FA Sec. 8.2).
3. Provide to you opening assistance and guidance that we think is advisable, in our sole discretion, and as may be described in the Manual. (FA Sec. 8.2).

4. Provide to you one copy of the Manual containing the information, methods, techniques, and specifications for the operation of your Restaurant. (FA Sec. 9.1).
5. Approve or disapprove the site you have selected in our sole discretion. (FA Sec. 2.4).
6. Provide you with your Designated Territory once your site is approved and lease is signed. (FA Schedule 1).
7. Furnish prototypical plans and specifications for your Restaurant. (FA Sec. 2.2.2).
8. Provide to you site selection assistance as we deem advisable including our site selection guidelines and design specifications. (FA Sec. 2.2.5).
9. Provide you with information regarding approved, required and preferred products, suppliers, services, and marketing. (FA Sec. 13.1).
10. Commence reviewing your lease within 10 days of receipt of your request for approval with final review completed within 30 days of receipt. Our review of your lease is for our benefit only and will ensure that our rights are adequately protected through our Franchisor Lease Rider that is attached as Schedule 4 to the Franchise Agreement. (FA Sec. 2.2.6).
11. If you request and we deem it advisable, we will provide a representative for up to 14 days before opening or after opening without charge to assist in the opening and initial operation of your Franchise Business. We may provide assistance beyond the 14-day period, but you must pay a charge for the additional services in an amount determined by us. (FA Sec. 8.2).

### **Continuing Obligations**

During the operation of your Restaurant, we or our designee will:

1. Provide you periodic assistance in the marketing, management, assistance with key suppliers, and the operation of your Restaurant at the times and in the manner that we determine necessary including by telephone and video conference. We may periodically offer you the services of certain of our representatives, such as a field representative, and these representatives may visit your Restaurant and offer advice regarding your operations at their then-current per diem rate plus expenses. (FA Sec. 14.1).
2. Provide additional training and ongoing training as we deem necessary in our sole discretion at such places and times as we deem proper and at our then-current per diem rate plus expenses. (FA Sec. 8.4).
3. Review and approve or disapprove all marketing and promotional materials that you propose to use for the benefit of your Restaurant and as required by the Franchise Agreement. (FA Sec. 11.1.2).
4. Provide you with any ongoing changes to specifications for required products, services and equipment through communications from us or modifications to the Manual. (FA Sec. 9.2).



5. Administer the Advertising Fund in the manner described in the Franchise Agreement. (FA Sec. 11.2).
6. Make periodic visits, which may be announced or unannounced, to your Restaurant for the purposes of determining compliance with the requirements of the Franchise Agreement, for conducting quality assurance audits, and for any other purpose connected with the System only if we deem such necessary in our discretion. (FA Sec. 14.2).
7. Hold periodic conferences, as we deem necessary, to discuss the menu, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures. In the event that such conferences are held, we reserve the right to charge a fee for your attendance at the conference, and you must pay all your travel and living expenses related to your attendance at the conference. We also reserve the right to charge you a penalty fee for failure to attend the conference. These conferences will be held at a location chosen by us. Attendance is mandatory. (FA Sec. 8.4).
8. Allow you to use our Marks and Confidential Information in operating your Restaurant. You must use the Marks and Confidential Information only as authorized in the Franchise Agreement and our Manual. (FA Secs. 6.2 and 7.1).
9. Indemnify you against liability to third parties resulting from claims by third parties that your use of the Franchise Marks infringes trademark rights of the third party, but only if (a) you have used the Franchise Marks in accordance with the requirements of the Franchise Agreement and the Operations Manual and (b) you have given notice to us of the claim within ten days of receipt by you of the claim and you have tendered the defense of the claim to us (FA Sec. 6.4).
10. If you're initial Franchise Location becomes unusable, review for approval any alternative location proposed by you (FA Sec. 2.2.4).
11. Review proposed transferees of your franchise business for approval (FA Sec. 18).
12. To the extent permitted by law, for the protection of our brand, we will attempt to require adherence to minimum and maximum prices that may be published from time to time. (FA Sec. 8.2).

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of your Restaurant.

### **Site Selection**

You must locate, obtain and occupy the site for your Restaurant (the “**Accepted Location**”) on your own initiative and at your own expense. However, we may assist you may recommend a site to you in our sole discretion. You are responsible for completing and submitting to us for review and approval, the information and materials we designate regarding your proposed site. We will issue our approval or disapproval of your proposed site (usually within 30 days) after we receive all of the information and materials we request. We may not withhold our approval unreasonably. We will not

be deemed to have withheld our approval unreasonably if the proposed site fails to meet our then-current standards and specifications, as we determine in our sole and absolute discretion. We will consider the potential customer base in the area when deciding whether to issue our approval. Other factors we consider include traffic patterns, visibility and parking.

We do not provide assistance conforming your Accepted Location to local ordinances and building codes, obtaining any required permits, constructing, remodeling, decorating and/or hiring and training your employees. Under the Development Agreement, we will approve each Wing Snob restaurant based on our then-current site selection standards within your Development Area and determine the suitability of each site for each Wing Snob restaurant. If we are unable to approve a site for your Restaurant within a reasonable time, as determined in our sole discretion, we may terminate your Franchise Agreement.

Neither our acceptance of the specific location nor any information communicated to you regarding our standard site selection criteria for Wing Snob restaurants will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site. Our acceptance of the proposed site merely signifies that we are willing to grant you a Wing Snob franchise at the site.

### **Lease Review and Franchisor Lease Rider**

Once we have accepted your location, we or our authorized representative may elect to review your letter of intent and the lease for the sole purposes of protecting our interests which may be aligned with your interests in signing the lease for your Restaurant. We do not act as your legal counsel or representative in conducting this review and engaging the landlord in a negotiation. You must consult your own attorney for legal assistance with reviewing and negotiating the terms of your lease.

### **Design, Remodeling and Opening**

Our mandatory and suggested specifications and layouts for your Restaurant, including requirements for design, color scheme, image, interior layout, signs and equipment will be provided to you through communications from us and/or our Manual. You are obligated, at your expense, to have an architect designated by us or that meets our current standards prepare all required construction plans based on our prototype designs in the Manual. We have the right to review and approve all plans and specifications to ensure that they meet our design specifications and requirements. We may inspect the premises of your Restaurant prior to opening. You must construct, equip, and improve your Restaurant in compliance with our current design standards, and trade dress. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment, décor, and signs from our designated or Approved Suppliers.

### **Time to Open**

We estimate that the typical time between signing the Franchise Agreement and opening your Restaurant is 10 to 12 months. You shall have 12 months after the effective date of the Franchise Agreement to develop and open your Restaurant. Factors affecting time to open include attendance at, and satisfactory completion of, the initial training program; obtaining the lease; obtaining all necessary permits; completion of construction; and delivery and installation of equipment and

supplies. If you fail to meet these requirements, we shall have the right to terminate the Franchise Agreement and retain all fees paid to us by you. Time is of the essence.

You may not open your Restaurant to the public until we issue a written approval authorizing your opening. We will not issue our approval, and you will be prohibited from opening your Restaurant if (a) your Restaurant has not been constructed and equipped in accordance with our standards and specifications, (b) you failed to successfully complete initial training, (c) in view of our management, we determine you and your employees are not prepared to open, or (d) you have not been given all the proper governmental approvals by the local authorities. If you do not secure an Accepted Location and enter into a binding lease agreement that has been approved by us for such location within 120 days of signing the Franchise Agreement, we may terminate the Franchise Agreement.

### **Grand Opening Marketing**

You must spend between \$1,000 to \$2,000 on the Grand Opening Marketing Program to promote the opening of your Restaurant which shall include local advertising, promotion, and other marketing activities that we specify or approve in connection with your grand opening. Such amount shall be spent within 15 days before you open your Restaurant and within 60 days after you open your Restaurant. You must submit to us proof of these expenditures within 120 days after your Restaurant first opens for business.

### **Local Marketing**

You are required to spend 1% of your Gross Sales each month on local marketing, advertising and promotion of your Restaurant (“**Required Local Expenditure**”). You will determine the amount of funds you spend for individual local market advertising, subject to the minimum Required Local Expenditure. The Required Local Expenditure will be directed towards local online, digital marketing and advertising mechanisms within the geographical area of your Restaurant. Local marketing expenditures are not included in your Advertising Fund Contribution and will be your sole cost and expense.

Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be professional and dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed marketing plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all needed information, we will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within 10 business days; but if we do not give our approval within 15 business days, we will have been deemed to disapprove the plans or materials.

We may periodically make available to you certain marketing materials for your use in local marketing and promotion, some of which must be purchased. As used in the Franchise Agreement, the term “local marketing” refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), marketing to referral partners, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotions also include postage, shipping, telephone, and photocopying costs.

Local marketing does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees' expenses; (b) charitable, political, or other contributions or donations; and (c) the value of discounts given to consumers.

We, our vendors or our affiliates may periodically make available to you for purchase marketing plans and promotional materials, merchandising materials, sales aids, point-of-purchase materials, special promotions, community relations programs, and similar marketing and promotional materials for use in local marketing. You acknowledge and agree that periodic marketing programs and promotions will, if and when we approve and adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in marketing programs and promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

You must participate in all advertising, promotional and marketing initiatives we may require. Without limitation, initiatives may include prize contests, special product and service offers and coupons. Advertising, promotional and marketing initiatives may be conducted internationally, nationally, regionally and locally and may vary from region to region or locality to locality; all other franchisees using the System shall not necessarily be required to participate in the initiatives in which you must participate. You must also participate in the launch of any new menu items and products we may require, and you must honor all coupons, gift certificates and other promotional offers authorized by us including without limitation, you must honor all coupons, certificates and promotional offers presented to you.

You acknowledge and agree that certain associations between you, your Restaurant, the Marks and the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, or an adverse effect on, our reputation and the good will associated with the Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Marks, us, and the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

### **Advertising Fund**

You shall pay to us an amount of 1% of Gross Sales as an Advertising Fund Contribution. We may from time to time increase or decrease the rate or rates required to be paid by you as an Advertising Fund Contribution, provided that (a) your total Advertising Fund Contribution will not exceed 3% of your Gross Revenue; and (b) no change in the rate will take effect unless we give you at least 30 days' prior written notice. If there are five or more Wing Snob restaurants in your market, we will raise the Advertising Fund Contribution to 2% of Gross Sales and if there is 20 or more locations open within your market, the Advertising Fund Contribution will increase to 3% of Gross Sales. We will maintain and administer the Advertising Fund as follows:

1. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any

particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund.

2. We will use Advertising Fund Contributions for producing, maintaining, administering and directing consumer advertising on a national and/or regional level as we deem necessary or appropriate, in our sole discretion. We may use multiple sources for advertising including in-house and regional or national agencies. We will maintain your contributions in a separate account from our funds. We will not use Advertising Fund Contributions for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund. Up to 15% of the Advertising Fund may be used to reimburse us for our reasonable administrative costs that we incur in activities related to the formation, development, and production of advertising or the administration of the Advertising Fund. This may include, for example, expenses incurred in market research, preparation of marketing and advertising materials, advertising agency fees, internet promotion, and website development and maintenance. We will not use Advertising Fund Contributions primarily for the direct solicitation of franchise sales. However, we may include a statement regarding the availability of information about the purchase of Wing Snob franchises in advertising and other items produced or distributed using the Advertising Fund.
3. We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies in the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We will use any interest or other earnings of the Advertising Fund before we use current contributions. We intend for the Advertising Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share. In the fiscal year ending December 31, 2023, we collected \$164,939 in Advertising Fund Contributions and spent 100% of the Advertising Fund Contribution on digital marketing for Wing Snob restaurants and the brand.
4. The Advertising Fund is not audited. The Advertising Fund is not a trust, and we assume no fiduciary duty in administering the fund. Upon your request, we will provide you, within 120 days of our fiscal year end, a written statement for such fiscal period setting forth in brief detail the total amounts collected and disbursements made by us in connection with the Advertising Fund. Locations owned by us or our affiliates contribute equally to the Advertising Fund.
5. Except for salaries of marketing personnel employed by the Franchisor, we do not receive compensation for providing goods or services to the Advertising Fund.
6. The Advertising Fund is not and will not be our asset. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for marketing purposes. If amounts are unspent in the Advertising Fund at fiscal year-end, those amounts are carried over by the Advertising Fund for expenditure in the following year. Except as described above, we are not obligated to advertise.

## **Internet Marketing**

You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have a website at the uniform resource locator (URL) [www.wingsnob.com](http://www.wingsnob.com) that provides information about the System and about our brand generally. We may provide you with a listing on our home page, where we will have contact information on your location. We retain the sole right to post content on our website and otherwise market on the Internet, including the use of other websites, domain names, social media accounts, URLs, keywords, linking, search engines (and SEO techniques), banner ads, meta-tags, marketing, e-commerce and co-branding arrangements.

You may be requested to provide content for our Internet marketing efforts, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Wing Snob website. You are not permitted to use a domain name containing “**Wing Snob®**” in a URL without our permission.

## **Advertising Cooperative**

We may, in our discretion, form local or regional marketing cooperatives covering your Designated Territory and the territory of at least one other franchisee for the purpose of developing and implementing local or regional marketing programs, or we may approve of the formation of such a marketing cooperative by our franchisees. If we require you to join a local or regional marketing Co-op then you must: join the Co-op; participate with other franchisees in the Co-op’s marketing programs; and pay your share of the Co-op’s marketing expense.

Any payments you make for the Co-op’s marketing will be applied towards your Required Local Expenditure but will not affect your obligation to make Advertising Fund Contributions under the Franchise Agreement. If the amount you contribute to a Co-op is less than the Required Local Expenditure, then you shall nevertheless spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council, if established, or us. We or our designee will be responsible for administering the Co-op; however, we may in our sole discretion delegate this authority to the franchise advisory council or some other committee of franchisees.

We do not currently have an advertising council composed of franchisees that advises us on advertising materials, but we may in the future. The Co-op, if established, will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable written request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op’s expense, and made available to Co-op members upon reasonable written request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

## Computer System

You must purchase and use any hardware and software programs we designate. You must meet our current requirements concerning the following: (a) POS System, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems between you and us, between or among other Wing Snob restaurants, and between and among your Restaurant(s), and you; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the telecommunications connection) and speed; and (f) technology used to enhance and evaluate the customer experience (collectively, all of the above are referred to as the “**Computer System**”).

As part of your Computer System, you will pay either our Approved Supplier a fee for a monthly subscription to a POS System software to be utilized at your Restaurant which is currently \$350 to \$675. You also must obtain a separate personal computer to be used as a manager’s workstation (“**Office PC**”). We may require specific software be loaded on either the POS System or the Office PC in order to secure the systems to meet then-current laws, industry regulations or brand standards at your cost. You agree to obtain, maintain and have operational the components of the Computer System that we specify.

We may incorporate new technology into our System including loyalty program, employee management and scheduling system. The POS System typically activated one to two months prior to the grand opening of your Restaurant. You must use your Computer System to (i) enter and track sales receipts, (ii) update inventory of merchandise and products, (iii) generate sales reports and analysis relating to your Restaurant, and (iv) provide other services relating to the operation of your Restaurant. We have the right to develop or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. We rely on third-party suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. You must maintain your Computer System in good working order and must replace, update, or upgrade your hardware systems and Required Software as we may periodically require. There are no contractual limitations on the frequency and cost of these upgrades and updates. The initial cost of your Computer System is \$2,000 to \$4,000, and we estimate that the annual cost of optional or required maintenance, updating, upgrading, or support contracts to your Computer System is \$0 to \$2,000.

You must be able to access information that is available on the Internet and be able to send and receive email. We may require you to use an Internet Service Provider we approve. We may require you to purchase services that meet certain performance criteria (including upload/download speeds, security, etc.). We reserve the right to approve your email address or require you to use only an email address that we provide for your Restaurant’s business emails. We will provide your Restaurant one Wing Snob email address and others can be purchased at the monthly fee charged by our email vendor.

You must afford us unimpeded independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable. We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Restaurant. We may designate, and own, the telephone numbers for your Restaurant. You must sign our Conditional Assignment of Telephone Number attached to the Franchise Agreement as Schedule 9.

There are no contractual limitations on our right to access information stored on your Computer System. Any customer lists or information compiled or amassed through your Computer System or otherwise, will be our proprietary property. You may not sell or use customer lists or information for any purpose other than in connection with the operation of your Restaurant. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to your Restaurant and any other operations taking place through your Restaurant. We may add, discontinue, or modify any mobile applications periodically in our sole discretion.

### **Credit Cards and Gift Card Programs**

We require all franchisees to accept major credit cards for customer purchases. This may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

We have an electronic gift card program and you must participate in this program. This program may require that you invest in additional equipment and that you incur fees from the gift card processing vendors that we designate. You must remit to the designated provider the proceeds from your sales of gift cards. The designated provider will hold these funds. When a gift card is redeemed, the provider will pay to the redeeming franchisee the amount of the purchase from the held funds. We will not be obligated to provide to franchisees an accounting of the proceeds and disbursements of the gift card program.

### **Training**

Before opening your Restaurant, you or if you are an entity, your Designated Owner, and your Manager (as defined in Item 15) must attend and successfully complete, to our satisfaction, our initial training program (the “**Initial Training Program**”) offered periodically at our headquarters in Detroit, Michigan, online, at your Restaurant or another location we select. Your Restaurant must at all times be under the active full-time management of either your Designated Owner or your Manager who have successfully completed to our reasonable satisfaction the Initial Training Program. If your Designated Owner or your Manager cannot complete the Initial Training Program to our satisfaction, we may terminate your Franchise Agreement and either offer to re-train at our then-current per diem rates or refund you 50% of the Initial Franchise Fee.

If your Designated Owner or the Manager cease active management or employment at your Restaurant, then any replacements must attend and successfully complete the basic management training program to our reasonable satisfaction, as soon as it is practical to do so but, in all cases, the replacement shall successfully complete training within 30 days. We may require that your Designated



Owner and Manager(s) periodically attend additional courses, seminars, and other training programs. You will incur expenses in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance. You must pay our per diem training charges per person per day for additional and refresher training. The subjects covered in the Initial Training Program are described below:

**TRAINING PROGRAM**

Subject	Hours of In Person Training	Hours of On-the-Job Training	Location
Management & Administration	0	20	Online, your Restaurant or at our headquarters in Detroit, MI
Menu and Service	1	6	Online, your Restaurant or at our headquarters in Detroit, MI
Technology & POS	6	6	Online, your Restaurant or at our headquarters in Detroit, MI
Marketing/Sales	5	5	Online, your Restaurant or at our headquarters in Detroit, MI
Product Purchasing & Inventory Management	2	2	Online, your Restaurant or at our headquarters in Detroit, MI
Food Products and Preparation	0	2	Online, your Restaurant or at our headquarters in Detroit, MI
Sanitation & Health Safety	1	1	Online, your Restaurant or at our headquarters in Detroit, MI
Manual Orientation	2	1	Online, your Restaurant or at our headquarters in Detroit, MI
Serv Safe	8	40	Online, your Restaurant or at

Subject	Hours of In Person Training	Hours of On-the-Job Training	Location
			our headquarters in Detroit, MI
<b>Totals</b>	<b>25</b>	<b>83</b>	

The amount of hours listed in the chart above are estimates only, and the number of hours we will spend training you will depend on your owners, your Designated Owner, your Manager(s), and/or your employees’ experience in the restaurant industry and franchise industry as well as job history, business acumen, and other related factors. We reserve the right to perform the Initial Training Program in-person, online or on-the-job at your Restaurant, or at any location we deem appropriate in our sole discretion. Training will be provided at least four weeks before you open your Restaurant and usually will be for a period of two weeks, 40 hours per week. We may conduct your initial training in conjunction with other franchisees. You must successfully complete the training program to our standards prior to the opening of your Restaurant.

The Initial Training Program will be conducted by our President, Brian Shunia. Mr. Shunia has been the owner and operator of our affiliate owned Wing Snob restaurant location in Livonia, Michigan since 2017. Other members of our staff and of our affiliates’ staff may assist in training. With our prior approval, franchisee owners of Restaurants and their Manager(s) may conduct on-the-job training. The principal instructional materials will consist of the Manual. The Table of Contents of the Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. The Manual contains a total of 210 pages.

**ITEM 12  
TERRITORY**

Your Restaurant will be located at a single site, which must meet our standards and specifications and must be approved by us in advance. We will designate your territory (the “**Designated Territory**”) which will be based on the particular area surrounding your Accepted Location and determined by us, in our sole discretion, using the mapping service, program and/or software selected by us. There is no minimum Designated Territory for a Restaurant; however, the typical Designated Territory will have a protected area of a radius of four miles around your Restaurant. We may grant you a Designated Territory of less than four miles and less than other franchisees based on various factors including the demographics of the area in which you wish to open your Restaurant. For example, Wing Snob restaurants in metropolitan or downtown areas will likely receive a smaller Designated Territory that could be less than one mile.

The factors that we consider in determining the size of a Designated Territory include current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Wing Snob restaurants, our future development plans and other market conditions. We typically define the Designated Territory by the market area for the Restaurant. If your Restaurant is located in a neighborhood, suburban or urban location, your Designated

Territory will likely be defined by either consumer population around your Restaurant or drive time to reach your Restaurant. If the Accepted Location is not known when you sign the Franchise Agreement, we will provide you with a Designated Territory once we authorize a location for the Restaurant and the Accepted Location, and the Designated Territory will be documented when we accept the location. You must execute a lease for a location for your Restaurant within the Designated Territory within 180 days from execution of the Franchise Agreement. If the Accepted Location is known when you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for your Restaurant and the Designated Territory.

We retain the right to conduct any business at any location, including: (a) the right to offer Wing Snob franchises using our System and Marks to others for any site outside your Designated Territory regardless of how close the site is to your Accepted Location; (b) the right to sell, rent and distribute any services and products, directly or indirectly, and/or license others to sell and distribute any services and products, directly or indirectly, from any location or to any purchaser (including, but not limited to, sales made to purchasers in the Designated Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, on the Internet, and/or sales to delivery customers), except that we shall not do so from a Wing Snob restaurant located inside the Designated Territory; (c) the right to produce, license, distribute and market services and products bearing the Wing Snob name or other marks, including food items, packaged items, books, retail items, products, and apparel, among other things, at any location or any outlet, regardless of proximity to your Restaurant, through any distribution channel, at wholesale or at retail, including by means of the Internet, mail order, direct mail advertising, delivery, and other distribution methods; (d) the right to develop, operate, and franchise others to operate, any business concept except a Wing Snob restaurant at any place, including within the Designated Territory, and use the Marks or any other trademarks owned, licensed, or developed by us or our affiliates in connection with those concepts, even if such concepts sell products and services that are similar to, the same as, or competitive with the services and products offered at your Restaurant; (e) the right to approve or disapprove other franchisee's requests to purchase local marketing that penetrates your Designated Territory in our sole discretion; (f) the right to merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Designated Territory; (g) the right to operate a Wing Snob trade show booth or "pop-up" location in your Designated Territory for up to 20 consecutive days; and (h) the right to open Wing Snob restaurants at non-traditional sites in your Designated Territory including, without limitation military bases, hotels, college campuses, airports, mall food courts, train stations, travel plazas, casinos, and sports or entertainment venues or stadiums ("**Non-Traditional Sites**").

Our reserved right authorizing us to sell branded products in your Designated Territory through other channels of distribution may affect your ability to sell those products. There are no restrictions on our right to solicit or accept orders from consumers inside your Designated Territory. Nothing in the Franchise Agreement prohibits us or our affiliates from selling services and products through alternative channels of distribution within your Designated Territory. We are not required to pay you any compensation for soliciting or accepting orders from inside your Designated Territory. Neither we nor our affiliates currently plan to operate or franchise any business under any different trademarks that sells or distributes similar products or services to those that you will offer but we reserve the right to do so in the future.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may not relocate your Restaurant from the Accepted Location without our written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Wing Snob restaurant to their business.

We will not operate permanent outlets or grant franchises for a similar or competitive business within your Designated Territory, but we have the unlimited right to do so anywhere outside your Designated Territory. Neither we nor our affiliates are restricted from establishing other franchises or company-owned outlets, or other channels of distribution, selling or leasing similar products or services under a different trademark.

Except for the Designated Territory granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Restaurants, you must enter into a new, then-current form of our franchise agreement and meet all our current requirements for franchisees. The Designated Territory described above will affect where you and other franchisees may solicit business. You may not offer any services or products outside your Designated Territory without our prior written consent. You may not directly market or solicit business outside your Designated Territory, including Internet marketing, postcards, letters, fliers, emails, or other marketing communications, without prior written authorization from us. You may not make telemarketing calls to customers or prospective customers located outside your Designated Territory, or advertise in print or other media outside your Designated Territory without our written consent.

In the future, we and our affiliates may acquire or develop additional business concepts that use different trademarks, and those business concepts may also be located within your Designated Territory. We do not have a method to resolve conflicts between you and other franchisees of other systems we control involving territory, customers, or franchisor support. Except as disclosed above, neither we nor our affiliates currently plan to operate or franchise any business under any different trademarks or that sells or distributes similar goods or services to those that you will offer. For any default of the Franchise Agreement, as an alternative to termination, we may, at our sole and absolute discretion, unilaterally modify or completely eliminate any rights that you may have with respect to the Designated Territory, effective 10 days after delivery of written notice to you. In addition, we may modify, or eliminate completely, the Designated Territory. We reserve all rights not specifically granted to you in this Item.

Under the Development Agreement, the developer will receive a Development Area and neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Wing Snob restaurants within the Development Area, except the franchises that are granted to the developer pursuant to the Development Agreement and except as otherwise expressly provided in the Development Agreement. However, we have the right to terminate the protection if the developer is not in full compliance with all of the terms and conditions of the Development Agreement and all of the Franchise Agreements signed under it. Your territorial rights may not, in our discretion, include the right to develop Wing Snob restaurants at any Non-Traditional Sites. You are

not granted any other option, right of first refusal or similar right to acquire additional Wing Snob restaurants in your Development Area under the Development Agreement. To maintain your rights under the Development Agreement, you must have open and in operation the cumulative number of Wing Snob restaurants as stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for termination of the Development Agreement. Under the Development Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### ITEM 13 TRADEMARKS

We grant you the right to operate your Restaurant under the name “**Wing Snob®**” and other names we designate from time to time. The following trademarks are registered by our affiliate, Wing Snob, Inc. on the United States Patent and Trademark Office (“**USPTO**”) Principal Register:

MARK	REGISTRATION NUMBER	REG. DATE	INTERNATIONAL CLASS OF GOODS
WING SNOB	5539749	August 14, 2018	043
WE JUST HAVE BETTER WINGS	6689251	April 5, 2022	043

We intend to renew the registration and file all appropriate affidavits for this trademark at the times required by law.

The trademarks listed above are owned by our affiliate Wing Snob, Inc. Pursuant to a license agreement between us and our affiliate, we have the exclusive right to license the use of the trademarks to others within the United States. The license granted to us by Wing Snob, Inc. is perpetual and can only be terminated if we misuse the trademark or willfully allow our franchisees to misuse the trademark. If the trademark license agreement is terminated or modified, you may have to change to an alternative trademark for your business which may increase your expenses. Other than the license agreement with our affiliate, there are no agreements currently in effect which could significantly limit our rights to use or license the use of the trademark or the Marks generally.

The following trademark has been applied for by us on the USPTO Principal Register and are pending registration:

<b>MARK</b>	<b>SERIAL NUMBER</b>	<b>APPLICATION DATE</b>	<b>INTERNATIONAL CLASS OF GOODS</b>
FRY SNOB	97627762	October 11, 2022	043

We do not have a federal registration for this trademark as of the date of this Disclosure Document. Therefore, this trademark does not have as many legal benefits and rights as federally registered trademarks. If our right to use this trademark is challenged, you may have to refrain from using this trademark at our direction.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by us. There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

Your rights to use the Marks are derived solely from your Franchise Agreement. You do not receive any rights to this trademark and the Marks generally other than the right to use them in the operation of your Restaurant during the term of your Franchise Agreement. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of your Restaurant. You cannot use any Mark or portion of any Mark as part of any business entity name. You may not use the Marks in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a material breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or our ownership of the Marks.

You must immediately notify us in writing when you learn about any claim of infringement, unfair competition, or similar claims about the Marks, including any claim, suit or demand against you. You must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us and to settle any claim, in our discretion at our sole costs and expenses, using lawyers of our own choosing. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our rights, title, or interest in any proceeding or to otherwise protect and maintain our rights, title, or interest in the Marks.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Marks will be beneficial to the System. In such cases, you must implement and use such different Marks at your cost and in the manner we require. If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We have no obligation to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Restaurant for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

The Development Agreement does not grant you the right to use any of the Marks. Your right to use the Marks is derived solely from the Franchise Agreements you enter into with us.

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

There are no patents or pending patent applications that are material to the franchise. We claim common law copyright protection in the Manual, our website, our marketing materials, training manuals or videos, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights, but we reserve the right to register these copyrights in the future. You may use these items only as we specify while operating your Restaurant and you must stop using them if we direct you to do so.

There are no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials actually known to us. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including products, services, equipment, technologies, and procedures for the retail sale of food and non-food products under the System; sources (or prospective sources) of supply and all information related to or concerning the sources (or prospective sources) of supply, including the identity of and pricing structures with our suppliers; systems and techniques for the production, distribution, merchandising, and sale of food and non-food products; systems and techniques for food preparation and storage;

menus; recipes and ingredients; special techniques for packaging, display, merchandising, and marketing of food products; operating procedures for sanitation and maintenance; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements, and specifications that are part of the System; plans, layouts, designs and specifications for a prototypical Restaurant; the Manuals; methods of advertising and promotion; instructional materials; and other matters (“**Confidential Information**”). We will provide our trade secrets and other Confidential Information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the Franchise Agreement. You may only use the trade secrets and other Confidential Information for the purpose of operating your Restaurant during the term of your Franchise Agreement. You may only disclose trade secrets and/or other Confidential Information to employees who must have access to it to operate your Restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other Confidential Information, including your shareholders (and adult members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your Manager(s), executives, employees, agents, independent contractors, consultants and staff are required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2 to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning your Restaurant and the System, including any derivative intellectual property, products, programs, techniques, equipment, services related in whole or in part to the Restaurant operation, your rights under the Franchise Agreement (whether or not permitted), Manuals, System and/or item, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. You agree to assign to us all right, title and interest in any intellectual property so developed without additional compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manual, trade secrets or other Confidential Information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

You must comply with our System standards, other directions from us, and all applicable laws and regulations, regarding the organizational, physical, administrative and technical measures, and security procedures to safeguard the confidentiality and security of customer’s information on your Computer System or otherwise in your possession or control and, in any case, employ reasonable means to safeguard the confidentiality and security of Customer Information. “**Customer Information**” means names, contact information, financial information, and other personal identifiable information of or relating to your Restaurant’s customers, and prospective customers, which may include credit card information. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of the occurrence and specify the extent to which Customer Information was



compromised or disclosed. We recommend, but do not require, you have a sufficient amount of Cyber Liability insurance.

We and our affiliates will, through the Computer System or otherwise, have access to Customer Information. We and our affiliates may use Customer Information in our and their business activities. When the Franchise Agreement expires or terminates, we and our affiliates may make all disclosures and use the Customer Information in any manner that we or they deem necessary or appropriate. You must secure from your customers and prospective customers all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that the Franchise Agreement contemplates.

The goodwill associated with all phone and fax numbers, email addresses, domain names, social media and other Internet addresses used in operation of your Restaurant is an asset that belongs to us. Upon cancellation, termination or expiration of the Franchise Agreement, you will be deemed to have assigned to us or our designee all right, title and interest in and to these and/or services associated with the same. You must sign the instruments we request to confirm the assignments and transfers to us.

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

You must personally supervise the operation of your Restaurant, unless we otherwise permit in writing. You must devote the necessary time and your best efforts for the proper and effective operation of your Restaurant. If we license you to operate more than one Restaurant, you must devote the time necessary for the proper and effective operation of all your Restaurants. If you are a corporation, partnership or limited liability company, you must have an individual owner serve as your “**Designated Owner**” who will be listed in Schedule 6 to the Franchise Agreement who is an individual that we approve who must own and control, or have the right to own and control not less than a 10% interest in Franchisee’s equity, shall have the authority to bind Franchisee regarding all communications with us and operational decisions with respect to your Restaurant, and who must have completed our Initial Training Program to our satisfaction.

If the Designated Owner(s) will not supervise your Restaurant on a full-time and daily basis, you must employ a full-time manager (a “**Manager**”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily administrative operation of your Restaurant. Your Manager need not have ownership interest in the Franchisee entity. Your Manager(s) must complete the Initial Training Program to our satisfaction. After a Manager’s death, disability, or termination of employment, you must immediately notify us, and you must designate a successor or acting Manager within 30 days. If you fail to do so after receiving from us a default notice with a cure period, we can terminate the Franchise Agreement.

Your Manager must be approved by us. You and your Manager will recruit, hire, train, terminate, and supervise employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. We are not an

employer, co-employer or joint employer with you or your management staff or other employees. You are solely responsible for all employment matters, decisions and relationships.

You and/or your Designated Owner(s) must, at all times, retain and decision-making control over all aspects of your Restaurant. You and/or your Designated Owner(s) must satisfactorily complete the Initial Training Program. You, your Designated Owner(s) or your Manager(s) must devote full time and best efforts to the operation of your Restaurant. You are not restricted as to whom you may hire as a Manager, except that your Manager must be approved by us. If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3 to the Franchise Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell all services, products, and programs that we require you to sell and that are part of the System, or that we incorporate into the System in the future. You may not sell any services or products that we have not authorized, and you must discontinue offering any services or products that we may disapprove of even if the services or products were previously approved. We may take action, including terminating your Franchise Agreement, if you purchase or sell unapproved products or services or make purchases from unapproved suppliers.

The Accepted Location will be used solely for the purpose of conducting the business of a Wing Snob restaurant and not for any other purpose unless we provide our express prior written consent to you. You may not sell any menu item, product, service, or program that is not a part of the System without our prior written approval. You may not use the “**Wing Snob®**” name or Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Restaurant without first obtaining our written consent.

You are prohibited from soliciting customers by the use of toll-free telephone numbers, catalogs, direct mail, Internet or other advertising and solicitation methods not involving or promoting only sales over the counter at your Designated Territory or Restaurant of products and services under our catering format.

In the event we authorize you to offer special discounts or coupons to induce customers to patronize your Restaurant, such discounts or coupons must state the following legend: “THIS COUPON IS VALID ONLY AT (YOUR ADDRESS). OTHER WING SNOB LOCATIONS MAY BE INDEPENDENTLY OWNED AND OPERATED AND ARE UNDER NO OBLIGATION TO ACCEPT THIS COUPON.” If your coupons are accepted by other franchisees or Company owned locations, upon our request, you must reimburse the coupon-accepting location the difference between its regular menu price and the price obtained pursuant to the coupon(s) it accepted.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences. There are no limits on our right to

do so. Your Restaurant may not be used for any purpose, other than the operation of a Wing Snob restaurant, in compliance with the Franchise Agreement.

You are not authorized to operate your Restaurant under the Development Agreement, and the Development Agreement therefore contains no provisions restricting the services and products you may offer. However, with respect to each Wing Snob restaurant developed under the Development Agreement, you will be subject to the restrictions on services and products contained in our then-current standard franchise agreement which may be materially different than the current Franchise Agreement.

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

**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)</b>	<b>SUMMARY</b>
a. Length of Franchise Term	FA: Section 4.1 DA: Sections 5 and 6	FA: 5 years DA: Terminates on date of our acceptance and execution of a FA for the last Restaurant to be established pursuant to the Development Schedule.
b. Renewal or Extension of Term	FA: Section 4.2 DA: Section 5	You have the right to be considered for two additional (and successive) five year renewal terms.
c. Requirements for Franchisee to Renew or Extend	FA: Section 4.2 DA: Not applicable	Renewal means that you can remain as a franchisee after the initial term of your Franchise Agreement expires. You must satisfy these requirements to renew: a. Timely request renewal. b. Complete renewal application. c. Have been in substantial compliance with Franchise Agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>d. Remodel, refurbish and renovate the Restaurant.</p> <p>e. Sign and return your renewal Franchise Agreement (which may be materially different from the terms contained in the FA attached to this Disclosure Document).</p> <p>f. Agree to refurbish, remodel, and/or update your Accepted Location to then-current System standards;</p> <p>g. Pay the renewal fee; and</p> <p>h. You and your guarantors and owners must sign a general release.</p>
d. Termination by you	FA: Section 16.1 DA: Not applicable	None.
e. Termination by Franchisor without Cause	FA: Not applicable DA: Not applicable	None.
f. Termination by Franchisor with Cause	FA: Section 16.2 DA: Section 9	We may terminate the FA and DA only if you default.
g. “Cause” Defined – Curable Defaults	FA: Section 16.2.2 DA: Section 9	<p>FA: You have 24 hours to cure if:</p> <p>a. You refuse us permission to inspect or audit.</p> <p>b. A threat or danger to public health or safety results from your continued operation of the Restaurant.</p> <p>c. Any dilution or adulteration of products at the Restaurant, or any misrepresentation, substitution, or palming off of non-Wing Snob products from the Restaurant operated under the FA.</p> <p>d. You fail to comply fully with all laws.</p> <p>You have 5 days to cure if:</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>a. You sell, barter, or exchange the Proprietary Products or other proprietary items at wholesale or retail.</p> <p>b. You fail to secure an Accepted Location within the required time limits and procedures or fail to open on time.</p> <p>c. You fail to comply with the in-term covenant not to compete.</p> <p>You have 10 days to cure if:</p> <p>a. You fail to pay any of your debts to us, our affiliates or others</p> <p>b. You do not obtain personal covenants required under the FA.</p> <p>c. You have an uncured default in any other agreement, including a mortgage or lease for the Restaurant.</p> <p>d. You default under your lease or lose possession of the Accepted Location.</p> <p>You have 30 days to cure if:</p> <p>a. You do not maintain the required financial records.</p> <p>b. You breach any other provision of your FA.</p> <p>DA: You have 30 days to cure if:</p> <p>a. You fail to enter into FAs with us as required under the DA.</p> <p>b. You fail to comply with any other term and condition of the DA.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>c. You make or attempt to make a transfer or assignment in violation of the DA.</p> <p>d. You fail to comply with the terms and conditions of any individual FA with us, or of any other agreement to which you and we are parties.</p>
<p>h. “Cause” Defined – Non-Curable Defaults</p>	<p>FA: Section 16.2.1 DA: Section 9</p>	<p>FA: On notice to you:</p> <p>a. You violate restrictions on use of Confidential Information, or fail to obtain the required additional covenants.</p> <p>b. You copy or permit anyone else to copy any part of the Manuals.</p> <p>c. You (or any principal of a corporation, partnership, or proprietorship franchisee) are convicted of a felony, fraud, etc.</p> <p>d. You abandon the Restaurant.</p> <p>e. After curing a default, you commit the same or similar default again within 12 months.</p> <p>f. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject to attachment proceedings or execution of levy, or un-dismissed foreclosure.</p> <p>g. Your assets, property, or interests are blocked under any law, ordinance or regulation related to terrorist activities or you violate any regulation law, or ordinance related to terrorist activities.</p> <p>h. Other terminable bases enumerated in the FA.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>DA: Automatic termination if:</p> <ul style="list-style-type: none"> <li>a. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject to attachment proceedings or execution of levy, or un-dismissed foreclosure.</li> <li>b. You make a material misrepresentation to us at any time.</li> </ul>
<ul style="list-style-type: none"> <li>i. Franchisee’s Obligations on Termination/Non-Renewal</li> </ul>	<p>FA: Section 17.1 DA: Section 10</p>	<p>FA: On notice to you:</p> <ul style="list-style-type: none"> <li>a. Stop using our Marks, Confidential Information, Customer Information, trade secrets, and Manual.</li> <li>b. Immediately deliver to us all materials related to the System and your copies of any of the Manual.</li> <li>c. Immediately cancel all assumed name registrations.</li> <li>d. Pay all sums owing to us and our affiliates.</li> <li>e. Immediately de-identify the Restaurant as our franchisee or former franchisee.</li> <li>f. Immediately comply with non-competition covenants in the FA.</li> <li>g. Stop using the telephone numbers listed in directories under the name “Wing Snob” or any confusingly similar name.</li> <li>h. Immediately sign agreements necessary for termination.</li> <li>i. Pay all liquidated damages due us.</li> <li>j. If we choose not to take over (or to have another franchisee</li> </ul>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>take over) the Restaurant, redecorate and remodel it to distinguish it from Restaurants under the System.</p> <p>k. In 15 days, arrange with us for an inventory by us, at our cost, of personal property, fixtures, equipment, inventory and supplies. We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill).</p> <p>l. If we terminate for cause, we can take possession of the Restaurant and require that you assign to us or our designee your interest in the lease for the Restaurant. If you dispute the termination, then we can operate the business until final court determination. If the court decides termination was invalid, we must make a complete accounting for the time when we operated the business.</p> <p>DA: You must cease establishing any Wing Snob restaurant. The Development Fee is non-refundable.</p>
<p>j. Assignment of Contract by Franchisor</p>	<p>FA: Section 18.1 DA: Section 7.1.2</p>	<p>We can assign if the assignee is capable of performing our obligations under the FA and/or DA, and agrees to perform these obligations.</p>
<p>k. "Transfer" by Franchisee– Definition</p>	<p>FA: Section 18.2 DA: Section 11</p>	<p>FA: Any assignment, subfranchising, sublicensing, sale, transfer or share of: (i) your rights under or interest in</p>



PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>the FA; (ii) the Restaurant assets or any interest in assets; (iii) the Franchisee, if an entity; (iv) any interest in a Franchisee entity; or (v) any interest in any entity that directly or indirectly controls a Franchisee entity.</p> <p>DA: Any assignment, subfranchising, sublicensing, sale, transfer or share of: (i) your rights under or interest in the DA; (ii) the Developer, if an entity; (iv) any interest in a Developer entity; or (v) any interest in any entity that directly or indirectly controls a Developer entity.</p>
<p>l. Franchisor’s Approval of Transfer by Franchisee</p>	<p>FA: Section 18.2 DA: Section 11</p>	<p>Neither you nor other owners of the interests described in k. above can transfer without first obtaining our written approval.</p>
<p>m. Conditions for Franchisor Approval of Transfer</p>	<p>FA: Section 18.2 DA: Section 11</p>	<p>FA: Upon approval:</p> <ul style="list-style-type: none"> <li>a. You must pay all amounts you owe us and our affiliates.</li> <li>b. You have not, during the term of the FA, been in default under the FA or any other agreement with us, or any of our designated suppliers without curing such default within the time period specified.</li> <li>c. You may not be in default under the FA or any other agreement with us, or any of our designated suppliers at the time of the proposed transfer. Transferee and proposed Manager must attend and successfully complete training</li> </ul>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>before transfer, at transferee’s expense.</p> <p>d. Transferee must meet our then-current requirements for new franchisees, including our requirements for proficiency in the English language.</p> <p>e. Transferee agrees to upgrade and remodel the Restaurant to conform to our then-current standards for quality and appearance and trade dress.</p> <p>f. Transferee must sign our then-current Franchise Agreement. The term of the new FA will expire on the date of expiration of your FA.</p> <p>g. You and your guarantors and owners must sign a general release.</p> <p>h. You must give us a copy of the signed assignment contract.</p> <p>i. You pay us a transfer fee equal to \$10,000 or \$5,000 if sold to an existing franchisee.</p> <p>j. You must comply with our right of first refusal.</p> <p>Conditions for transfer:</p> <p>a. You give us prior written notice of the transfer.</p> <p>b. The related party assumes in writing the FA or signs a new FA at our option.</p> <p>c. You may not be in default under the FA.</p> <p>d. You pay us a transfer fee.</p> <p>e. You and your guarantors and owners must sign a general release.</p> <p>DA: Conditions for transfer:</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
		<p>a. You give us prior written notice of the transfer.</p> <p>b. The related party assumes in writing the DA.</p> <p>c. You may not be in default under the DA.</p> <p>d. You pay us a transfer fee.</p> <p>e. You and your guarantors and owners must sign a general release.</p>
n. Franchisor’s Right of First Refusal to Acquire Franchisee’s Restaurant	FA: Section 19 DA: Not applicable	We can match any offer for your FA; your Restaurant; the Franchisee, if an entity; any interest in a Franchisee entity; or any interest in an entity controlling a Franchisee entity.
o. Franchisor’s Option to Purchase Franchisee’s Restaurant	FA: Section 17.4 DA: Not applicable	We may purchase your personal property, fixtures, equipment, inventory, and supplies for the Restaurant at the fair market value (exclusive of good will).
p. Death or disability of Franchisee	FA: Section 18.6 DA: Section 11	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the FA and/or DA, the individual’s interest in the franchise within 180 days of death or incapacity or we may terminate.
q. Non-Competition Covenants During the Term of the Franchised Agreement	FA: Section 7.4 DA: Section 12	No involvement in competing business anywhere.
r. Non-Competition Covenants After the Franchised Business is Terminated or Expires	FA: Section 17.2 DA: Section 12	No involvement in competing business for two years within 100 miles of any Wing Snob including your Restaurant.
s. Modification of the Franchise Agreement	FA: Sections 9.2, 22.7, 22.8 DA: Not applicable	No oral modifications, but we can change the Manuals without your consent.

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) /DEVELOPMENT AGREEMENT (DA)	SUMMARY
t. Integration/Merger Clause	FA: Section 22.7 DA: Section 18	Only the terms of the FA and DA are binding (subject to state law). Any representations or promises outside of the Disclosure Document, DA and/or FA may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	FA: Section 23.9 DA: Section 19	You must mediate and arbitrate claims against us.
v. Choice of Forum	FA: Section 23.2 DA: Section 18	Any litigation or arbitration must be pursued in Oakland County, Michigan, (subject to applicable state law).
w. Choice of Law	FA: Section 23.1 DA: Section 18	Except as to claims governed by federal law, Michigan law applies (subject to applicable state law).

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figure to promote our franchisees.

**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 franchised business or under particular circumstances.

Presented below in Table I are the aggregate historic Gross Revenue information for 17 franchised Wing Snob restaurants that were open for a full 12 months preceding December 31, 2023 (the “**Reporting Stores**”), as well as the high-low, median and average Gross Revenue information from the Reporting Stores in 2023.

**TABLE I**

	<b>2023 Gross Revenue</b>	<b>Weekly Gross Revenue</b>
<b>Highest Gross Revenue</b>	\$1,296,660	\$24,936
<b>Lowest Gross Revenue</b>	\$609,421	\$11,720
<b>Average Gross Revenue</b>	\$950,487	\$18,279
<b>Median Gross Revenue</b>	\$957,442	\$18,412

Presented below in Table II is the high-low, median and average labor cost as a percentage of Gross Revenue for the Reporting Stores in 2023.

**TABLE II**

	<b>2023 Labor Cost Percentage</b>
<b>Highest % Labor Cost Reporting Store</b>	24.68%
<b>Lowest % Labor Cost Reporting Store</b>	11.96%
<b>Average % of Labor Cost for the Reporting Stores</b>	18.32%
<b>Median % of Labor Cost for the Reporting Stores</b>	19.22%

**Explanatory Notes:**

- (1) **“Gross Revenue”** in this Item 19 representation means all sales, revenues, charges and receipts from whatever source (whether in the form of cash, check, credit or debit card, barter exchange, trade credit or other credit transactions) that arise, directly or indirectly, from the operation of or in connection with the Reporting Stores. Gross Revenue includes all revenues earned from the food products and retail items offered and sold at the Reporting Stores.
- (2) There were three franchised locations that temporarily closed for periods of time in 2023 that are not included in this Item 19 financial performance representation.
- (3) This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form.
- (4) Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding information, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may

provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, Brian Shunia, Wing Snob Franchising, LLC, 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093, (248) 242-0077, the Federal Trade Commission, and the appropriate state regulatory agency.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

TABLE 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2021 TO 2023

<b>Column 1</b> <b>Outlet Type</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Outlets at the Start of the Year</b>	<b>Column 4</b> <b>Outlets at the End of the Year</b>	<b>Column 5</b> <b>Net Change</b>
Franchised	2021	10	14	+4
	2022	14	20	+6
	2023	20	32	+12
Company-Owned	2021	1	0	-1
	2022	0	0	0
	2023	0	0	0
<b>Total Outlets</b>	<b>2021</b>	<b>11</b>	<b>14</b>	<b>+3</b>
	<b>2022</b>	<b>14</b>	<b>20</b>	<b>+6</b>
	<b>2023</b>	<b>20</b>	<b>32</b>	<b>+12</b>

TABLE 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
FOR YEARS 2021 TO 2023

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Number of Transfers</b>
Michigan	2021	0
	2022	1

	2023	0
Ohio	2021	0
	2022	2
	2023	0
Texas	2021	0
	2022	1
	2023	2
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>4</b>
	<b>2023</b>	<b>2</b>

**TABLE 3**  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2021 TO 2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Michigan	2021	6	2	0	0	0	0	8
	2022	8	3	0	0	0	0	11
	2023	11	10	0	0	0	0	21
Ohio	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Texas	2021	2	2	0	0	0	0	4
	2022	4	3	0	0	0	0	7

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2023	7	1	0	0	0	0	8
<b>Totals</b>	<b>2021</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
	<b>2022</b>	<b>14</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>
	<b>2023</b>	<b>20</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>

**TABLE 4**  
STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2021 TO 2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 8 Outlets at End of the Year
Michigan	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
<b>Total</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 5**  
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Michigan	2	10	0



<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>State</b>	<b>Franchise Agreements Signed But Outlets Not Opened</b>	<b>Projected New Franchise Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Illinois	1	2	0
Texas	0	3	0
Florida	2	2	0
Wisconsin	1	1	0
<b>Total</b>	<b>6</b>	<b>18</b>	<b>0</b>

Exhibit F to this Disclosure Document contains a list of the names of all current franchisees, developers and the address and telephone number of each of their outlets. Exhibit F also contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that limit them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit E is our audited financial statements as of December 31, 2021, December 31, 2022, and December 31, 2023. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

The following contracts are attached to this Disclosure Document:

- Exhibit B – FRANCHISE AGREEMENT
- Schedule 1-Franchise Fee, Accepted Location, Territory and Opening Date
- Schedule 2-NonDisclosure and Non-Competition
- Schedule 3-Unlimited Guaranty and Assumption of Obligations
- Schedule 4-Franchisor Lease Rider
- Schedule 5-ACH Payment Agreement
- Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Designated Owner

Schedule 7-State Addenda to the Franchise Agreement  
Schedule 8-General Release  
Schedule 9-Conditional Assignment of Telephone Number and Domain(s)  
Exhibit C – DEVELOPMENT RIGHTS AGREEMENT  
Attachment A-Certification by Developer  
Attachment B-Guaranty  
Attachment C-Transfer of a Franchise to a Corporation or Limited Liability Company  
Attachment D-Development Schedule  
Attachment E-Development Area  
Attachment F-State Addendum to Development Rights Agreement  
EXHIBIT G – FRANCHISEE DISCLOSURE QUESTIONNAIRE

**ITEM 23**  
**RECEIPT**

You will find two copies of a receipt in Exhibit J at the end of the Disclosure Document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**  
**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

Our registered agent in the State of Michigan is: Brian Shunia, 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093. We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<b>STATE</b>	<b>STATE REGULATORY AGENCY</b>	<b>AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY</b>
California	Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677	Commissioner of the Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677
Connecticut	Banking Commissioner Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 061031800 (860) 240-8299	
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Indiana	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
Michigan	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Rhode Island	Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
Wisconsin	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**  
**WING SNOB FRANCHISING, LLC FRANCHISE AGREEMENT**

**WING SNOB FRANCHISING, LLC  
FRANCHISE AGREEMENT**



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Schedule 1-Franchise Fee, Accepted Location, Territory and Opening Date

Schedule 2-Nondisclosure and Non-Competition Agreement

Schedule 3-Unlimited Guaranty and Assumption of Obligations

Schedule 4-Franchisor Lease Rider

Schedule 5-ACH Payment Agreement

Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Designated Owner

Schedule 7-State Addenda to the Franchise Agreement

Schedule 8-General Release

Schedule 9-Conditional Assignment of Telephone Number and Domain(s)



**WING SNOB FRANCHISING, LLC  
FRANCHISE AGREEMENT**

This Franchise Agreement (this “**Agreement**”) is made and entered on \_\_\_\_\_ (the “**Effective Date**”) by and between:

- Wing Snob Franchising, LLC, a Michigan limited liability company, having its principal place of business at 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093 (“**Franchisor**,” “**we**,” “**us**,” or “**our**”); and
- \_\_\_\_\_, an individual/partnership/corporation/limited liability company established in the State of \_\_\_\_\_ and whose principal address is \_\_\_\_\_ (“**Franchisee**,” “**you**,” or “**your**”).

**RECITALS**

A. We have developed our own distinctive and proprietary systems for the operation of a fast-casual Wing Snob restaurant devoted to offering traditional and boneless chicken wings, chicken tenders, multiple side dishes, dipping sauces, beverages and cheesecake dessert, and other menu items under the trade name and trademark “**Wing Snob®**” and such other Marks that we authorize.

B. The distinguishing characteristics of a Wing Snob restaurant include Marks, proprietary food products and food preparation techniques, trade dress elements of the business, including color schemes, art and overall look and feel of the restaurant, the uniforms worn by staff and certain materials used in the operation of the business, supplier and distribution arrangements, formulas, recipes and specifications for food products, training, operational procedures, promotional techniques and materials, signs, equipment layout, methods of inventory and operation, and manuals covering business practices and policies and business management, methods, and standards that we will license to you during the term of this Agreement which we may periodically change, discontinue, improve, modify and further develop at our option (the “**System**”).

C. The System relates to and includes the development and operation of Wing Snob franchised businesses. The franchise offering through the Disclosure Document that is governed by this Agreement shall be referred to as a “**Restaurant**” or “**Franchised Business**”.

D. We identify the System by means of our proprietary marks. Our proprietary marks include the trade name “**Wing Snob®**” and our logos, service marks, trademarks, emblems, and indicia of origin, as well as other trade names, service marks, décor elements, trade dress and trademarks that we may use in connection with the System (collective the “**Marks**”). We continue to develop, use, and control the use of our Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System’s high standards of quality, appearance, and service.

E. We are in the business of developing and awarding franchise rights to third party franchisees, such as you, to develop and operate a Wing Snob restaurant. You have asked to obtain a franchise from us. By entering into this Agreement, you understand and acknowledge: (a) the importance of our high standards of quality, appearance, and service and the necessity of operating

your Restaurant under this Agreement in conformity with our standards and specifications; (b) that you received our current Franchise Disclosure Document and its exhibits, including this Agreement (the “**Disclosure Document**”) at least 14 calendar days before you signed this Agreement or made a payment to us in connection with the franchise sale; (c) that you have carefully reviewed the Disclosure Document and had enough time, if you wanted, to consult with a lawyer, accountant or other professional advisor; (d) that you had the opportunity to ask us and our employees, agents, or representatives all appropriate questions and those questions have been answered to your satisfaction; (e) that, if you chose not use a professional advisor, you represent you are satisfied relying on your own education, experience, and skill to evaluate the Disclosure Document and this Agreement; (f) that you have reached the age of majority, you have the legal capacity to enter into this Agreement, you are not violating any other agreement by entering into or performing under this Agreement, and you are not listed or “blocked” in connection with, and are not in violation of any anti-terrorism law, regulation, or executive order; (g) that no employee, agent or representative of ours made any oral, written or visual representation or projection to you of actual or potential sales, earnings or net or gross profits, costs involved in operating a Wing Snob restaurant, or the likelihood of success that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document; (h) that you understand the risks of owning your Restaurant and you are able to accept such risks; (i) that you understand the success of your Restaurant will depend primarily on your own efforts and abilities and those of your employees; (j) that our approval of the location for your Restaurant does not guarantee your success; and (k) that other factors beyond our or your control will affect your Restaurant’s success including competition, demographic patterns, consumer trends, economic and market conditions, government policies, labor costs, lease terms and other factors which may be difficult to anticipate, assess or even identify.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

## 1. DEFINITIONS

While certain of these and other terms may be defined in the body of this Agreement, the following words and terms have the following meanings for your ease of reference:

“**Affiliate**” means any business entity that is under our control and with common ownership as us;

“**Agreement**” means this agreement entitled “Wing Snob Franchising, LLC Franchise Agreement” and all instruments supplemental hereto or in amendment hereof;

“**Competitive Business**” means any business that offers the same or similar products and services as a Wing Snob restaurant under any service system or any business that offers the same or similar products, menu items and services or any business in which Trade Secrets and Confidential Information could be used to the disadvantage of us, any affiliate or our other franchisees but does not include (a) any business operated by you under a Franchise Agreement with us, or (b) any business operated by a publicly-held entity in which you own less than a 5% legal or beneficial interest;

“**Computer System**” has the meaning given to such term in Section 12.5.1;

“**Confidential Information**” means technical and non-technical information used in or related to the operation of your Restaurant and not commonly known by or available to the public, including, without limitation, Trade Secrets, methods and products, customer service techniques and other techniques and methodologies not generally known to the industry or the public, customer lists, services and products, recipes, the Manual, and any other information identified or labeled as confidential when delivered by us but shall not include any information that: (a) is now or subsequently becomes generally available to the public through no fault of you; (b) you can demonstrate it was rightfully in your possession, without obligation of nondisclosure, pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

“**Customer Information**” means names, contact information, financial information, and other personal identifiable information of or relating to your Restaurant’s customers and prospective customers;

“**Default Rate**” has the meaning given to such term in Section 3.5.1;

“**Designated Owner**” means the person or persons who you designate in Schedule 6 if you are a corporate entity that must devote full time and best efforts to the development and operation of your Restaurant and must have at least 10% ownership of the Franchisee entity and full authority to bind you regarding all operational decisions about your Restaurant;

“**Effective Date**” means the date on which we and you fully execute this Agreement, thereby commencing its effectiveness and term;

“**Franchise**” means the right granted to you by us to use the System and the Marks;

“**Franchisor Indemnities**” has the meaning given to such term in Section 21.3;

“**Gross Sales**” all revenues generated by your Restaurant conducted from or with respect to the Restaurant, whether sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales includes, without limitation, monies, gift card redemptions or credit received from the sale of food, services and other products and merchandise, from third party delivery orders, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Restaurant, including without limitation off-premises services such as catering and delivery or on premises activities such as games, third-party advertising (e.g., on menus), or other activities that use either the Wing Snob brand, the System, Marks, or products that are the same as or similar to Wing Snob products. Gross Sales will not include coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Restaurant, nor will it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers; provided that the amount for the tax is added to the selling price or absorbed therein, and is actually paid by you to a governmental authority.

“**Gross Sales Reports**” has the meaning give to such term in Sections 3.2.3 and 12.2;

“**Incapacity**” means the inability of you, or any holder of a legal or beneficial interest in you, to operate or oversee the operation of your Restaurant on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“**Initial Franchise Fee**” has the meaning given to such term in Section 3.1;

“**Internet**” means any local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web and social media websites and applications;

“**Management Fee**” has the meaning given to such term in Section 3.9;

“**Manager**” means the individual or individuals who is/are approved by us and who have been trained to run the day-to-day operation of your Restaurant;

“**Manual**” means the Wing Snob confidential Operation Manuals, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, us;

“**Marks**” means the service mark “**Wing Snob®**” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as we may designate to be used in connection with your Restaurant;

“**Opening Date**” means the deadline by which your Restaurant must be open for business to the public, as set forth in Schedule 1;

“**POS System**” means the point of sale system being utilized at Wing Snob restaurants which may change or modified in the Franchisor’s sole discretion;

“**Royalty Fee**” has the meaning given to such term in Section 3.2; and

“**Trade Secrets**” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the operation of your Restaurant that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## 2. GRANT OF FRANCHISE; ACCEPTED LOCATION

### 2.1 Grant

Subject to the terms and conditions set forth in this Agreement, we grant you the right, and you accept and undertake the obligation:

- a. to operate one Restaurant under the System and our Marks;
- b. to use the Marks and the System, but only in connection with your Restaurant (recognizing that we may periodically change, improve and further develop the Marks and the System); and
- c. to operate one Restaurant only at or from a location referred to herein as the “**Accepted Location**” and within the “**Designated Territory**” identified and defined in Section 2.2, Section 2.4 and Schedule 1 attached to this Agreement.

### 2.2 Accepted Location

- 2.2.1 *Accepted Location Defined.* The street address or geographical description of the exact physical location for your Restaurant is specified in Schedule 1 attached to this Agreement.
- 2.2.2 *Retail Space.* You must locate, obtain and occupy the site for your Restaurant on your own initiative and at your own expense. You must operate your Restaurant from commercial retail space of approximately 1,200 to 2,200 square feet.
- 2.2.3 *Reservation of Rights to Approve Location and Lease Rider.* We have the absolute right to grant or withhold approval of the Accepted Location. We may veto any site you select for any reason. You understand, acknowledge, and agree that our review and approval of your proposed location does not constitute our assurance, representation, guarantee, or warranty of any kind that your Restaurant will be profitable or successful. Our acceptance of the proposed site merely signifies that we are willing to grant you a Wing Snob restaurant at the site. Both you and your landlord shall execute the Franchisor Lease Rider that is attached as Schedule 4 to this Agreement.
- 2.2.4 *Restriction on Relocation.* You may not relocate your Restaurant from the Accepted Location without our written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Wing Snob restaurant to their establishment.
- 2.2.5 *Site Review Package.* You are responsible for completing and submitting to us for review and approval all information and materials we designate regarding your proposed site. We will issue our approval or disapproval of your proposed site after we receive all of the information and materials we requested. We will not be deemed to have withheld

our approval unreasonably if the proposed site fails to meet our then-current standards and specifications, as we determine at our discretion.

2.2.6 *Lease Review and Time Limit to Sign Lease.* We reserve the right to review your lease before you sign it. Our review of your lease is for our benefit only and will ensure that our rights are adequately protected through our Franchisor Lease Rider that is attached as Schedule 4 to this Agreement. If you do not secure an Accepted Location, sign any documentation we required to document our acceptance, and enter into a binding lease agreement that has been approved by us for such location within 180 days of signing this Agreement, we may terminate this Agreement. If you fail to meet this requirement, we shall have the right to terminate this Agreement.

2.2.7 *Time Limit to Commence Operation.* You must open your Restaurant no more than 12 months after the Effective Date of this Agreement. If you fail to meet this requirement, we shall have the right to terminate this Agreement. You may not open your Restaurant to the public until we issue a written approval authorizing your opening. We will not issue our approval, and you will be prohibited from opening your Restaurant until you obtain our written approval, if (a) your Restaurant has not been constructed and equipped in accordance with our standards and specifications, (b) you failed to successfully complete initial training, (c) in view of our management, we determine you and your employees are not prepared to open, (d) your Restaurant has not been given all the proper governmental approvals by the local authorities, (e) you have otherwise not complied with laws governing your Restaurant in your jurisdiction or (f) any of the conditions in Section 5.3 have not been met.

## 2.3 Sub-Franchising/Third Parties

2.3.1 *Restriction on Sublicensing.* You shall not sublicense the use of the System or Marks to any person or entity.

2.3.2 *Restriction on Granting Rights to Third Parties.* Except as permitted in Section 18, you shall not grant any person or entity the right to perform any part of your rights or obligations licensed hereunder.

## 2.4 Designated Territory

2.4.1 *Territory Defined.* Your Restaurant will be located at a single site, which must meet our standards and specifications and must be approved by us in advance in our sole discretion. You shall be prohibited from operating a franchise, conducting business or soliciting customers outside of the Designated Territory except as stated in Section 2.4.4 and without our prior written consent. We will include your Designated Territory in Schedule 1 after your Accepted Location is approved by us which may not be at the time you execute this Agreement. You must sign an amended Schedule 1 with your final Accepted Location and Designated Territory upon our request.

2.4.2 *Your Rights and Our Rights.* During the initial term and all renewal terms of this Agreement, and provided that you are in full compliance with this Agreement and all other agreements between you and us, we shall not own or operate, or grant anyone

else the right to own or operate, a Wing Snob restaurant within the Designated Territory identified in Schedule 1 which may be modified and/or finalized after you sign this Agreement. You understand that is the limit of your rights.

- 2.4.3 *Territory Size.* We reserve the right to grant each franchisee a Designated Territory on a case-by-case basis in order to account for the unique features of each geographic marketplace as determined by us, in our sole discretion, using the mapping service, program and/or software selected by us, in our sole discretion. We may grant you a Designated Territory less than other franchisees based on the population density and demographics of the area in which you wish to open your Restaurant. We reserve the right to demarcate the exact bounds of your Designated Territory once an Accepted Location is chosen and approved, and such Designated Territory shall not be altered.
- 2.4.4 *Catering and Third-Party Delivery Services.* You will have the right, but not the obligation, to provide catering and third-party delivery services within the Designated Territory. You must provide any catering and delivery services in accordance with the Manual and this Agreement.
- 2.4.5 *Activity Restricted to Your Designated Territory.* Other than as stated in Section 2.4.4, you may not offer or sell products or services that are the same as or similar to the services and products you will offer at your Restaurant outside your Designated Territory without our prior written consent. Except in conjunction with approved advertising promotions, you may not directly market or solicit business outside your Designated Territory without prior written authorization from us, including Internet marketing. You may not distribute postcards, letters, fliers, emails, or other marketing communications outside your Designated Territory, make telemarketing calls to customers located outside your Designated Territory, or advertise in print or other media where two-thirds or more of the media circulation base or broadcast area is located outside your Designated Territory.
- 2.4.6 *No Right of First Refusal.* Except for the Designated Territory granted in this Agreement, we do not grant you any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Wing Snob restaurants, you must enter into a new franchise agreement and meet all our current requirements for franchisees.
- 2.4.7 *Your Compliance.* You shall have the right to the benefits of the Designated Territory as long as you adhere to the terms of this Agreement. If you default on your obligations under this Agreement, as an alternative to termination, we may, at our sole and absolute discretion, unilaterally modify or completely eliminate any rights that you may have with respect to the Designated Territory, effective 10 days after delivery of written notice to you.
- 2.4.8 *Reservation of Rights.* You understand and acknowledge that any rights not expressly granted to you with respect to your Designated Territory are reserved to us. We retain the right to conduct any business at any location, including: (a) the right to offer Wing Snob restaurants using our System and Marks to others for any site outside your Designated Territory regardless of how close the site is to your Accepted Location; (b) the right to sell, rent and distribute any products, directly or indirectly, and/or license

others to sell and distribute any products, directly or indirectly, from any location or to any purchaser (including, but not limited to, sales made to purchasers in the Designated Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, on the Internet, and/or sales to delivery customers), except that we shall not do so from a Wing Snob restaurant located inside the Designated Territory; (c) the right to produce, license, distribute and market services and products bearing the Wing Snob name or other marks, including packaged items, books, retail items, products, and apparel, among other things, at any location or any outlet, regardless of proximity to your Restaurant, through any distribution channel, at wholesale or at retail, including by means of the Internet, mail order, direct mail advertising, delivery, and other distribution methods; (d) the right to develop, operate, and franchise others to operate, any business concept except a Wing Snob-branded business at any place, including within the Designated Territory, and use the Marks or any other trademarks owned, licensed, or developed by us or our affiliates in connection with those concepts, even if such concepts sell products and services that are similar to, the same as, or competitive with the services and products offered at your Restaurant; (e) the right to approve or disapprove other franchisee's requests to purchase local marketing that penetrates your Designated Territory in our sole discretion; (f) the right to merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Designated Territory; (g) the right to operate a Wing Snob-branded business at a trade show booth or similar "pop-up" location in your Designated Territory; and (h) the right to open Wing Snob restaurants at non-traditional sites in your Designated Territory including, without limitation military bases, hotels, college campuses, airports, mall food courts, train stations, travel plazas, casinos, and sports or entertainment venues or stadiums ("**Non-Traditional Sites**").

### 3. FEES

#### 3.1 Initial Fees

3.1.1 *Initial Franchise Fees.* You shall pay us the fee set forth in Schedule 1 upon execution of this Agreement. You acknowledge and agree that the Initial Franchise Fee is fully-earned by us when paid and is not refundable under any circumstances.

#### 3.2 Royalty Fee

3.2.1 *Royalty Fee Payment.* You agree to pay us a continuing fee equal to 6% of Gross Sales (the "**Royalty Fee**") for the right to use the System and the Marks.

3.2.2 *Royalty Fee Payment Date.* The Royalty Fee shall be paid by you every Tuesday for the Gross Sales from the previous week (defined as Monday through Sunday). The Royalty Fee obligation begins immediately on the first day you earn Gross Sales at your Restaurant whether you are open for business to the public or not. We reserve the right to change the time and manner of payment at any time upon written notice to you or through a revision of our Manual.



- 3.2.3 *Gross Sales Report.* Upon our request, you shall provide to us a Gross Sales Report, as required by Section 12.2, for the months requested.

### **3.3 Taxes, Permits and Indebtedness**

- 3.3.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of your Restaurant. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement within 30 days, unless the tax is credited against income tax that we otherwise pay to a state or federal authority. If any taxes, fees, or assessments are imposed on Royalty Fee payments, for example, by reason of us acting as a franchisor or licensing the Marks under this Agreement, you shall reimburse us the amount those taxes, fees, or assessments within 30 days after receipt of our invoice.
- 3.3.2 *Payment of Vendors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or your Restaurant. Your failure to pay vendors and suppliers shall be grounds for Default and/or termination.
- 3.3.3 *Tax Disputes.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of your Restaurant, or any improvements thereon.
- 3.3.4 *Compliance with Law.* You must comply with all state and local laws and regulations regarding the operations of your Restaurant. You must also make sure that you comply with all health and safety laws and regulations, and that you secure and maintain in force all required licenses, permits and certificates relating to the operation of your Restaurant. Your failure to comply with all applicable laws shall be grounds for immediate default and/or termination.
- 3.3.5 *Notice of Violations and Actions.* You agree to notify us in writing immediately after: (a) you receive notice of any investigation by a government entity, any complaint or notice from the state, local or federal department of financial services, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, (b) the occurrence of any accident or injury which may adversely affect the operation of your Restaurant or your financial condition, or give rise to liability or a claim against either party to this Agreement, or (c) the discovery of any facts that may give rise to a professional liability claim against either party to this Agreement.

### 3.4 Electronic Transfer of Funds

All fees and other amounts due to us or advanced by us shall be paid to us through a designated bank account. You must allow us to debit your account through the Automated Clearing House (“ACH”) system. The ACH form you are required to fill out is attached as [Schedule 5](#). You shall make deposits to the designated bank account sufficient to cover amounts owed to us prior to the date such amounts are due. You shall not close your designated bank account without our written consent.

### 3.5 Interest, Late Fees and Failure to Comply

- 3.5.1 *Interest and Default Rate.* All amounts due to us and other amounts not received by us within five days after the due date shall incur interest at the rate of 1.5% per month (the “**Default Rate**”) from the date payment is due to the date payment is received by us.
- 3.5.2 *Late Fees.* In addition to the interest fee referenced above, you will pay us a \$100 late fee per day for each occurrence of a payment not received by us on or before its due date or each report you fail to provide as requested. This Section does not constitute an agreement by us to accept any payments after the due date or a commitment by us to extend credit to or otherwise finance you.
- 3.5.3 *Failure to Comply.* You shall pay us for all costs incurred by us in the collection of any unpaid and past due amounts, including reasonable accounting and legal fees. You shall also reimburse us on demand for all costs and expenses incurred by us (including without limitation, our costs of re-training your personnel, legal and accounting costs and the costs and expenses of our personnel) to enforce compliance of your monetary and non-monetary obligations under this Agreement. You shall reimburse us for such costs and expenses through the ACH system.

### 3.6 Application of Payments

Notwithstanding any designation by you, we shall have the right to apply any payments by you to any past due indebtedness owed to us or our affiliates in any proportion or priority.

### 3.7 Maintenance and Refurbishing of Restaurant

We may charge you certain maintenance and refurbishment fees for any work we perform on your behalf to repair or otherwise improve your Restaurant, including any such repairs or improvements made on our own initiative if you refuse to complete any requested maintenance or refurbishment. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish you Accepted Location in accordance with our requests. We can require refurbishing no more than one time during the initial term of the Franchise Agreement. This limit of \$50,000 will not apply at the time of renewal of the Franchise Agreement. It is our intent to impose this requirement uniformly on all franchise locations. If, after we notify you, and you do not undertake efforts to correct deficiencies in the appearance of your Restaurant, we can undertake the repairs, and you must reimburse us. There are no limits on the

capital required to maintain, repair and refurbish your Restaurant during the term of this Agreement and all subsequent terms.

### **3.8 Insufficient Funds Fee**

You agree to pay to us \$100 if any payment you owe to us or one of our affiliates is rejected due to insufficient funds or non-sufficient funds (NSF) in your designated bank account, or if any other payment instrument you use is rejected for insufficient funds.

### **3.9 Management Fee**

If we agree to take over your Restaurant upon your Designated Owner's death or disability or your default or abandonment, you agree to pay our expenses plus an administrative fee of 10% of Gross Sales above the other fees due to us. The Management Fee will only be charged when we, one of our employees, or a third party appointed by us, actively control(s) the day-to-day management of your Restaurant. The Management Fee shall be paid at the same time as Royalty Fees and all other fees due to us. We have no obligation to you to manage your Restaurant upon default or abandonment, but we reserve this right in our sole discretion.

### **3.10 Convention Fee**

We may hold an annual franchisee conference devoted to training and plans for the future of the Wing Snob System which you will be required to attend. You shall pay our required fee for the convention which can vary depending on the event. You must pay for your representatives' salaries and benefits, and for their travel, lodging, and meal expenses.

### **3.11 Sanitation Inspection Fee**

If we inspect your Restaurant and find a violation, and we find the same violation at another inspection within one year, then you must pay us a sanitation inspection fee of \$5,000 per visit ("**Sanitation Inspection Fee**") and our expenses of correcting the violation, including travel expenses, cost of product sample analysis, and any attorneys' fees. For purposes of charging this fee, we currently only charge for major violations that jeopardize health, safety and/or the brand.

### **3.12 Technology Fee**

We reserve the right to collect a monthly fee (the "**Technology Fee**") to cover costs in establishing and maintaining the technology used in your Restaurant online ordering, mobile application, emailing boating capabilities and our Snob Perks loyalty program which is currently \$199 per month. We may increase this fee upon written notice to you based on vendor pricing and additional technology that we may add to our System periodically in our sole discretion. You must start paying the Technology Fee in the calendar month preceding the required opening date or when your POS System is set up, whichever is earlier.

## 4. TERM AND RENEWAL

### 4.1 Initial Term

The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire five years from the Effective Date.

### 4.2 Renewal Terms

You will have the right to renew your rights to operate your Restaurant for two additional consecutive successor terms of five years each, so long as you have satisfied all of the conditions specified below before each such renewal:

- a. You have, during the entire term of this Agreement, fully complied with the provisions of this Agreement;
- b. You have, at your expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that your Restaurant reflects our then-current standards and specifications;
- c. You have satisfied all monetary obligations owed by you to us (or any affiliate or supplier), and have timely met these obligations throughout the term of this Agreement;
- d. You are not in default of any provision of this Agreement or any other agreement between us or between you and our affiliates or suppliers, landlord and vendors;
- e. You have given written notice of your intent to operate a successor franchise to us not earlier than 12 months but no later than six months prior to the end of the term of this Agreement;
- f. You have executed our then-current form of franchise agreement, which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fund Contribution;
- g. You have complied with our then-current qualifications for a new franchisee and have agreed to comply with any training requirements;
- h. You have executed a general release, in a form the same as or similar to the General Release attached as Schedule 8, of any and all claims against us, any affiliate, and against our and our affiliates' officers, directors, shareholders, managers, members, partners, owners, employees and agents, except to the extent prohibited by the laws of the state where your Restaurant is located;
- i. You agree to refurbish, remodel, and/or update your Accepted Location to then-current System standards; and

- j. You have paid the renewal fee which is 25% of the then-current Initial Franchise Fee.

## **5. FRANCHISED BUSINESS**

### **5.1 Operation of Your Restaurant**

You shall operate your Restaurant within the Designated Territory from the Accepted Location. You shall manage and administer your Restaurant from the Accepted Location and shall maintain and store your books and records at the Accepted Location. The Accepted Location will be used solely for the purpose of conducting the business of a Wing Snob restaurant and not for any other purpose unless we provide our express prior written consent to you. You may not sell any menu item, product, service, or program that is not a part of the System without our prior written approval. You may not use the “Wing Snob” name or Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Restaurant without first obtaining our written consent. You are prohibited from soliciting customers by the use of toll-free telephone numbers, catalogs, direct mail, Internet or other advertising and solicitation methods not involving or promoting only sales over the counter at your Designated Territory or Restaurant of products and services under our catering and delivery format.

### **5.2 Time to Open**

You shall have 12 months after the Effective Date to develop and open your Restaurant. If you fail to meet this requirement, we shall have the right to terminate this Agreement and retain all fees paid to us or our affiliate by you. You shall comply with all conditions set forth in Section 5.3 below and be prepared to open and continuously operate your Restaurant. Time is of the essence.

### **5.3 Opening**

Before opening your Restaurant and commencing business, you must:

- a. fulfill all of your obligations pursuant to the other provisions of this Section 5;
- b. furnish us with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we may request;
- c. must attend and successfully complete, to our satisfaction, the initial training program (which may include an online component) we offer for Wing Snob franchisees virtually, at our headquarters or another location that we specify;
- d. possess all required state, county, city, and local licenses and certifications;
- e. obtain all necessary state, county, city, and local permits and licenses, including any zoning permits needed to operate at your Accepted Location;
- f. pay in full all amounts due to us, our affiliates and any third-party vendors; and

- g. obtain our written permission and approval to open which shall not constitute a representation, warranty or guarantee that you have complied with all laws (or any other laws) which is solely your responsibility.

## 5.4 Site Approval and Failure to Open

- 5.4.1 *Our Approval.* We shall have full discretion and control over the approval of your selected site. Once the site is approved by us in our sole discretion, the site will become your Accepted Location. You acknowledge that neither our acceptance of the premises for your Accepted Location nor any information communicated to you regarding our standard site selection criteria nor the specific location of the premises will constitute a guarantee, warranty or representation of any kind, express or implied, as to the suitability of the site for your Restaurant. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for a Wing Snob restaurant at the site.
- 5.4.2 *Opening Date.* The Opening Date shall be included in Schedule 1 and shall not be more than 12 months from the date you execute this Agreement. Your failure to open before the Opening Date shall constitute grounds for termination.
- 5.4.3 *Rights Upon Termination for Failure to Open.* If this Agreement is terminated because you fail to open or fail to comply with the time limitations to enter into a lease for an Accepted Location, begin construction or open, we shall retain the entire Initial Franchise Fee paid by you among our other rights. The parties agree that the Initial Franchise Fee shall be retained in consideration of the services provided, time expended, work performed, and other efforts of us up to the date of your failure to timely commence operations of your Restaurant and shall not be construed as nor considered to be a penalty.

## 6. MARKS

### 6.1 Ownership

Your right to use the Marks is derived solely from this Agreement, is non-exclusive and is limited to the conduct of business by you pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by us. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks. Your use of the Marks, and any goodwill created thereby, shall inure solely to our benefit. You shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

### 6.2 Limitations on Use

- 6.2.1 *Business Entity Name.* You shall not use the name “**Wing Snob®**” or a portion of any Mark as part of your business entity name.

- 6.2.2 *Unauthorized Service.* You shall not use “**Wing Snob®**” or any of our Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. This is a material term of the Agreement and shall constitute grounds for immediate termination.
- 6.2.3 *Fictitious Name.* You shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Wing Snob restaurant and shall immediately cancel the fictitious name upon termination or expiration of this Agreement.
- 6.2.4 *Trademark Registration.* You shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, the name “**Wing Snob®**”, any of the Marks used in conjunction with your Restaurant or a trademark or service mark that is confusingly similar to any Mark licensed to you.
- 6.2.5 *Public Notification.* You shall include at your Restaurant, on your letterhead, forms, cards and other such identification, a prominent notice stating that your Restaurant is an “Independently Owned and Operated Wing Snob Franchise”.
- 6.2.6 *Limited Permission to Use the Marks.* The permission to use the name “**Wing Snob®**” and our other Marks granted to you under this Agreement does not constitute a warranty of the absence of any third-party senior or superior use claims in and to the Marks. We shall have no liability to you for any senior users that may claim rights to the Marks. You shall amend any business entity name at our request and at your expense.

### **6.3 Notification of Infringements and Claims**

You shall immediately notify us in writing of any infringement, claim of infringement, unfair competition, or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding arising out of any infringement, challenge, or claim involving a trademark licensed by us. This Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of us or our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks.

### **6.4 Indemnification for Use of Marks**

We may but we are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the use of our Marks. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark.

## 6.5 Discontinuance of Use

If we deem it necessary for you to modify or discontinue use of any of the Marks, and/or use additional or substitute trade names, trademarks, service marks or other commercial symbols, you shall comply with our directions within 10 business days after notice to you by us and subject to the limitations in Section 10.2. We shall not be required to reimburse you for your expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

## 6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that you are properly employing the Marks in the operation of your Restaurant, we reserve the right to inspect your Restaurant at any time without advanced notice. You shall comply with all reasonable requests for information and documentation during these inspections and shall give us access to speak directly to your employees about the operation of your Restaurant. If we find a violation, and we find the same violation at another inspection within one year, you will pay our expenses of correcting the violation including travel expenses, cost of product sample analysis and any attorneys' fees and the Sanitation Inspection Fee.

## 6.7 Franchisor's Sole Right to Domain Name

You shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the word "**Wing Snob®**" or any variation thereof without our written approval. We are the sole owner of a right, title and interest in and to such domain names. We may grant you a sub-page on our website for purposes of providing the public with contact information for your Restaurant and other content in our discretion.

# 7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

## 7.1 Confidentiality of Trade Secrets and Other Confidential Information

You acknowledge that we are disclosing Trade Secrets and other Confidential Information to you during the training program, through the Manual, and as a result of guidance furnished to you during the term of this Agreement. You shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of your Restaurant and in performing your duties during the term of this Agreement. You acknowledge that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. You acknowledge that the Trade Secrets and other Confidential Information are proprietary and are disclosed to you solely on the condition that you (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use



or disclosure of the Trade Secrets and other Confidential Information. You shall enforce this Section as to your employees, agents and representatives including by requiring them to sign the Nondisclosure and Non-Competition Agreement attached as Schedule 2 and shall be liable to us for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

## **7.2 Additional Developments**

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, shall be promptly disclosed to us and shall be deemed the sole and exclusive property of ours and our works made-for-hire, and no compensation shall be due to you or your owners or employees therefore, and you hereby agree to assign to us all right, title and interest in any intellectual property so developed. We have the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire,” you shall assign, and by this Agreement, do assign, ownership of that item, and all related rights to that item, to us and shall sign any assignment or other document as we request to assist us in obtaining or preserving intellectual property rights in the item. We shall disclose to you concepts and developments of other franchisees that are made part of the System. As we may reasonably request, you shall take all actions to assist our efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by us or not.

## **7.3 Exclusive Relationship**

You acknowledge that we would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Wing Snob franchisees if owners of Wing Snob restaurants and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, you and any holder of a legal or beneficial interest in the Franchisee entity (or any member of their immediate families or households), and any officer, director, executive, manager or member of the management staff of the Franchisee entity, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall not:

- a. divert or attempt to divert any business or customer of your Restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;
- b. at any time during the term of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with a Competitive Business;
- c. at any time within a two-year period following termination or expiration of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with a Competitive Business at the Accepted Location or within a 100-mile radius of your Restaurant or any Wing Snob

restaurant owned by franchisees or owned us or our affiliates as set forth in Section 17;

- d. call on, solicit, accept business from, or take away any customers or prospective customers of your Restaurant or of us, our franchisees, or our affiliates for the benefit of any person or entity outside the System. The term “**Prospective Customer(s)**” includes any person or entity that received products or services at your Restaurant, or any person or entity whose information was provided to your Restaurant, at any time during the six-month period preceding the termination, expiration, non-renewal or transfer of the Agreement; or
- e. call on, solicit, accept business from, or take away for the benefit of yourself or any other person or entity, any Prospective Customers or customers of your Restaurant or of us or our affiliates, that you worked with or serviced in any capacity or that you received any confidential or proprietary information about, regarding the services and products similar to those provided by your Restaurant, for a continuous period of two years after the nonrenewal, expiration or termination of this Agreement.

#### 7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

We have the right to require any holder of a legal or beneficial interest in the Franchisee entity (and any member of their immediate families or households), and any officer, director, executive, manager or member of the management staff and all employees of the Franchisee entity and spouses to execute a Nondisclosure and Non-Competition Agreement, in a form the same as or similar to Schedule 2, upon execution of this Agreement or prior to each such person’s affiliation with Franchisee. Upon our request, you shall provide us with copies of all Nondisclosure and Non-Competition Agreements signed pursuant to this Section. Such agreements shall remain on file at your Accepted Location and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

#### 7.5 Reasonableness of Restrictions

You acknowledge that the restrictive covenants contained in this Section are essential elements of this Agreement, and that without their inclusion we would not have entered into this Agreement. You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, the System and the Marks and you waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

### 8. TRAINING AND ASSISTANCE

#### 8.1 Initial Training

- 8.1.1 *Who Must Attend Training.* Before opening your Restaurant, you or, if you are an entity, your Designated Owner(s), and your Manager(s) must attend and successfully complete, to our satisfaction, the initial training program (which includes an online component and videos) we offer for Wing Snob franchisees at our headquarters or another location that we specify (the “**Initial Training Program**”).

- 8.1.2 *Qualified Replacement Training.* If you, your Designated Owner(s) or your Manager(s) cease active management or employment at your Restaurant, then any replacements must attend and successfully complete the Initial Training Program, to our reasonable satisfaction, as soon as it is practical to do so but, in all cases, the replacement shall successfully complete training within 30 days. You must pay our then-current per diem training charges (which is currently \$500 per person per day) for additional training.
- 8.1.3 *Delay in Training.* We expect most franchisees will open their Restaurants within four to eight weeks after they complete the Initial Training Program. We may require the individuals who completed the Initial Training Program to attend a refresher course if your Restaurant opens more than eight weeks after you complete the Initial Training Program. This is because of the lapse of time and because the Initial Training Program and the System may have changed.
- 8.1.4 *Reenrollment in Initial Training Program.* If you, your Designated Owner(s) or your Manager fails to successfully complete the Initial Training Program, the person who failed can re-enroll in our next scheduled Initial Training Program at no additional charge. We can terminate this Agreement if the designated primary restaurant operator fails to successfully complete the Initial Training Program again

## **8.2 Franchisor Assistance**

Prior to opening of your Restaurant and during the term of this Agreement, we will provide to you general guidance either in person, by telephone, email and/or videoconference that we think is advisable, in our sole discretion, and as may be described in the Manual. If you request and we deem it advisable, we will provide a representative for up to 14 days before opening or 14 days after opening without charge to assist in the opening and initial operation of your Franchise Business. We may provide assistance beyond the 14-day period, but you must pay a charge for the additional services in an amount determined by us plus any lodging and expenses. To the extent permitted by law, for the protection of our brand, we will attempt to require adherence to minimum and maximum prices that may be published from time to time.

## **8.3 Failure to Complete Initial Training Program**

You are required to complete the Initial Training Program before commencing operation of your Restaurant. If we determine that you are unable to satisfactorily complete the training program described above, we have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, we shall have no obligation to return any of the Initial Franchise Fee. If you are a business entity and the Designated Owner fails to complete the Initial Training Program to our reasonable satisfaction, you may be permitted to select a substitute Designated Owner who must complete the Initial Training Program to our satisfaction. If you, your Designated Owner(s) or your Manager fails to successfully complete the Initial Training Program, the person who failed can re-enroll in our next scheduled Initial Training Program at no additional charge.

## **8.4 Ongoing Training**

We may require that your Designated Owner(s), Manager(s), and supervisory or managerial employees periodically attend additional courses, seminars, and other training programs. You will also bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance. You must pay our then-current per diem training charges (currently \$500 per person per day) for additional training. We may hold periodic conferences, as we deem necessary, to discuss sales techniques, products and services, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures. In the event that such conferences are held, we reserve the right to charge a fee for your attendance at the conference, and you must pay all your travel and living expenses related to your attendance at the conference. You are solely responsible for ensuring that your management staff and employees are adequately trained.

# **9. OPERATIONS MANUAL**

## **9.1 Loan by Franchisor**

While this Agreement is in effect, we shall lend to you one copy of the Manual or grant you access to an electronic copy of the Manual. Except in the case of a conflict with applicable laws or regulations, you shall conduct your Restaurant in strict accordance with the provisions set forth in the Manual. The Manual may consist of one or more separate manuals and other materials as designated by us and may be in written or electronic form. The Manual shall, at all times, remain our sole property and shall promptly be returned to us upon expiration or termination of this Agreement.

## **9.2 Revisions**

We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules we prescribe. We may make such additions or modifications without prior notice to you. You shall immediately, upon notice, adopt any such changes and shall ensure that your copy of the Manual is up to date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by us at our headquarters shall be controlling.

## **9.3 Confidentiality**

The Manual contains Trade Secrets and other Confidential Information of ours, and its contents shall be kept confidential by you during the term of this Agreement and subsequent to the expiration, non-renewal or termination of this Agreement. You shall at all times ensure that your copy of the Manual is available at your Restaurant in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, you shall maintain the Manual in a secure manner at the Accepted Location; if the Manual is in electronic form, you shall maintain the Manual in a password-protected file. You shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination, or passwords needed for access to the Manual. You shall not disclose, duplicate, or otherwise use any portion of the Manual in an unauthorized manner.

## 10. FRANCHISE SYSTEM

### 10.1 Uniformity

Except in the case of a conflict with applicable laws or regulations, you shall strictly comply, and shall cause your Restaurant and your employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to you by us. Consistent with the goals of the System, you shall be responsible for the day-to-day operation of your Restaurant. In case of a conflict between the Manual, this Agreement or other communications supplied to you on the one hand, and applicable laws or regulation, you shall request a variance and we shall grant an automatic variance for the purpose of compliance with such laws or regulations. You acknowledge the mandatory specifications, standards and operating procedures are not for the purpose of exercising control of over the day-to-day operation of your Restaurant.

### 10.2 Modification of System

You acknowledge and understand that, from time to time, we may introduce, as part of the System, other methods, technology or services, and products which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, new equipment, new technology or signage. You agree to make all required upgrades and modifications at your expense as may be required by us.

### 10.3 Refurbishment of your Restaurant

Upon our request, you shall correct any deficiencies in your Restaurant's appearance or set-up and you must refurbish and/or update the Accepted Location to current System standards. The obligations described in this Section are exclusive of the obligations described in Section 10.2.

### 10.4 Variance

We have the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to be of importance to the successful operation of any particular Wing Snob restaurant. We shall not be required to disclose or grant to you a like or similar variance hereunder.

### 10.5 Proprietary and Non-Proprietary Products

You are required to purchase the Proprietary Products and Non-Proprietary Products from us, or from suppliers and/or distributors we designate or approve. "**Proprietary Products**" include all products, services, and equipment that now comprise, or in the future may comprise, a part of our System and that are proprietary to us including, without limitation, ingredients, recipes, blends of spices, certain food items, uniforms, signs, menu boards, digital displays, materials, supplies, paper goods and packaging. We will either designate a supplier or approve a supplier for "**Non-Proprietary Products**" including all non-proprietary ingredients, flavorings, components, and other edible items sold as part of the products offered at Wing Snob restaurants. You must buy all printed paper, paper products, and plastic products bearing our Marks (including, for example, dishes, containers, cartons,

bags, napkins, and packaging supplies) from us or distributors, manufacturers and/or suppliers that we designate or approve. Before obtaining any of these items from a supplier other than us or our authorized supplier, vendor, distributor or manufacturer, you must obtain our written approval, as described below.

## **10.6 Unapproved Products and Services**

You acknowledge that the offer or sale of any unapproved products or services at your Restaurant constitutes a material breach of this Agreement and good cause for termination of this Agreement. You authorize us to cure any default under this Section on your behalf by removing and disposing of any unapproved products and other materials from your Restaurant. Any dispute between you and us as to whether any item, service, or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title, and interests in and to any unapproved products and equipment at your Restaurant and waive any claims you may have against us arising from the removal and disposal of any unapproved products and other materials. You acknowledge that we have the right to physically remove any unapproved products or other items from your Restaurant, and to dispose of them in any way we desire, without any compensation or liability to you.

## **11. ADVERTISING AND PROMOTIONAL ACTIVITIES**

### **11.1 Local Advertising**

- 11.1.1 *Local Advertising Requirement.* You are required to spend 1% of Gross Sales each month on local marketing, advertising and promotion of your Restaurant. Local marketing expenditures will be directed towards local online, digital marketing and advertising mechanisms within the geographical area of your Restaurant. Local marketing expenditures are not included in your Advertising Fund Contribution and will be your sole cost and expense. It is solely your responsibility to ensure that any marketing of the services and products offered at your Restaurant are compliant with the applicable laws in your jurisdiction.
- 11.1.2 *Franchisor's Control and Approval.* We shall have sole control over creative concepts, materials, and media used in local marketing programs, and the placement and allocation thereof. We do not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by its local marketing program. We do not warrant the success or effectiveness of any particular advertising/marketing program. We shall have the right to approve or disapprove all marketing and promotional materials that you propose to use.
- 11.1.3 *Local Marketing Criteria.* Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be professional and dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all needed information, we will ordinarily provide you with our response (whether

approval or disapproval) to the proposed plans or materials within ten business days; but if we do not give our approval within 15 business days, we will have been deemed to disapprove the plans or materials.

- 11.1.4 *Our Sole Property.* All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign any documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. We may periodically make available to you certain marketing materials for your use in local marketing and promotion, some of which must be purchased.
- 11.1.5 *Local Marketing Defined.* As used in this Agreement, the term “local marketing” refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), marketing to referral partners, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotions also include postage, shipping, telephone, and photocopying costs. Local marketing does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees’ expenses; (b) charitable, political, or other contributions or donations; and (c) the value of discounts given to consumers.
- 11.1.6 *Materials Available for Purchase.* We, our vendors or our affiliates may periodically make available to you for purchase marketing plans and promotional materials, merchandising materials, sales aids, point-of-purchase materials, special promotions, community relations programs, and similar marketing and promotional materials for use in local marketing. We make no guarantee, representation or warranty that the marketing materials provided to you are compliant with laws that govern the promotion of your Restaurant’s services and products. By signing below, you acknowledge you are responsible for compliance with all laws in your jurisdiction.
- 11.1.7 *Periodic Marketing Programs.* You acknowledge and agree that periodic marketing programs and promotions will, if and when we approve and adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in marketing programs and promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities. You must participate in all advertising, promotional and marketing initiatives we may require. Without limitation, initiatives may include prize contests, special product and service offers and coupons. Advertising, promotional and marketing initiatives may be conducted internationally, nationally, regionally and locally and may vary from region to region or locality to locality; all other franchisees using the System shall not necessarily be required to participate in the initiatives in which you must participate. You must also participate in the launch of any new services or products we may require, and you must honor all coupons, gift certificates and other promotional offers authorized by us including without limitation, you must honor all coupons, certificates and promotional offers presented to you. In the event we authorize you to offer special discounts or coupons to induce customers to patronize your Restaurant, such discounts or coupons must state the following legend: “THIS COUPON IS VALID ONLY AT (YOUR ADDRESS). OTHER WING SNOB

LOCATIONS MAY BE INDEPENDENTLY OWNED AND OPERATED AND ARE UNDER NO OBLIGATION TO ACCEPT THIS COUPON.” If your coupons are accepted by other franchisees or affiliate-owned locations, upon our request, you must reimburse the coupon-accepting location the difference between its regular menu price and the price obtained pursuant to the coupon(s) it accepted.

11.1.8 *Considerations as to Charitable Efforts.* You acknowledge and agree that certain associations between you and your Restaurant, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and legal, may create an unwelcome, unfair, or unpopular association with, and an adverse effect on, our reputation and the good will associated with the Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that involve the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

11.1.9 *Additional Marketing Expenditure Encouraged.* You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Restaurant. If you fail to make the required local expenditures, you must pay the balance due to us to be applied to our Advertising Fund immediately upon demand. Amounts you contribute to an advertising cooperative, if any, will be credited toward your required local expenditure.

## 11.2 Advertising Fund

During the term of this Agreement, you will contribute to the System-wide marketing, advertising, and promotion fund (the “**Advertising Fund**”). You shall pay to us an amount to 1% of Gross Sales as an “**Advertising Fund Contribution**”. We may from time to time increase or decrease the rate or rates required to be paid by you as an Advertising Fund Contribution, provided that (a) your total Advertising Fund Contribution will not exceed 3% of your Gross Revenue; and (b) no change in the rate will take effect unless we give you at least 30 days’ prior written notice. If there are five or more Wing Snob restaurants in your market, we will raise the Advertising Fund Contribution to 2% of Gross Sales and if there is 20 or more locations open within your market, the Advertising Fund Contribution will increase to 3% of Gross Sales. The market will be determined by us for this purpose. We will maintain and administer the Advertising Fund as follows:

- a. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund;
- b. We will use Advertising Fund Contributions for producing, maintaining, administering and directing consumer advertising on a national and/or regional level as we deem necessary or appropriate, in our sole discretion. We may use multiple sources for advertising including in-house and regional or national agencies. We will maintain your contributions in a separate account from our funds. Up to 15% of the Advertising



Fund may be used to reimburse us for our reasonable administrative costs that we incur in activities related to the formation, development, and production of advertising or the administration of the Advertising Fund. This may include, for example, expenses incurred in market research, preparation of marketing and advertising materials, advertising agency fees, internet promotion, and website development and maintenance.

- c. We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies in the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We will use any interest or other earnings of the Advertising Fund before we use current contributions. We intend for the Advertising Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share;
- d. The Advertising Fund is not audited. The Advertising Fund is not a trust, and we assume no fiduciary duty in administering the fund. Upon your request, we will provide you, within 120 days of our fiscal year end, a written statement for such fiscal period setting forth in brief detail the total amounts collected and disbursements made by us in connection with the Advertising Fund. Locations owned by us or our affiliates contribute equally to the Advertising Fund;
- e. Except for salaries of marketing personnel employed by the Franchisor, we do not receive compensation for providing goods or services to the Advertising Fund; and
- f. The Advertising Fund is not and will not be our asset. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for marketing purposes. If amounts are unspent in the Advertising Fund at fiscal year-end, those amounts are carried over by the Advertising Fund for expenditure in the following year.

### 11.3 Internet Marketing

- 11.3.1 *Restrictions on Internet.* You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have a website at the uniform resource locator (“URL”) [www.wingsnob.com](http://www.wingsnob.com) that provides information about the System and about Wing Snob generally. We may provide you with a page on our home page, where we will have contact information on your location. We retain the sole right to post content on our website and otherwise market on the Internet, including the use of other websites, domain names, social media accounts, URLs, keywords, linking, search engines (and SEO techniques), banner ads, meta-tags, marketing, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing efforts, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and

other arrangements. We retain the sole right to approve any linking to, or other use of, the Wing Snob website. You are not permitted to use a domain name containing “**Wing Snob®**” in the URL or any domain without our permission.

11.3.2 *Our Online Site.* We will have the right, but not the obligation, to provide you with one or more references or webpage(s), as we may periodically designate, within our Online Site. The term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, the web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, TikTok, YouTube, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we shall serve as the sole administrator or, at our option, co-administrator of any social networking pages that you maintain or that are maintained on your behalf.

## 11.4 Grand Opening Marketing Program

You must spend \$2,000 to \$4,000 in grand opening advertising promoting the opening of your Restaurant within 15 days before you open the Restaurant and within 60 days after you open the Restaurant. All materials you use for grand opening advertising is subject to our approval. You must submit to us proof of these expenditures within 120 days after your Restaurant first opens for business.

## 11.5 Cooperative Marketing

We may, in our discretion, form local or regional marketing cooperatives covering your Designated Territory and the territory of at least one other franchisee for the purpose of developing and implementing local or regional marketing programs, or we may approve of the formation of such a marketing cooperative by our franchisees. If we require you to join a local or regional marketing cooperative (the “**Co-op**”), then you must: join the Co-op; participate with other franchisees in the Co-op’s marketing programs; and pay your share of the Co-op’s marketing expense. Any payments you make for the Co-op’s marketing will be applied towards your local marketing requirement, but will not affect your obligation to make Advertising Fund Contributions under this Agreement. If the amount you contribute to a Co-op is less than the local marketing requirement, then you shall nevertheless spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the franchise advisory council or some other committee of franchisees. The Co-op will operate under written governing documents

prepared by us or our designee, which will be made available to you upon reasonable written request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op's expense, and made available to Co-op members upon written request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

## **11.6 Credit Cards, Gift Cards, Loyalty Programs and Customer Information**

You must accept major credit cards for customer purchases at your Restaurant. This may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate. We may have an electronic gift card program and if established you must participate in this program. This program may require that you invest in additional equipment and that you incur fees from the gift card processing vendors that we designate. You must remit to the designated provider the proceeds from your sales of gift cards. The designated provider will hold these funds. When a gift card is redeemed, the provider will pay to the redeeming franchisee the amount of the purchase from the held funds. We will not be obligated to provide to franchisees an accounting of the proceeds and disbursements of the gift card program. You must, at your expense, participate in, and comply with the requirements of our gift certificate, loyalty, customer retention, and customer loyalty programs that we implement from time to time. You acknowledge that we and our affiliates shall have the right, through the POS System and the Computer System, to independent and unrestricted access to lists of your Restaurant's customers and/or prospective customers, including names, addresses, and other related information, all of which constitutes Customer Information. We may use such Customer Information in our business activities. You may not use Customer Information to compete with us during the term of this Agreement and after the termination and/or expiration of this Agreement. Upon termination or expiration of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Customer Information in any manner that we or our affiliates deem appropriate or necessary.

## **12. ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS**

### **12.1 Records**

During the term of this Agreement, you shall maintain full, complete, and accurate books, records and accounts in compliance with all regulations as well as any applicable federal, local or state laws governing customer information. You shall utilize the accounting software QuickBooks Online (or other Franchisor approved accounting software) to manage your books. You shall retain during the term of this Agreement, and for three years thereafter, all books and records related to your Restaurant including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, canceled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law. By signing this Agreement, you grant us unlimited access (including remote access, remote polling, and continuous polling of data) to the accounting software and Computer System for any legitimate reason in our discretion or business purpose.

### **12.2 Gross Sales Reports**

You shall maintain an accurate daily record of Gross Sales and, upon our request, shall deliver to us electronically a signed and verified statement of Gross Sales.

### 12.3 Financial Statements

You shall supply to us on or before the 15th day of each month a balance sheet and income statement of your Restaurant for the preceding month. You shall, at your expense, submit to us within 90 days after the end of each calendar year, an income statement, profit and loss statement, and balance sheet for the Restaurant for the calendar year just ended. If required by us, such financial statements shall be reviewed or audited by a certified public accountant. You shall submit to us such other periodic financial reports in the manner and at the time specified in the Manual or otherwise requested by us in writing.

### 12.4 Other Reports

You shall submit to us copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as we may reasonably request from time to time or as specified in the Manual. We shall have the right to release financial and operational information relating to your Restaurant to our lenders or prospective lenders. You shall certify as true and correct all reports to be submitted pursuant to this Agreement.

### 12.5 Computer Equipment; Required Software; Our Access; Telephone Numbers

12.5.1 *Computer System.* You must meet our current requirements concerning the following: (a) POS System, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Wing Snob restaurants, between or among other franchised businesses, and between and among your Restaurant(s), and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access with Broadband high speed; and (f) technology used to enhance and evaluate the customer experience (collectively, all of the above are referred to as the “**Computer System**”). It is solely your responsibility to ensure the installation and operation of the Computer System complies with applicable law, including without limitation privacy laws related to customer financial or other customer data. We may incorporate new technology into our System at any time and charge a reasonable fee for such services.

12.5.2 *Required Equipment and Software; POS System.* You shall purchase, install, and use computer equipment consisting of hardware and software in accordance with our specifications in the Manual. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an email address that we provide for your Restaurant’s business emails. You also must obtain a separate personal computer to be used as a manager’s workstation (“**Office PC**”). As part of your Computer System, you will pay a monthly fee for the POS System software to be utilized at your Restaurant and maintenance. You will also pay a monthly fee for QuickBooks Online or an approved accounting software. These third-party cost may change. We may in the future, require additional software be loaded on

either the POS system or the Office PC. If applicable, you must pay for the costs of these additional licenses.

- 12.5.3 *Franchisor Access.* We shall have full access to all of your Computer System, POS system, video surveillance and data and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit us to verify your compliance with your obligations under this Agreement. You must afford us unimpeded independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to retrieve and use this data, video and information from your Computer System in any manner we deem necessary or desirable. We have the right to review your business operations, in person, by video, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to your Restaurant and any other operations taking place through your Restaurant. There are no contractual limitations on our right to access the information stored on your Computer System.
- 12.5.4 *Telephone.* We have the right to require you to use one or more designated telephone vendors. We may designate, and own, the telephone numbers for your Restaurant. You must sign our Conditional Assignment of Telephone Number attached as Schedule 9 to this Agreement.
- 12.5.5 *Email and Internet.* You must be able to access information that is available on the Internet and be able to send and receive email utilizing high speed Internet services.
- 12.5.6 *Customer Lists.* Any customer lists or information compiled or amassed through your Computer System, POS System or otherwise, will be our proprietary property. You may not sell or use customer lists or information for any purpose other than in connection with the operation of your Restaurant.

## **12.6 Right to Inspect**

We have the right, during normal business hours without notice, to examine, copy, and audit your books, records, and tax returns. If the audit or any other inspection should reveal that any payments to us have been underpaid, then you shall immediately pay us the amount of the underpayment and interest from the date such amount was due until paid at the Default Rate (or the rate legally allowed by the law of the state where you are located, whichever is lower). You shall, in addition, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies we may have. Should you refuse or deny our audit, we will have the right to terminate this Agreement.

## **12.7 Release of Records**

At our request, you shall release or authorize and direct third party(ies), including accounting and legal professionals, to release to us copies of all accounting and financial records arising from or relating to the operation of your Restaurant including, but not limited to, records evidencing sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control,

and to continue to release such records to us on a monthly basis for the length of the unexpired term of this Agreement or until such time as we withdraw our request. You shall execute all documents necessary to facilitate the release of records referenced herein to us.

## **12.8 Privacy Laws**

You must abide by all federal and state privacy laws inclusive of its implementing regulations and other applicable laws related to the collection, storage, use, and data security of personal or individually identifiable customers information, and comply with our policies pertaining to such privacy laws. If you become aware of any violation of any privacy laws and/or security of Customer Information, or have a reasonable basis to believe that you will receive a notice of such violation, or have reason to believe that the security or integrity of any records containing Customer Information has been breached or potentially breached or have notice of any other event that exposes or threatens to expose Customer Information to unauthorized third parties, then you shall promptly provide written notice to us regarding such breach, potential breach or notice. Such notice shall include a detailed description of the Customer Information at issue and the factual circumstances surrounding such breach, potential breach or notice. You shall comply with all applicable laws and cooperate with and follow any instructions in responding to any such breach including with respect to notifying any individuals, regulators, law enforcement agencies, consumer reporting agencies or others.

## **13. STANDARDS OF OPERATION**

### **13.1 Authorized Services, Products and Suppliers**

- 13.1.1 *Generally.* You shall not conduct any business or sell any products at your Restaurant other than the services and products approved by us. We have the right to require you to purchase products including Proprietary Products and Non-Proprietary Products from designated or approved suppliers as well as enter into service agreements with approved vendors. We have the right to add, eliminate, modify, and substitute any services and products offered at your Restaurant or the designated suppliers for your Restaurant in our sole discretion.
- 13.1.2 *Reputation and Goodwill.* You acknowledge that the reputation and goodwill of the System is based in large part on offering high quality services and products to your customers. Accordingly, you and your staff shall provide the services and products offered at your Restaurant with the greatest diligence and care and comply with our specifications and quality standards. You shall not offer for sale, sell or provide through your Restaurant or from any Wing Snob restaurants any products or services that we have not approved. Furthermore, you must offer for sale all services and products currently offered by us or which will be offered by us in the future.
- 13.1.3 *Supplier Review.* Notwithstanding anything contrary in this Agreement, we have the right to review from time to time our approval of suppliers. We may revoke our approval of any item, service or supplier at any time by notifying the supplier without notice to you. You shall, at your own expense, promptly cease using, selling or providing any items and services disapproved by us. If you would like to use any goods or services in establishing and operating your Restaurant that we have not approved, we will exercise our approval reasonably in accordance with the following procedures: (i) you

must submit a written request to us for approval of the supplier; (ii) the supplier must demonstrate that it is able to supply the item to you according to our standards including our standards as to the artwork and text on the items; (iii) if the supplier is to receive access to any of our confidential information, trade secrets or logos, the supplier must sign our standard form confidentiality agreement or our standard form license agreement; (iv) you pay the actual cost of our reasonable expenses in evaluating the proposed supplier; and (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; our existing relationships with competitive vendors; and experience, dependability and general reputation. We notify you in our Manual or other written communications if we revoke approval of any supplier. Despite the existence of this approval process, we reserve the right to be the only approved supplier of a product or service. In that situation, you will be required to purchase the authorized service or product from us, our affiliates and no one else. The price you will pay for the service or product will be the price then in effect, and we may make a profit on the sale of the service or product.

13.1.4 *Variance Rights.* We have the right to designate certain products and services, including different recipes or menu items, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as we determine including, but not limited to, franchisee qualifications, test marketing and regional or local differences. We have the right to give our consent to one or more franchisees to provide certain services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.4 and shall not create any rights in you to provide the same products or services.

13.1.5 *Supplier Benefits.* We have the right to retain volume rebates, markups and other benefits from suppliers, including our affiliates, or in connection with the furnishing of suppliers. You shall have no entitlement to or interest in any such benefits.

## **13.2 Appearance and Condition of your Restaurant**

You shall maintain your Restaurant, including the signage, décor and branding elements in a condition we approve and shall repair or replace the signage, décor and branding elements as necessary to comply with our specifications and any applicable laws or regulations. The expense of such maintenance shall be borne by you and shall be in addition to any required System modifications described in Section 10.2.

## **13.3 Ownership and Management**

You must, at all times, retain and exercise direct management control over all aspects of your Restaurant. Your personal supervision is not required if the day-to-day operation of your Restaurant is performed by an approved Manager who has successfully completed our required training program and has, at our sole discretion, the appropriate experience and training. Even if you do not plan to

personally supervise the operation of your Restaurant on a daily basis, you or, if you are an entity, your Designated Owner, still must attend and satisfactorily complete training. You, your Designated Owner(s) and your Manager(s) must devote full time and best efforts to the operation of your Restaurant. You are not restricted as to whom you may hire as a Manager, except that your Manager must be competent, conscientious, substance-free, fully-trained and must meet all of our requirements. Your Manager(s) must be approved by us. You and your Manager(s) will recruit, hire, train, terminate, and supervise employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. We are not an employer, co-employer or joint employer with you or your management staff or other employees. You are solely responsible for all employment matters, decisions and relationships. You shall designate the Designated Owner(s) in Schedule 6 who is an individual that we approve who must own and control, or have the right to own and control not less than a 10% interest in Franchisee's equity, shall have the authority to bind Franchisee regarding all communications with us and operational decisions with respect to your Restaurant, and who must have completed our initial training program to our satisfaction.

### **13.4 Days of Operation**

You shall keep your Restaurant open for business during normal business hours on the days specified in the Manual.

### **13.5 Contributions and Donations**

In order to protect the Marks, you must obtain our prior written consent before making any contributions or donations of items, services or funds to any non-profit organization on behalf of your Restaurant. We may withhold any such consent in our sole and absolute discretion.

### **13.6 Licenses, Permits and Regulations**

You shall secure and maintain in force all required operational licenses, permits and certificates necessary for the operation of your Restaurant, including all zoning and local permits necessary to operate your Restaurant at your Accepted Location, and shall operate your Restaurant in full compliance with all applicable laws, ordinances and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of your Restaurant. You shall be solely responsible for investigating and complying with all permitting and licensure requirements as well as all laws and ordinances with regard to the operation of your Restaurant.

### **13.7 Notification of Proceedings**

You shall notify us in writing of the commencement of any action, suit or proceeding involving you, your owners, or your Restaurant, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of your Restaurant immediately but not more than three days after notice of such commencement or issuance. You shall deliver to us immediately but not more than three days after your receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects your failure to meet and maintain the highest applicable rating or your noncompliance or less than full compliance with any applicable law, rule or regulation.



### **13.8 Compliance with Good Business Practices**

You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Accordingly, you shall endeavor to maintain high standards of quality and service in the operation of your Restaurant, including operating in strict compliance with all applicable rules and regulations. You shall at all times give prompt, courteous and efficient service to customers of your Restaurant. You shall in all dealings with your customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. You are required to respond to customer reviews publicly unless we advise otherwise. If we deem that you did not fairly handle a customer complaint or that you have operated outside of applicable rules and regulations, we have the right to intervene and satisfy the customer or respond to the customer's review. We have the right to terminate this Agreement for a material violation of this Section that negatively impacts the goodwill of the Wing Snob brand. You shall reimburse us for all costs and expenses (including attorneys' fees) incurred by us in servicing a customer of your Restaurant or responding to negative publicity pursuant to this Section.

### **13.9 Attire**

You shall abide by all dress code requirements stated in the Manual or upon our notification to you.

### **13.10 Credit Cards**

You shall, at your expense, lease or purchase the necessary equipment and/or software through approved vendors and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as we may designate, from time to time, to enable your Restaurant to accept such methods of payment from your customers.

### **13.11 Email**

You shall, at all times and at your expense, maintain a Wing Snob email address and account for communicating with us and your customers. Additional email addresses can be purchased at the monthly cost charged by our vendor. In sending emails from your Wing Snob email address, you shall identify yourself as an independent owner and operator of the Franchisee entity doing business as a Wing Snob. You shall refrain from giving out titles to employees and your staff that could cause confusion to the public as to the ownership of the Franchisor and as to our and your franchise relationship.

### **13.12 Best Efforts**

You shall use your best efforts to promote and increase the customers and recognition of services and products offered at your Restaurant. You shall require all of your employees, officers, agents and representatives to make a good faith effort to enhance the sales of all services and products provided as part of the System.

## 14. FRANCHISOR'S ASSISTANCE

### 14.1 General Advice and Guidance

We may periodically provide general guidance to you by telephone and/or electronic correspondence, with respect to operating your Restaurant as we deem necessary in our sole discretion. We may offer you on-site consultation services upon request, we have the option to charge you a consulting fee in our sole discretion

### 14.2 Periodic Visits

We and our representative may, in our sole discretion, make periodic visits, which may be announced or unannounced, to your Restaurant both before and after you open. During the visit, we may monitor and observe the conduct of the Franchisee, the Designated Owner(s), Manager(s) and the employees of your Restaurant for the purposes of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System including compliance with applicable laws. Such right shall also include, without limitation, the ability to confer with your employees and customers and to observe the manner in which you are selling products and dealing with customers. You shall, in all cases, facilitate our exercise of our rights under this Section. Our representatives who visit, monitor or review Restaurant may prepare, for the benefit of both you and us, written reports detailing any successes, problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of your Restaurant. By signing this Agreement, you agree to implement any required changes or improvements as required by us with time being of the essence.

## 15. INSURANCE

### 15.1 Types and Amounts of Coverage

15.1.1 *Insurance Coverage Required.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement, at your expense, at least the following insurance policy or policies in connection with your Restaurant:

- a. Comprehensive General Liability Insurance, including Products & Completed Operations coverage with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate with a maximum \$5,000 deductible per occurrence;
- b. Property Liability coverage covering all perils to personal property contained within and outside the premises of your Restaurant including spoilage. The amounts may vary based on coverage needed but must cover your business property and a minimum of \$1,000,000;
- c. Employment Practices Liability Insurance with limits not less than \$1,000,000 per occurrence;
- d. Commercial Automobile Liability Coverage with limits of not less than \$1,000,000 combined single limit;

- e. Workers' Compensation insurance, including employer's liability insurance, with limits not less than \$500,000;
- f. Business interruption and extra expense insurance for a minimum of 12 months to cover net profits and continuing expenses, including Royalty Fees; and
- g. Any other insurance coverage that is required by the Manual or federal, state, or municipal law.

15.1.2 *Insurance Advice.* You shall seek advice from your professional and business advisors and a licensed insurance agent and procure such other types of coverage and amounts of coverage in accordance with the advice received and as required by law.

## **15.2 Future Increases**

We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. In addition to naming us as additional insured, you must include any endorsements we may require (including an "alternate employer endorsement" under Employer's Liability policy even though we are not your employer) and include a waiver of subrogation in favor of us and our affiliates, and each of our and our affiliates' officers, directors, shareholders, partners, members, agents, attorneys, representatives, independent contractors, servants, and employees.

## **15.3 Carrier Standards**

The insurance policies you procure must be written by an insurance company or companies we have approved, having at all times a rating of at least "A" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which your Restaurant is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances).

## **15.4 Evidence of Coverage**

Your obligation to obtain and maintain the insurance policies shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of this obligation relieve you of liability under the indemnity provisions set forth in Section 21.3. Upon issuance of a policy and renewal of said policy, you shall provide to us certificates of insurance showing compliance with the foregoing requirements immediately but no later than 15 days from your receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least 30 days' prior written notice to us and shall reflect proof of payment of premiums.

## 15.5 Failure to Maintain Coverage

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of this Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums plus an additional 10% administrative fee to cover expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under this Agreement.

## 16. DEFAULT AND TERMINATION

### 16.1 Termination by Franchisee

Under no circumstances may Franchisee terminate this Agreement.

### 16.2 Termination by Franchisor

16.2.1 *Termination Without Cure.* We have the right to terminate this Agreement, upon notice to you and without any opportunity to cure, if you:

- a. fail to timely establish, equip, and commence operations of your Restaurant pursuant to Section 5;
- b. fail to satisfactorily complete our training program or if you, your Designated Owner(s), Manager(s), or employees fail to satisfactorily complete our training program;
- c. fail to obtain and maintain all required licenses, permits, and certifications to operate your Restaurant;
- d. make any material misrepresentation or omission during the pre-sale process and/or in your application to obtain an Wing Snob franchise from us or otherwise to us in the course of entering into this Agreement;
- e. are convicted of or plead no contest to a felony or other crime or offense;
- f. fail to refrain from activities, behavior, or conduct likely to adversely affect the reputation of us, you or your Restaurant after a 5-day written notice to cure;
- g. disclose, duplicate, or otherwise use in an unauthorized manner any portion of the Manual, Trade Secrets, trademarks, our trade name “**Wing Snob®**”, or any Confidential Information;
- h. fail to have any holder of a legal or beneficial interest in your Franchisee entity (and any member of their immediate families or households), and any officer, director, executive, manager or member of the staff and all employees of the Franchisee entity, execute a nondisclosure and non-competition agreement, in

a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide us with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by us;

- i. abandon, fail, or refuse to actively operate your Restaurant for three or more consecutive days (unless your Restaurant has not been operational for a purpose approved by us), or, if first approved by us, fail to promptly relocate your Restaurant or any other event rendering your premises unusable;
- j. surrender or transfer control of the operation of your Restaurant without our approval, make or attempt to make an unauthorized direct or indirect transfer or assignment of your Restaurant, or your assets, or an ownership interest in the Franchisee entity, or if you fail or refuse to assign your Restaurant or the interest in the Franchisee entity of a deceased or incapacitated owner thereof as herein required;
- k. fail to maintain your Restaurant under the primary supervision of your Designated Owner or approved Manager during the 180 days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in the Franchisee entity pursuant to Section 18.6;
- l. submit to us at any time during the term of this Agreement any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than 2% for any accounting period and you are unable to demonstrate that such understatements resulted from inadvertent error;
- m. become insolvent, meaning unable to pay bills as they become due in the ordinary course of business or if a receiver of your property or any part thereof is appointed by a court or if you make a general assignment for the benefit of your creditors or if a final judgment remains unsatisfied of record for 30 days or longer (unless supersede as bond is filed) or if execution is levied against your business or property or if a suit to foreclose any lien or mortgage against your Restaurant and/or the equipment is instituted against you and not dismissed within 30 days;
- n. misuse or make an unauthorized use of any of the Marks or commit any other act which impairs the goodwill associated with any of the Marks;
- o. fail to submit reports or other information or supporting records when due, to pay any Royalty Fee, Advertising Fund Contribution, amounts due for purchases from us or any of our affiliates, or other payment when due to us or any affiliate within five days of a written notice to you;

- p. violate any health or safety law, ordinance or regulation, or operate your Restaurant in a manner that presents a health or safety hazard to your customers, employees, or the public;
- q. engage in any activity exclusively reserved to us;
- r. fail to comply with any applicable law or regulation governing the operation of your Restaurant;
- s. breach this Agreement three times in a 12-month period and/or fail three times in a 12-month period to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured;
- t. default under any other agreement between us (or any of our affiliates) and you, such that we or our affiliates, as the case may be, have the right to terminate such agreement or such agreement automatically terminates;
- u. perform any competing services or sell competing products in any geographic location outside of the Designated Territory other than as permitted in this Agreement, whether or not such geographic location falls within another franchisee's territory or the territory of any other Franchisor-controlled business;
- v. fail to refer business opportunities or offers received by third parties, if such business opportunities or offers would take place in any geographic location which falls under the territory of other franchisees, our affiliated business(es), or which are directly controlled by us;
- w. if any governmental office overseeing your business determines you violated any state or federal law or if, during the investigation, we determine in our sole discretion that you violated any of the subsections in Section 16.2.1; and
- x. if you fail to comply with any applicable health or safety law applicable to operating a Wing Snob in your jurisdiction after 24 hours' notice.

16.2.2 Except as otherwise provided in Section 16.2.1, we have the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that you may avoid termination by curing such default or failure (or by providing proof acceptable to us that you have made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

- a. within 24 hours if you refuse us permission to inspect or audit your Restaurant;

- b. within 24 hours if you or your Restaurant is a threat or danger to public health and safety resulting from your continued operations;
- c. within 24 hours if you dilute or alter any product at your Restaurant or make any misrepresentation, substitution, or palming off of non-Wing Snob products at your Restaurant;
- d. within three days of receiving notice of your failure to maintain insurance as specified in Section 15 of this Agreement;
- e. within five days if you sell, barter or exchange any Proprietary Product or other proprietary item at wholesale or retail
- f. within 10 days of receiving notice of your failure to pay any amounts due to us, one of our affiliates or an approved supplier;
- g. within 10 days if you default under your lease at the Accepted Location for your Restaurant;
- h. within 30 days of receiving notice of any other default by you or upon your failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manual or otherwise prescribed in writing; and
- i. within 30 days if you do not maintain or provide us with any required financial statement or report including Gross Sales Reports.

16.2.3 *Alternative Remedies.* For any default of this Agreement which triggers our ability to terminate, we may as an alternative to termination, at our sole and absolute discretion, modify or completely eliminate any rights you may have with respect to the Designated Territory effectively immediately or on a new effective date in our sole discretion.

### **16.3 Reinstatement and Extension**

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, we may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

### **16.4 Right of Franchisor to Discontinue Services to Franchisee**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default or termination, we have the right to suspend our performance of any of our obligations under this Agreement until such time as you correct the breach.

## 16.5 Right of Franchisor to Operate Your Restaurant

Following the delivery of a notice of default or termination, if necessary, in our discretion, we shall have the right, but not the obligation, to assume the operation of your Restaurant until such time as you correct the breach if applicable. We charge a Management Fee as set forth in Section 3.10.

## 16.6 Cross-Default

Any default by Franchisee or its owners under any other agreement between Franchisor or its affiliates as one party, and Franchisee or any of Franchisee's owners or affiliates as the other party, shall be deemed a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement and/or any other agreement, including, but not limited to the Development Agreement, between Franchisee and its owners on the one side and Franchisor or its affiliates on the other side, without affording Franchisee (or Developer if applicable) an opportunity to cure, effective immediately upon notice.

## 16.7 Conflict with Applicable Laws and Regulations

You acknowledge that if there is a conflict between the terms and conditions of this Agreement, our Manual, or any other specifications, standards, or operating procedure we require in connection with the operation of your Restaurant, and any applicable federal or state laws or regulations which you, or the Restaurant must observe or follow, including those relating to health and safety laws or regulations shall control.

# 17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

## 17.1 Actions to be Taken

Except as otherwise provided herein, upon termination, non-renewal or expiration, this Agreement and all rights granted hereunder to you shall terminate and you shall:

- a. immediately cease to operate your Restaurant and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former Wing Snob franchisee;
- b. cease to use the Trade Secrets or other Confidential Information, the System and the Marks, including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks;
- c. take such action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city, or county authorities which contains the name "**Wing Snob®**", or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement;
- d. pay all sums owing to us and any of our affiliates. In the event of termination for any default, such sums shall include, but not be limited to, all damages, costs, and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, loss of future Royalty Fee



payments incurred by us as a result of any early termination of this Agreement, and any other amounts due to us or any affiliate;

- e. pay to us all costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of your Restaurant in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement as set forth in Section 22.4;
- f. immediately return to us the Manual, Trade Secrets, and all other Confidential Information, including records, files, instructions, brochures, agreements, and any other materials relating to the operation of your Restaurant (all of which are acknowledged to be our property);
- g. assign all telephone listings and numbers for your Restaurant to us. You agree to notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same according to the Conditional Assignment of Telephone Number attached as Schedule 9 to this Agreement;
- h. if applicable, assign to us any interest which you have in any lease or sublease for your Restaurant by executing the Franchisor Lease Rider attached as Schedule 4 upon our request. In the event that we do not elect to exercise our option to acquire such lease or sublease, you shall make such modifications or alterations to the Accepted Location immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said Accepted Location from that of other Wing Snob Restaurants, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with these requirements, we shall have the right to enter upon the Accepted Location without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand;
- i. if this Agreement is terminated by us for cause, we shall be entitled, as stipulated liquidated damages and not as a penalty and solely to compensate us for lost Royalty Fees for the period after termination of this Agreement, to a sum equal to the average Royalty Fees earned by us (even if not paid) per month over the 12 month period preceding the date of termination (or, if the Restaurant was not open throughout such 12 month period, then the average Royalty Fees earned by us per month for the period in which your Restaurant was open), multiplied by 36 or the number of months remaining in the then-current term of this Agreement, whichever is less (“**Liquidated Damages**”). In the event a default of this Agreement by you caused the Royalty Fees earned to substantially decline during the period to be used to calculate average Royalty Fees earned, then we may use any other reasonable time period or method to calculate Liquidated Damages;

- j. execute any legal document that may be necessary to effectuate the termination of this Agreement and shall furnish to us, within 30 days after the date of termination, written evidence satisfactory to us of your compliance with the foregoing obligations;
- k. comply with all applicable covenants that, by their nature, survive expiration or termination of this Agreement, including those discussing confidentiality, non-competition, and non-solicitation, in this Agreement;
- l. transfer any interests in existing customer contracts to us or our designee; and
- m. comply with all other applicable provisions of this Agreement.

## 17.2 Post-Termination Covenant Not to Compete

17.2.1 *Franchisee Acknowledgement.* You acknowledge that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

- a. to protect the Trade Secrets and other Confidential Information of Franchisor;
- b. to induce us to grant a Wing Snob restaurant to you; and
- c. to protect us against our substantial costs in training you and your officers, directors, executives, Managers and staff.

17.2.2 *In-Term and Post-Termination Non-Compete and Non-Solicit Agreement.* Except as otherwise approved in writing by us neither you, nor any holder of a legal or beneficial interest in the Franchisee entity, nor any officer, director, spouse, executive, or Manager of Franchisee or any of their immediate family, shall, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, during the term of this Agreement and for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly:

- a. own, maintain, engage in, be employed by or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, offer services or products (including identical or similar products offered by your Restaurant) to or have any interest in or involvement with a Competitive Business located or operating (a) at or within a 100-mile radius of your Restaurant, or (b) within a 100-mile radius of any other Wing Snob restaurant in existence at the time of termination or expiration, or (c) any other business owned or operated by us in existence at the time of termination or expiration;
- b. solicit business from customers of your former Restaurant;
- c. contact or communicate with any of your suppliers or vendors for any purpose related to a Competitive Business;

- d. solicit any of our employees, or any other Wing Snob franchisee for any competitive purpose, or knowingly solicit or induce such an employee or franchisee to violate any confidentiality, non-competition or franchise agreement; or
- e. refrain from any activity set forth in Section 7.3.

### **17.3 Unfair Competition**

If you operate any other business during and after the term of this Agreement that is not in violation of the in-term and post-term covenants, you shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute our rights in the Marks. You shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with us. This Section is not intended as an approval of your right to operate other businesses and in no way is it intended to contradict Sections 7.3, 17, 17.1 or 17.2. You shall make such modifications or alterations to your Restaurant (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between us or the System and any business subsequently operated by you or others at your Restaurant. You shall make such specific additional changes to your Restaurant as we may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon your Restaurant for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense you shall pay upon demand.

### **17.4 Franchisor's Option to Purchase Certain Business Assets**

We have the right, but not the obligation, for a period of 30 days after termination or expiration of this Agreement, to purchase any or all assets of your Restaurant including equipment, supplies and other inventory or equipment at the depreciated value calculated on a declining basis of accounting at the rate of 20% per annum or your cost (at our option), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the Accepted Location to meet our then-current standards for a Wing Snob restaurant and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the value of said items, an independent appraiser shall be appointed by us to determine the value of the items based on the declining basis of accounting metric set forth in this Section. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser.

### **17.5 Survival of Certain Provisions**

All obligations of you and us, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## 18. TRANSFERABILITY OF INTEREST

### 18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person or entity to whom transferred. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products or services, whether or not bearing our Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.

### 18.2 Transfer by Franchisee to a Third Party

Your rights and duties as set forth in this Agreement, and the franchise herein granted, are personal to you (or your owners), and we have entered into this Agreement in reliance upon your personal or collective skill and financial ability. Accordingly, neither you nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, your Restaurant granted hereby, the assets of your Restaurant or any part or all of the ownership interest in you without our prior written approval. The term “**transfer**” means any of the following: the sale of the assets of your Restaurant; the sale, assignment, or conveyance of your stock, membership interest, membership units, or partnership units of your franchise to any third party; or the placement of your assets, stock, membership interest, partnership units, or membership units of your business into a business trust. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If you are in compliance with this Agreement, our consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

- a. you have complied with the requirements set forth in Section 19;
- b. all obligations owed to us, our subsidiaries, our affiliates, suppliers, and all other outstanding obligations relating to your Restaurant, are fully paid and satisfied;
- c. you and any transferring owners, if you are a business entity have executed a general release, in a same form as the General Release attached as Schedule 8, of any and all claims against us, including our officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of your interest herein or to the transfer of your ownership of all or any part of your Restaurant, provided, however, that if a general release is prohibited, you shall give the maximum release allowed by law;
- d. the prospective transferee has satisfied us that it meets our management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as we may require to demonstrate ability to own and operate your Restaurant;
- e. the transferee and, if we require, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be

substantially different from this Agreement, including different Royalty Fee and Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

- f. the transferee has executed a general release, in a form the same as or similar to the General Release attached as Schedule 8, of any and all claims against us and our officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;
- g. you have provided us with a complete copy of all contracts and agreements and related documentation between you and the prospective transferee relating to the intended sale or transfer of the franchise;
- h. you have paid to us a transfer fee in the amount \$10,000 or \$5,000 if to an existing franchisee;
- i. the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by us;
- j. you have agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by us;
- k. the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;
- l. you have, and if you are an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to us a nondisclosure and non-competition agreement in a form satisfactory to us and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and
- m. the transferee agrees that the transferee, the transferee's Designated Owner(s) if a business entity and Manager(s) (if applicable) shall complete, to our satisfaction, a training program in substance similar to our initial training program prior to assuming the management of the day-to-day operation of your Restaurant.

### 18.3 Transfer to a Controlled Entity

- 18.3.1 *Controlled Entity*. If you wish to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by you ("**Controlled Entity**"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, our consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

- a. the Controlled Entity is newly organized, and its charter or articles of formation provides that its activities are confined exclusively to the operation of your Restaurant;
- b. Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;
- c. all obligations of you to us or any affiliate are fully paid and satisfied; provided, however, that neither you nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;
- d. the Controlled Entity has entered into a written agreement with us expressly assuming the obligations of this Agreement and all other agreements relating to the operation of your Restaurant. If the consent of any other party to any such other agreement is required, you have obtained such written consent and provided the same to us prior to consent by us;
- e. all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with us jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to us and the performance by the Controlled Entity of all the obligations of this Agreement;
- f. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and
- g. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to us. Any amendment to any such documents shall also be furnished to us immediately upon adoption.

18.3.2 *Term of Transferred Franchise.* The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 *No Waiver.* We consent to a transfer of any interest in this Agreement, or of any ownership interest in your Restaurant, shall not constitute a waiver of any claims we may have against the transferor or the transferee, nor shall it be deemed a waiver of our right to demand compliance with the terms of this Agreement.

#### **18.4 Franchisor's Disclosure to Transferee**

We have the right, without liability of any kind or nature whatsoever to you, to make available for inspection by any intended transferee of your Restaurant all or any part of our records relating to this Agreement, your Restaurant or to the history of the relationship of the parties hereto. You hereby specifically consent to such disclosure by us and shall release and hold us harmless from and against any claim, loss or injury resulting from an inspection of our records relating to your Restaurant by an intended transferee identified by you.

#### **18.5 For-Sale Advertising**

You shall not, without our prior written consent, place in, on or upon the premises of your Restaurant, or in any communication media, including the Internet, any form of advertising relating to the sale of your Restaurant.

#### **18.6 Transfer by Death or Incapacity**

Upon the death or incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in your Restaurant or in the Franchisee entity to a third party approved by us. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such 180 day period, your Restaurant must remain at all times under the primary management of an operator who otherwise meets our management qualifications. Following such a death or incapacity of such person, if necessary in our discretion, we shall have the right, but not the obligation, to assume operation of your Restaurant until the deceased or incapacitated owner's interest is transferred to a third party approved by us. We shall be given access to your Restaurant and shall not be held liable for trespass or any related tort. We may charge a management fee as stated in Section 16.5 for the period in which we operate your Restaurant, and we shall be entitled to reimbursement of any expenses we incur that are not paid out of the operating cash flow of your Restaurant.

#### **18.7 Restrictions on Public Offerings**

You are strictly prohibited from offering your interest in this or any franchise agreement or a Development Agreement with us as part of a public offering or private placement seeking investment without Franchisor approval which may be withheld for any reason.

### **19. RIGHT OF FIRST REFUSAL**

#### **19.1 Submission of Offer**

If you, or any of your owners, propose to sell or otherwise transfer (including a transfer by death or incapacity pursuant to Section 18.6) your Restaurant (or any of its assets outside of the normal course of business), any ownership interest in the Franchisee entity or any ownership interest in your Restaurant granted hereunder, you shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to us, except with regards to a sale or transfer to a family member. The offer must apply

only to an approved sale of the assets or interests listed above and may not include any other property or rights of the Franchisee entity or any of your owners.

## **19.2 Franchisor's Right to Purchase**

We shall, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to you. We have the right to substitute cash for the fair market value of any form of payment proposed in such offer. Our credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to you of our intent to exercise this right of first refusal, we shall have up to 60 days to close the purchase. We shall be entitled to receive from you all customary representations and warranties given by you as the seller of the assets or such ownership interest or, at our election, such representations and warranties contained in the proposal.

## **19.3 Non-Exercise of Right of First Refusal**

If we do not exercise our right of first refusal within 30 days from the date of delivery of all such documents, the offer or proposal may be accepted by you, subject to our prior written approval as required by Section 18.2. Should the sale fail to close within 120 days after the offer is delivered to us, our right of first refusal shall renew and be implemented in accordance with this Section.

## **19.4 Sales or Transfers to Family Excepted**

If you propose to sell or otherwise transfer your Restaurant (or any of your assets outside of the normal course of business), any ownership interest in the Franchisee entity or any ownership interest in your Restaurant granted hereunder to a member of Franchisee's (or your owners') family, then the terms and conditions of this Section shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve you from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

# **20. BENEFICIAL OWNERS OF FRANCHISEE**

## **20.1 Disclosure of Ownership Interests**

You represent, and we enter into this Agreement with you in reliance upon such representation, that the individual(s) identified in Schedule 6 of this Agreement is/are the holder(s) of a legal or beneficial interest (in the stated percentages) of the Franchisee entity. All owners and their spouses must sign the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3 in his/her individual capacity.

## **20.2 Updates to Ownership**

You agree that you will amend and modify Schedule 6 upon any change in ownership interest of the Franchisee entity and you shall furnish a revised Schedule 6 promptly to us to ensure that Schedule 6 is at all times current, complete and accurate.



## 21. RELATIONSHIP AND INDEMNIFICATION

### 21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, legal representative, joint-venturer, partner, employee, servant, or independent contractor of Franchisor for any purpose whatsoever. You may not represent or imply to third parties that you are an agent of Franchisor, and you are in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on our behalf. During the term of this Agreement, and any extension or renewal hereof, you shall hold yourself out to the public only as a franchisee and an owner and operator of your Restaurant pursuant to a franchise license granted by us. You shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which we have the right to specify. You shall also conspicuously identify yourself as the independent owner of your business in all business communications, such as email signatures, and on any documents, materials or information released by you. You shall ensure all employees, vendors and contractors receive actual notice of the correct legal name of their employer or the party with whom they have contracted, which is Franchisee and not Franchisor. Under no circumstances shall we be liable for any act, omission, contract, debt, nor any other obligation of you. We shall in no way be responsible for any injuries to persons or property resulting from the operation of your Restaurant. Any third-party contractors and vendors retained by you to convert or construct the premises are independent contractors of you alone.

### 21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires you to obtain our written consent or permits you to take any action or refrain from taking any action, we are free to act in our own self-interest without any obligation to act reasonably, to consider the impact on you or to act subject to any other standard of care limiting our right, except as may be provided by statute or regulation.

### 21.3 Indemnification

You shall hold harmless and indemnify us, our affiliates, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively “**Franchisor Indemnities**”) from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys’ fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon your (a) ownership or operation of your Restaurant; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule including all applicable laws governing the operation of your Restaurant; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and us (or an affiliate); (d) defamation, libel or slander of us or the System; (e) acts, errors or omissions committed or incurred in connection with your Restaurant; (f) acts, errors or omissions committed or occurring in connection with the sale or transfer of this Agreement, the assets of your Restaurant or any ownership interest in you or the use or occupancy of your Restaurant; (g) infringement or misuse of a third party’s trademark, patent, copyright or other intellectual property;

(h) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information; or (i) any unintentional act or omission during the franchise sales process prior to your signing of this Agreement. The obligations of this Section shall expressly survive the termination of this Agreement.

#### **21.4 Right to Retain Counsel**

You shall give us immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. We have the right to retain counsel of our own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, our reputation or the goodwill of others, we have the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in our sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If our exercise of our rights under this Section causes any of your insurers to refuse to pay a third-party claim, all cause of action and legal remedies you might have against such insurer shall automatically be assigned to us without the need for any further action on either party's part. Under no circumstances shall we be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against you. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by us from you.

### **22. GENERAL CONDITIONS AND PROVISIONS**

#### **22.1 No Waiver**

No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by us of any payment(s) due shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

#### **22.2 Injunctive Relief**

As any breach by you of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to us, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, we shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and you shall be responsible for our reasonable attorneys' fees incurred in pursuing the same. Our right to seek injunctive relief will not affect the parties' waiver of jury trial and the arbitration requirements set forth herein. Our rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court in our discretion.

### **22.3 Notices**

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient Party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. Either Party may change their address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to us at the following address, or at such other address as we may provide:

Wing Snob Franchising, LLC  
30800 Van Dyke Ave., Ste. 102  
Warren, Michigan 48093  
Attn: Brian Shunia and Jack Mashini

With a copy to (which shall not constitute notice):

The Franchise Firm LLP  
433 Plaza Real, Suite 275  
Boca Raton, Florida 33432

All notices to Franchisee shall be sent to the address set forth on Page 1 of this Agreement.

### **22.4 Cost of Enforcement or Defense**

You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, arbitration fees, discovery costs, and all other related expenses) that we incur before expiration and termination to enforce or defend any provision in this Agreement including your non-payment of fees due to us and/or non-compliance of any System standard. You further agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, arbitration fees, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or (b) successfully prosecuting any actions and/or defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship. If we are required to enforce or defend this Agreement or any claim arising out of the franchise relationship in a judicial or arbitration proceeding, we shall be entitled to reimbursement of our costs, including reasonable accounting and attorneys' fees, in connection with such proceeding if we are deemed the prevailing party or if you bring an action and voluntarily dismiss it. We shall be entitled to all attorneys' fees and costs associated with you bringing an action in the incorrect forum or venue.

### **22.5 Unlimited Guaranty and Assumption of Obligations**

All holders of a legal or beneficial interest in the Franchisee entity of 5% or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

attached as Schedule 3, through which such holders agree to assume and discharge all of your obligations under this Agreement and to be personally liable hereunder for all of the same.

## **22.6 Approvals**

Whenever this Agreement requires the prior approval or consent of us, you shall make a timely written request to us for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. We make no warranties or guarantees upon which you may rely and assumes no liability or obligation to you or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

## **22.7 Entire Agreement**

This Agreement, its schedules and the documents referred to herein shall be construed together and constitute the entire, full, and complete agreement between us and you concerning the subject matter hereof and shall supersede all prior agreements. You agree that no representation, oral or otherwise, has induced you to execute this Agreement, and there are no representations (other than those within our Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

## **22.8 Severability and Modification**

Except as noted below, each paragraph, part, term, and provision of this Agreement shall be considered severable. If any paragraph, part, term, or provision herein is ruled to be unenforceable, unreasonable, or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable, or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement. Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

## **22.9 Construction**

All captions and headings herein are intended solely for the convenience of the Parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

## **22.10 Force Majeure**

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts,

casualties, acts of God, war, terrorism, governmental regulation, pandemic, global health crisis, government shutdown, or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement. During any applicable force majeure event, you shall be required to pay all weekly or monthly fees due to us timely unless otherwise notified in writing by us.

#### **22.11 Timing**

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

#### **22.12 Withholding Payments**

You shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to us or one of our affiliates or suppliers. You shall not withhold or offset any amounts, damages or other monies allegedly due to you against any amounts due to us. No endorsement or statement on any payment for less than the full amount due to us will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and we have the right to accept and cash any such payment without prejudice to our right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. We have the right to apply any payments made by you against any of your past due indebtedness as we deem appropriate. We shall set off sums we might owe to you against any unpaid debts owed by you to us.

#### **22.13 Further Assurances**

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

#### **22.14 Third Party Beneficiaries**

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

#### **22.15 Multiple Originals**

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

### **23. DISPUTE RESOLUTION**

#### **23.1 Choice of Law**

This Agreement is effective upon its acceptance in Michigan by our authorized officer. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946

(Lanham Act, 15 U.S.C. Section 1051 and the sections following it) or other federal law, Michigan law shall govern all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties. However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

### **23.2 Jurisdiction and Venue**

Franchisee and Franchisor each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction in Oakland County, Michigan, for any claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties, except those required to be submitted to arbitration, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

### **23.3 Jury Waiver**

IN ANY TRIAL BETWEEN ANY OF THE PARTIES AS TO ANY CLAIMS, YOU AGREE TO WAIVE YOUR RIGHTS TO A JURY TRIAL AND INSTEAD HAVE SUCH ACTION TRIED BY A JUDGE.

### **23.4 Class Action Waiver**

YOU AGREE TO BRING ANY CLAIMS, IF AT ALL, INDIVIDUALLY AND YOU SHALL NOT JOIN SUCH CLAIM WITH CLAIMS OF ANY OTHER PERSON OR ENTITY (EVEN IF YOU COMMONLY OWN SAID ENTITY) NOR SHALL YOU BRING, JOIN OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION AGAINST US WITH OTHER FRANCHISEES OR OTHER PERSONS OR ENTITIES.

### **23.5 Limitation of Damages**

FRANCHISEE WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE FRANCHISOR AND AGREES THAT IF THERE IS A DISPUTE, FRANCHISEE WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT WHICH SHALL NOT EXCEED AND SHALL BE LIMITED TO THE REFUND OF FRANCHISEE'S INITIAL FRANCHISE FEE AND ROYALTY FEES PAID. FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING OR RELATED TO THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP.

### **23.6 Limitation of Actions**

FRANCHISEE AGREES TO BRING ANY CLAIMS AGAINST FRANCHISOR, IF AT ALL, WITHIN ONE YEAR OF THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH

CLAIMS OR ONE YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST, AND THAT ANY ACTION NOT BROUGHT WITHIN THIS PERIOD SHALL BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET-OFF EXCEPT FOR CLAIMS FOR: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

### **23.7 Prior Notice of Claims**

As a condition precedent to commencing an action for any legal claim brought by you, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages and serve as a condition precedent to filing an action in court or in arbitration against us.

### **23.8 Internal Dispute Resolution**

As a mandatory condition precedent prior to you taking any legal or other action against us, or our owners, officer and directors, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us and our affiliates 90 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

### **23.9 Mediation and Arbitration**

23.9.1 *Mediation.* Except for actions brought by us against you for non-payment of fees and for claims by us seeking injunctive relief against you, the parties agree to submit any claim, controversy or dispute between or involving us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and your agents, representatives and/or employees, as applicable) arising out of or related to: (a) this Agreement or any other agreement between us and you or our and your respective affiliates; (b) our relationship with you; (c) the validity of this Agreement or any other agreement between you and us or our and your respective affiliates; or (d) any System standard, to non-binding mediation at a place that we designate within 5 miles of where our principal office is located at the time of the demand for mediation is made in Oakland County, Michigan. The mediation shall be conducted by either a mutually agreed-upon mediator or, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of their desire to seek mediation, by the American Arbitration Association in accordance with its Commercial Mediation Procedures. Absent agreement to the contrary, the mediator shall be experienced in the mediation of disputes between franchisors and franchisees. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding or otherwise disclosed by either you or us to any third party who, except to the extent a third party is a participant in the mediation proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to

participate. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by the written agreement of the parties, either Party may bring a legal proceeding under this Section. The mediation provisions of this Agreement are intended to benefit and bind certain third-party non-signatories, and all of your and our owners and affiliates. Any mediation proceeding conducted pursuant to this sub-section and any settlement or agreement arising therefrom shall be kept confidential between the parties, except for any settlement disclosure we are legally required to make within a franchise disclosure document. The parties intend for any mediation proceeding to be both private and confidential. Any third parties who are required to participate in a mediation proceeding must be bound by the same confidentiality obligations as the parties.

23.9.2 *Arbitration.* EXCEPT FOR ACTIONS BROUGHT BY US AGAINST YOU FOR NON-PAYMENT OF FEES OR ACTIONS BY US SEEKING INJUNCTIVE RELIEF AGAINST YOU, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE INTERNAL DISPUTE RESOLUTION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED BY ARBITRATION IN OAKLAND COUNTY, MICHIGAN, OR WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR ARBITRATION IS FILED BY THE AMERICAN ARBITRATION ASSOCIATION (“AAA”). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE MICHIGAN-BASED ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES AGREE THEY WILL ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATOR RENDERS A DECISION MUST PAY ALL EXPENSES OF ARBITRATION AND REASONABLE ATTORNEYS’ FEES. THE REASONED AWARD BY THE ARBITRATOR SHALL BE BINDING. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD. THE PARTIES AGREE AND INTEND THAT AN ARBITRATION WILL BE KEPT BOTH PRIVATE AND CONFIDENTIAL BETWEEN THEM. AT THE OUTSET OF ANY ARBITRATION, THE PARTIES WILL SEEK THE ENTRY OF A PROTECTIVE ORDER FROM THE ARBITRATOR, PROTECTING ALL



PLEADINGS, MOTIONS, EXHIBITS, DEPOSITION TRANSCRIPTS, DISCOVERY REQUESTS AND RESPONSES, DOCUMENTS, AWARDS, ORDERS, DECISIONS AND REPORTS FROM DISCLOSURE BY THE PARTIES, THE ARBITRATOR, AND ANY NON-PARTY WITNESSES OR OTHER PARTICIPANTS. ADDITIONALLY, ANY FINAL AWARD SHALL REITERATE SUCH ORDER OF PROTECTION, EXCEPT FOR THE TERMS OF AN AWARD WHICH WE ARE LEGALLY REQUIRED TO DISCLOSE IN A FRANCHISE DISCLOSURE DOCUMENT, OR DISCLOSURES IN CONNECTION WITH JUDICIAL PROCEEDINGS ANCILLARY TO THE ARBITRATION, SUCH AS A JUDICIAL CHALLENGE TO, OR ENFORCEMENT OF, AN AWARD, AND UNLESS OTHERWISE REQUIRED BY LAW.

### **23.10 Waiver of Bond**

You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

### **23.11 Arbitration Fees**

If we are the substantially prevailing party in arbitration, you agree to reimburse our costs and attorney fees, as well as the arbitration costs and fees, incurred in pursuing or defending the claims against you or us including all mediation and investigation costs and expenses. In any arbitration filed by you where we have no substantive counterclaim against you, you are required to advance and pay all fees to the AAA and the arbitrator.

### **23.12 Third Party Beneficiaries**

Our officers, directors, members, shareholders, agents, and employees are express third-party beneficiaries of the terms of the dispute resolution provisions contained herein.

### **23.13 Release of Prior Claims**

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, forever releases and discharges Franchisor and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under this Agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof, misrepresentation, fraud, inducement, and any claim arising in tort. This release expressly excludes claims arising from representations in this Disclosure Document, or its exhibits or amendments.

**23.14 No Personal Liability**

You agree that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be our sole responsibility and none of our agents, representatives, nor any individuals associated with our franchise company will be personally liable to you for any reason. This is an important part of this Agreement. You agree that nothing that you believe you have been told by us or our representatives will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**24. ACKNOWLEDGMENTS**

**24.1 Receipt of this Agreement and the Franchise Disclosure Document**

You represent and acknowledge that you have received this Agreement and received our Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. **Initial:** [      ]

**24.2 True and Accurate Information**

You represent that all information set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you acknowledge that we are relying upon the truthfulness, completeness, and accuracy of such information. **Initial:** [      ]

**24.3 No Violation of Other Agreements**

You represent that your execution of this Agreement will not violate any other agreement or commitment to which you or any holder of a legal or beneficial interest in the Franchisee entity is a party. **Initial:** [      ]

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**WING SNOB FRANCHISING, LLC**

**FRANCHISEE:**

Signature: \_\_\_\_\_

Franchisee Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**SCHEDULE 1 TO THE FRANCHISE AGREEMENT  
FRANCHISE FEE, ACCEPTED LOCATION, TERRITORY AND OPENING DATE**

**INITIAL FRANCHISE FEE: \$ \_\_\_\_\_**

**ACCEPTED LOCATION AND DESIGNATED TERRITORY**

The Accepted Location under this Agreement will be:

\_\_\_\_\_

If the Accepted Location has not yet been selected and approved, the geographic area within which you will select the site for your Restaurant is [subject to change in our discretion]:

\_\_\_\_\_

The Designated Territory under this Agreement (if applicable) will be:

\_\_\_\_\_ mile-radius around Accepted Location

Check if map is attached.

**OPENING DATE: \_\_\_\_\_**

**WING SNOB FRANCHISING, LLC**

**FRANCHISEE:**

Signature: \_\_\_\_\_

Franchisee Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT  
NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This “**Agreement**” made as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_ (“**Franchisee**,” “**we**,” “**us**,” or “**our**”) and \_\_\_\_\_ (“**Individual**,” “**you**,” or “**your**”).

**W I T N E S S E T H:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated (“**Franchise Agreement**”) by and between Franchisee and the Franchisor, Wing Snob Franchising, LLC (“**Company**”); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business that (i) offers the same or similar menu items, services and products as a Wing Snob restaurant under any service system (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “**Competitive Business**”); provided, however, that the term “**Competitive Business**” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

**1. Trade Secrets and Confidential Information**

- 1.1 Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.
- 1.2 For the purposes of this Agreement, a “**Trade Secret**” is information in any form (including, but not limited to, recipes, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, recipes, menu items, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Wing Snob restaurant that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by,

other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

1.3 For the purposes of this Agreement “**Confidential Information**” means products, services, equipment, technologies, and procedures for the retail sale of food and non-food products under the System; sources (or prospective sources) of supply and all information related to or concerning the sources (or prospective sources) of supply, including the identity of and pricing structures with our suppliers; systems and techniques for the production, distribution, merchandising, and sale of food and non-food products; systems and techniques for food preparation and storage; menus; recipes and ingredients; special techniques for packaging, display, merchandising, and marketing of food products; operating procedures for sanitation and maintenance; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements, and specifications that are part of the System; plans, layouts, designs and specifications for a prototypical Wing Snob restaurant; the Manuals; methods of advertising and promotion; instructional materials; and other matters used in or related to that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

1.4 Any information expressly designated by Company or Franchisee as “**Trade Secrets**” or “**Confidential Information**” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

## 2. Confidentiality/Non-Disclosure

2.1 Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that

Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

- 2.2 Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Wing Snob restaurant.

### **3. Non-Competition**

- 3.1 During the term of Individual's relationship with Franchisee and for a period of two years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee or the Company or any licensed Wing Snob restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's trade name "**Wing Snob®**", and such other trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Wing Snob restaurants or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of Wing Snob franchised businesses.
- 3.2 During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, develop, own, manage, operate, be employed by or have any interest in a Competitive Business or offer Competitive Business services without the express written consent of Franchisee and the Company.
- 3.3 For a period of two years after the term of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, develop, own, manage, operate, be employee by or have any interest in a Competitive Business or offer Competitive Business services anywhere within a 100-mile radius of any Wing Snob restaurant without the express written consent of Franchisee and the Company.
- 3.4 At no time shall Individual, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other Wing Snob restaurant to violate a non-disclosure or non-competition agreement to which such employee or business associate is a party.

### **4. Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

## 5. Relief for Breaches of Confidentiality, Non-Solicitation, and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and/or Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

## 6. Dispute Resolution

- 6.1 **Choice of Law.** Except as to claims governed by federal law, Michigan law shall govern all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("**Claims**").
- 6.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters in Detroit, Michigan.
- 6.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.
- 6.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.
- 6.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

- 6.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.
- 6.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- 6.8 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 6(g) above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.
- 6.9 **Mediation and Arbitration.** Before you may bring any Claim against us, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally. If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county of our headquarters in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.
- 6.10 **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.
- 6.11 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

## 7. Miscellaneous

- 7.1 This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.
- 7.2 This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.



- 7.3 The failure of either party to insist upon performance in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.
- 7.4 In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.
- 7.5 This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.
- 7.6 The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

**FRANCHISEE:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**INDIVIDUAL:**

Signature: \_\_\_\_\_

Name Printed: \_\_\_\_\_

**SCHEDULE 3 TO THE FRANCHISE AGREEMENT  
UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS (this “**Guaranty**”) is given on \_\_\_\_\_ by \_\_\_\_\_ (“**Guarantor(s)**”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated \_\_\_\_\_ herewith (“**Franchise Agreement**”) by Wing Snob Franchising, LLC (“**Franchisor**”), each of the undersigned Guarantor(s) hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_ (“**Franchisee**”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned Guarantor(s) shall be personally bound by, and personally liable for, Franchisee’s (a) financial and operational obligations under the Franchise Agreement (and Development Agreement if applicable) and (b) breach of any provision in the Franchise Agreement (and Development Agreement if applicable), including those relating to monetary obligations, operational obligations, and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7, and 17 of the Franchise Agreement. Each of the undersigned Guarantor(s) waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee (or Developer) or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned Guarantor(s) consents and agrees that: (a) the undersigned’s direct and immediate liability under this Guaranty shall be joint and several; (b) the undersigned Guarantor(s) shall render any payment or performance required under the Franchise Agreement (and/or Development Agreement if applicable) upon demand if Franchisee (or Developer) fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement.

Guarantor(s) waive notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor(s) hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonably attorneys’ fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from,

consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor(s) hereby acknowledge and agree to be individually bound by all obligations and covenants of Franchisee contained in the Franchise Agreement including those related to non-competition and confidentiality.

This Guaranty shall terminate upon the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guaranty, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

The validity of this Guaranty and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Michigan (without giving effect to principles of conflicts of law).

This Guaranty shall apply in equal force to any Development Agreement signed by Guarantor or an affiliated entity owned by Guarantor in conjunction with the Franchise Agreement and/or Development Agreement. Specifically, Guarantor shall render any payment or performance required under the Development Agreement upon demand if the Developer fails or refuses punctually to do so.

Dispute Resolution. You agree to be bound by the Dispute Resolution provisions found in Section 23 of any Franchise Agreement between the Franchisor and Franchisee as if set forth herein and as being equally applicable to this Guaranty and the dealings of the parties hereunder. Specifically, Guarantor agrees to arbitrate any and all claims arising under or relating to the Franchise Agreement and the franchise relationship of the parties in Oakland County, Michigan, and that Oakland County, Michigan, is the sole and exclusive jurisdiction and venue for any such claims.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**PERSONAL GUARANTOR:**

**PERSONAL GUARANTOR:**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Personally and Individually (Signature)

HOME ADDRESS

HOME ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**SCHEDULE 4  
FRANCHISOR LEASE RIDER**

**FRANCHISOR'S RIDER TO LEASE**

THIS RIDER TO LEASE (“**Rider**”) is made as of \_\_\_\_\_, by and among \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and Wing Snob Franchising, LLC, 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093 (“**Franchisor**”).

This Rider supplements and forms a part of that certain lease between Landlord and Tenant, dated \_\_\_\_\_ (the “**Lease**”; any and all references to the Lease shall be deemed to include this Rider) for the leased premises located at \_\_\_\_\_ (the “**Leased Premises**”). This Rider is entered into in connection with Franchisor’s grant of a franchise to Tenant to operate a franchised business at the Leased Premises and is intended to provide Tenant the right to assign the Lease to Franchisor and to provide Franchisor the opportunity to preserve the Leased Premises as a fast casual restaurant which feature the sale of traditional and boneless chicken wings and other menu items operated under Franchisor’s brand in the event of any termination of the Lease or any franchise agreement between Franchisor and Tenant. Landlord agrees that Franchisor will have the right, but not the obligation, to assume the Lease on the terms, covenants and conditions hereinafter set forth. All capitalized terms used herein, but not defined herein, shall have the same meanings as set forth in the Lease.

**ARTICLE - I  
DEFAULT BY TENANT UNDER THE LEASE**

SECTION 1.01. Landlord will send Franchisor copies of all written notices of default that it gives to Tenant at the same time Landlord gives such written notices to Tenant.

SECTION 1.02. If Tenant fails to cure a Tenant default under the Lease after the giving of any required default notice and passage of any applicable cure period, then Landlord shall so notify Franchisor, and any parent, subsidiary or affiliate of Franchisor (a “**Franchisor Party**”) will have the right and the option (but not the obligation), by giving written notice to Landlord within five business days after receipt of Landlord’s notice that Tenant is in default under the Lease and has failed to cure the default within the applicable cure period set forth in the Lease, to (a) cure any such default on behalf of Tenant, or (b) request Landlord consent to the assumption of the Lease provided that Franchisor or such Franchisor Party cures all existing defaults of Tenant under the Lease and assumes in writing the obligations of Tenant under the Lease.

**ARTICLE - II  
TERMINATION OF TENANT’S FRANCHISE AGREEMENT**

In the event of the termination of Tenant’s franchise agreement for the Leased Premises as a result of Tenant’s breach thereof, Franchisor shall have the right to request Landlord consent to the assumption of the Lease by giving written notice to Landlord and Tenant of its election to so succeed to Tenant’s interest under the Lease, within five business days after the date of the termination of such franchise

agreement, provided that Franchisor cures all existing defaults of Tenant under the Lease and assumes in writing the obligations of Tenant under the Lease. A party, whether Franchisor or any Franchisor Party, that assumes the Lease pursuant to Section 1.02(b) above or this Article II is sometimes referred to herein as an “Assuming Franchisor Party”.

### **ARTICLE III OBTAINING POSSESSION OF THE LEASED PREMISES**

Landlord will, at no cost or expense to Landlord, cooperate and reasonably assist with any Assuming Franchisor Party in gaining possession of the Leased Premises if such Assuming Franchisor Party has delivered to Landlord a fully executed assumption of the Lease pursuant to Section 1.02(b) above or Article II above.

### **ARTICLE IV ADDITIONAL PROVISIONS**

SECTION 4.01. Tenant shall remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to an Assuming Franchisor Party. Such Assuming Franchisor Party shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant’s defaults under the Lease, including interest and reasonable collection costs.

SECTION 4.02. After an Assuming Franchisor Party assumes Tenant’s interest in the Lease, unless otherwise agreed to in writing, such Assuming Franchisor Party will pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant that accrue after such assumption, except that such Assuming Franchisor Party shall not be required to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor’s prior written approval, which approval shall not be unreasonably withheld by Franchisor.

SECTION 4.03. After an Assuming Franchisor Party assumes Tenant’s interest in the Lease, Franchisor or such Franchisor Party will not be subject to any provision of the Lease that requires the Tenant to (a) continuously operate a business in the Leased Premises during the 15 days immediately following the date on which the Assuming Franchisor Party executes the assumption of the Lease if the Leased Premises is closed for remodeling or while Franchisor or the applicable Franchisor Party is seeking to obtain and train a new employees to operate a franchised business in the Leased Premises, or (b) make any payment to Landlord for any excess rent or other consideration that is greater than the rent and other charges payable under the Lease.

SECTION 4.04. After an Assuming Franchisor Party assumes Tenant’s interest in the Lease, such Assuming Franchisor Party may, with Landlord’s consent, which shall not be unreasonably withheld, conditioned or delayed, sublet or assign the Leased Premises to a franchisee of Franchisor who meets Franchisor’s financial qualifications and requirements (a “**Replacement Franchisee**”). It shall not be deemed “unreasonable” for Landlord to require any proposed assignee or additional guarantor of the Lease to have a net worth equal to or greater than that of Tenant or any current guarantor and/or to have equivalent or greater business and operating expertise with regard to the Permitted Use and the market in which the Leased Premises are located. In the event of such a sublease or assignment, Franchisor shall deliver to Landlord (a) a copy of such Replacement Franchisee’s application for the

franchise, including but not limited to personal and financial information that Landlord customarily requires from all of its tenants, (b) as applicable, a copy of the sublease or a copy of the assumption agreement pursuant to which such Replacement Franchisee assumes the Lease and agrees to observe the terms, conditions and agreements on the part of tenant to be performed under the Lease (a “**Replacement Franchisee Assumption Agreement**”) and (c) a Rider To Lease in the same form as this Rider, to be executed among Landlord, Franchisor and the applicable Replacement Franchisee (a “**New Rider**”).

SECTION 4.05. If the Lease is terminated and the Franchisor does not exercise its option to assume the Lease, Tenant agrees, upon receipt of written demand from Franchisor to promptly remove signs decor and other items which Franchisor reasonably requests to be removed as being distinctive and indicative of Franchisor’s trademarks and trade dress. Franchisor may enter upon the Leased Premises without being guilty of trespass or tort to affect such de-identification if Tenant fails to do so within ten days after receipt of written demand from Franchisor, provided, however, Franchisor shall promptly, at its sole cost and expense, repair, to Landlord’s reasonable satisfaction, all damage caused to the Leased Premises in connection with such de-identification of the Leased Premises. Tenant shall pay Franchisor for its reasonable costs and expenses in effecting de-identification. Franchisor shall defend, indemnify and hold Landlord harmless from and against any claims arising from Franchisor’s de-identification of the Leased Premises.

SECTION 4.06. BY EXECUTING THIS RIDER, FRANCHISOR DOES NOT HEREBY ASSUME ANY LIABILITY WITH RESPECT TO THE LEASED PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE, UNLESS AND UNTIL FRANCHISOR EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION AS HEREIN ABOVE DESCRIBED.

SECTION 4.07. All notices hereunder shall be delivered by certified mail or nationally recognized overnight courier to the addresses described in the Lease or to such other addresses as any party hereto may, by written notice, instruct that notices be given. In the case of Franchisor, notices shall be sent to Wing Snob Franchising, LLC, 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093, with a copy to Greenspoon Marder, LLP, Franchise Law Practice Group, 2255 Glades Road, Suite 400-E, Boca Raton, FL 33431, until further notice.

SECTION 4.08. Landlord and Tenant agree that each of them shall provide written notice to Franchisor in the event of any change in their respective addresses. Franchisor shall provide written notice to Landlord and Tenant in the event of any change in Franchisor’s address.

**LANDLORD:**

**TENANT/FRANCHISEE:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**FRANCHISOR:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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



**SCHEDULE 5 TO THE FRANCHISE AGREEMENT  
ACH PAYMENT AGREEMENT**

FRANCHISEE NAME: \_\_\_\_\_

**AUTHORIZATION AGREEMENT FOR ACH Payments**

(I/we) do hereby authorize Wing Snob Franchising, LLC, hereinafter named the “**Franchisor**”, to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of \$100.00 per occurrence by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within five days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney’s fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below, and authorize all of the above as evidenced by my signature below.

CHECK (ACH) INFORMATION ROUTING NUMBER: \_\_\_\_\_

ACCOUNT NUMBER: \_\_\_\_\_

DEPOSITORY NAME: \_\_\_\_\_

BRANCH: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_

FIRST NAME/LAST NAME: \_\_\_\_\_

BILLING ADDRESS: \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

CUSTOMER NUMBER: \_\_\_\_\_

SIGNATURE ON FILE: \_\_\_\_\_

PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**SCHEDULE 6 TO THE FRANCHISE AGREEMENT  
HOLDERS OF LEGAL OR BENEFICIAL INTEREST  
IN FRANCHISEE; DESIGNATED OWNER**

**Designated Owner(s):**

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

**Holders of Legal or Beneficial Interest:**

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email address: \_\_\_\_\_

Percentage of ownership: \_\_\_\_%

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**SCHEDULE 7 TO THE FRANCHISE AGREEMENT  
STATE ADDENDA TO THE FRANCHISE AGREEMENT**

**CALIFORNIA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Section 16.2 is deleted and in its place are substituted the following:

**16.2.1 Termination by Us Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 16.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

**16.2.2 Termination by Us with Opportunity to Cure.** We may terminate this Agreement, after sending you notice and a 60-day opportunity to cure, for any other breach of this Agreement.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Section 3.1 of the Franchise Agreement shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Restaurant. The Illinois Attorney General Office has imposed this deferral requirement due to Franchisor’s financial condition.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of a franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**MINNESOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**FRANCHISEE:**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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



**NORTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.
2. The franchise agreement is amended to also provide as follows:  
  
“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”
3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:  
  
“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”
4. North Dakota law governs any cause of action arising out of the franchise agreement.
5. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
6. Section 17 of the Franchise Agreement is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.
7. Section 23 of the Franchise Agreement is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee’s Restaurant.
8. Section 23 of the Franchise Agreement shall be modified to state that the statute of limitations under North Dakota law shall apply.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**SOUTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**FRANCHISEE:**

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**SCHEDULE 8 TO THE FRANCHISE AGREEMENT  
GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, (“**RELEASOR**”) an individual/corporation/limited liability company/partnership with a principal address of \_\_\_\_\_, in consideration of:

\_\_\_\_\_ the execution by Wing Snob Franchising, LLC (“**RELEASEE**”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “**Franchise**”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “**Franchise Agreement**”) between RELEASOR and RELEASEE; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement;

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’s officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’s successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’s heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

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

**RELEASOR:** \_\_\_\_\_

(type/print name)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(or, if an individual)

Signed: \_\_\_\_\_

Name printed: \_\_\_\_\_

**SCHEDULE 9 TO THE FRANCHISE AGREEMENT  
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBER**



## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBER AND DOMAIN(S)

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this “**Assignment**”) is effective as of \_\_\_\_\_, 20\_\_, between Wing Snob Franchising, LLC, a Michigan limited liability company, having its principal place of business at 30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093 (“**we**,” “**us**” or “**our**”) and \_\_\_\_\_, whose current place of business is \_\_\_\_\_ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “**parties**” or individually as a “**party**.”

### BACKGROUND INFORMATION:

We have simultaneously entered into that certain franchise agreement dated \_\_\_\_\_ with you (the “**Franchise Agreement**”), pursuant to which you plan to own and operate a Wing Snob restaurant (the “**Restaurant**”). Wing Snob restaurants use certain proprietary information, knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify various components of our System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings if the Franchise Agreement is terminated.

### OPERATIVE TERMS:

You and we agree as follows:

- 1. Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.
- 2. Conditional Assignment:** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Numbers and Listings**”) associated with the Marks and used from time to time in connection with the operation of your Restaurant. This Assignment is for collateral purposes only. We will have no liability or obligation of any kind arising from or in connection with this Assignment, unless we notify the telephone company, the provider of a voice over Internet phone, and/or the listing agencies with which you have placed telephone directory listings (collectively, the “**Telephone Company**”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney:** You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification:** You will indemnify and hold us and our affiliates, shareholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action in which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect:** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control:** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability:** If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such

section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum:** This Assignment is governed by Michigan law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Oakland County, Michigan, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**WING SNOB FRANCHISING, LLC**

**FRANCHISEE:**

Signature: \_\_\_\_\_

Franchisee Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**  
**WING SNOB FRANCHISING, LLC DEVELOPMENT RIGHTS AGREEMENT**

## DEVELOPMENT RIGHTS AGREEMENT

This Development Rights Agreement (this or the “**Agreement**”) is being entered into effective as of \_\_\_\_\_ (the “**Agreement Date**”). The parties to this Agreement are Wing Snob Franchising, LLC, a Michigan limited liability company (“**we**,” “**us**,” or the “**Company**,”), \_\_\_\_\_, (“**you**” or “**Franchisee**”), and, if you are a partnership, corporation, or limited liability company, your “**Owners**” (defined below).

WHEREAS, we have developed certain business processes, technologies, trade secrets, contracts, client lists, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage and decor; recipes, menu items and ingredients; standards and specifications for services, products, supplies, appearance, operations and management control; training and assistance; purchasing programs; and advertising, marketing, promotional and sales programs which may be changed, discontinued, improved, modified and further developed by us from time to time (the “**System**”).

WHEREAS, by signing below, you understand and acknowledge that it is solely your responsibility to comply with all business, franchise and laws applicable to your Wing Snob franchised businesses (each, a “**Restaurant**”) including the laws set forth in our Franchise Disclosure Document (“**Disclosure Document**”).

WHEREAS, by signing below, you understand and acknowledge that each location you open shall be subject to the then-current franchise agreement (the “**Franchise Agreement**”) which may have terms that are materially different than the franchise agreement you are signing in conjunction with this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

### 1. GRANT

1.1. We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights (“**Development Rights**”) to establish and operate a specific number of Restaurants at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 below, and pursuant to the schedule established in Attachment D of this Agreement (hereinafter “**Development Schedule**”). Each Restaurant developed hereunder shall be located in the area described in Attachment E of this Agreement (hereinafter “**Development Area**”).

1.2. This Agreement is not a franchise agreement and does not grant to you any right to use our trade names, trademarks, and logos as we may designate from time to time (collectively, the “**Marks**”). You shall have no right under this Agreement to sub-franchise, sub-license, or sell Wing Snob restaurants to third parties.

## 2. DEVELOPMENT FEE

2.1. In consideration of the Development Rights granted herein, you shall pay to us an initial payment, or “**Development Fee**,” upon signing this Agreement, in an amount that is determined based upon the number of Restaurants you agree to develop and operate. In addition to the initial franchise fee paid under your first Franchise Agreement in the amount of \$30,000, you shall pay a Development Fee in the amount of \$12,500 (50% of the discounted initial franchise fee of \$25,000) per Restaurant you wish to develop. Pursuant to Section 2.3 below, you shall sign the then-current franchise agreement (which may have materially different terms as the initial franchise agreement you execute with this Agreement) for each Restaurant.

2.2. You acknowledge and agree that the Development Fee and all fees paid to us shall be fully earned by us upon execution of this Agreement, are not refundable, and will not be credited against any other fees you may pay to us pursuant to this Agreement or any Franchise Agreement.

2.3 Each Franchise Agreement must be signed before we approve a site. By signing this Agreement, you have locked in the discounted \$25,000 total initial franchise fee during the term of this Agreement for each Restaurant you develop. You shall pay the remaining balance of \$12,500 for each restaurant upon signing the then-current Franchise Agreement (which may have materially different terms as the initial franchise agreement you execute with this Agreement) for each Restaurant.

## 3. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1. You shall assume all responsibility and expense for locating potential sites for your Restaurants and shall submit to us for our evaluation and approval, in the form specified by us, our Site-Review Package which shall include, at minimum, a description of the site, the terms of the lease or purchase, and such other information and materials as we may reasonably require. We will make reasonable efforts to notify you within 30 days after receipt of such information and materials from you to accept or decline the site in our sole discretion. We shall have no obligation to approve sites which do not meet our criteria for you to meet the Development Schedule.

3.2. Recognizing that time is of the essence, you agree to exercise the Development Rights granted in this Agreement in the manner specified herein, and in accordance with the Development Schedule. Your failure to adhere to the Development Schedule shall constitute a default under this Agreement as provided in Section 9.1. Under no circumstances may you or an affiliate (defined herein as a separate corporate entity commonly owned by you) open a Restaurant for business unless and until there is a fully executed Franchise Agreement in place for each such Restaurant, and we have been paid all amounts due and owing to us upon execution of such Franchise Agreement.

3.3. You shall exercise your Development Rights granted herein by executing a Franchise Agreement for each Restaurant at a site approved by us in the Development Area. The Franchise Agreement for the first Restaurant shall be executed contemporaneously with this Agreement by you or your affiliate.

3.4. You acknowledge that neither our acceptance of any site for your Restaurants nor any information communicated to you regarding our standard site selection criteria, nor the specific

location of your Restaurants will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site for your Restaurants. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise at the approved site.

3.5. You shall be required to execute each Franchise Agreement and own a minimum of 51% of the issued and outstanding stock or membership interests for each Restaurant to be opened pursuant to said Franchise Agreement. If you own less than 100% of any Restaurant developed pursuant to this Agreement, we shall have the right to approve your partners of the franchisee entity and any partner who owns greater than 5% of the franchisee entity shall be required to sign our then-current Unlimited Guaranty and Assumption of Obligations attached as Schedule 3 to the Franchise Agreement. In no event shall you relinquish control over any entity operating each Restaurant.

#### 4. DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1. Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may or may not, in our sole discretion, include the right to develop Wing Snob franchises at “**Non-Traditional Sites**”. Non-Traditional Sites include without limitation military bases, hotels, college campuses, airports, mall food courts, train stations, travel plazas, casinos, and sports or entertainment venues or stadiums. If a Non-Traditional Site becomes available within the Development Area during the term of this Agreement, we may, in our sole discretion, offer you the opportunity to develop a Restaurant at the Non-Traditional Site. You will have 30 days after we notify you that the site is available to accept this right of first refusal. If you accept the development of the Non-Traditional Site, it will be included in your Development Schedule.

4.2. Provided you are in full compliance with all the terms and conditions of this Agreement, including, without limitation, your development obligations described in Section 3.2., and you are in full compliance with all of your obligations under all Franchise Agreements executed pursuant to this Agreement, then during the term of this Agreement, neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of a Wing Snob restaurant within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of this Agreement and all of the Franchise Agreements signed under it.

4.3. Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Wing Snob restaurants within the Development Area subject only to the territorial rights granted to you with respect to each Restaurant operated by you pursuant to the Franchise Agreements signed under this Agreement and subject, further, to the right of first refusal described in Section 6 below.

4.4. We and our affiliates retain all rights with respect to each Wing Snob restaurant, the System, the Marks and the sale of any Wing Snob restaurant branded goods and services, anywhere in the world, including, without limitation, the right:

4.4.1. to produce, offer and sell and to grant others the right to produce, offer and sell any of the products or services offered at Wing Snob franchised businesses and any other goods

or services displaying the Marks or other trade and service marks through alternative channels of distribution (including, but not limited to, the Internet, catalog sales, grocery stores, telemarketing or other marketing methods) both within and outside your Development Area, and under any terms and conditions we deem appropriate;

4.4.2. to operate and to grant others the right to operate Wing Snob restaurants located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Development Area and Restaurants thereunder;

4.4.3. to operate and to grant others the right to operate Wing Snob restaurants at Non-Traditional Sites within and outside the Development Area under any terms and conditions we deem appropriate; and

4.4.4. the right to acquire and operate a business operating one or more competing businesses located or operating in your Development Area.

4.5. To maintain your rights under the Agreement, you must have open and maintain in operation the cumulative number of Restaurants stated on the Development Schedule by the dates agreed upon. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Agreement.

## **5. RENEWAL**

This Agreement shall not be subject to renewal. However, if you wish to purchase a new Development Area and continue to develop Restaurants, we will, in good faith, negotiate a new Agreement with you subject to availability in our discretion and on terms commensurate with our then-current Development Agreement and Development Fee schedules.

## **6. TERM AND RIGHT OF FIRST REFUSAL**

6.1. Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Development Schedule established in Attachment D.

6.2 If, at any time or from time to time following the opening for business of all the Restaurants in accordance with the Development Schedule, we determine that it is desirable to operate one or more additional Wing Snob restaurants in the Development Area, and provided you have timely complied with the Development Schedule and are in compliance with all terms and conditions of all Franchise Agreements signed under this Agreement, you shall have a right of first refusal to obtain the Development Rights to such additional Wing Snob restaurants upon such reasonable terms and conditions as are determined by us including, but not limited to, the imposition of a new Development Fee and payment of the then-current initial franchise fee for each Restaurant upon execution of the then-current franchise agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Wing Snob restaurant(s). If you do not exercise this first right of refusal, in whole, we may, following the expiration of the 60-day period, grant the Development Rights to such additional Wing Snob restaurant(s) to any other person or persons on the same terms and conditions or we may elect to develop and construct any such additional Wing Snob restaurant(s).



## 7. YOUR OBLIGATIONS

7.1. You acknowledge and agree that:

7.1.1. Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurant within the Development Area. You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2. The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3. Except as provided in Sections 6.1. and 6.2. hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

7.1.3.1. to continue to construct and operate other Wing Snob restaurants and to use the System and the Marks at any location outside the Development Area, and to license others to do so.

7.1.3.2. to develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

7.1.3.3. to develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through alternative channels of distribution outside or inside of the Development Area and to use the Marks in connection therewith.

7.1.4. You have sole responsibility for the performance of all obligations arising out of the operation of your development business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5. In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your development business and that the operations of said business are separate and distinct from the operation of a Restaurant.

7.1.6. You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us, and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or

otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7. You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8. You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9. In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed and any additional initial fees due to us or our affiliates have been paid.

## **8. OUR SERVICES**

8.1. We will review the information regarding potential sites for your Restaurants that you provide to us to determine whether the sites meet our then current standards and criteria, and if the site meets our criteria, accept the site.

8.2. We will assist you in determining the layout and configuration of each Restaurant once the location has been approved. After you and we have determined the layout and configuration of each Restaurant, you must arrange for site plan and build-out plans and specifications to be prepared and submitted to us for our review.

8.3. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications.

8.4. We may provide other resources and assistance as may be developed and offered to our developers in our discretion and as we deem appropriate.

## **9. DEFAULT AND TERMINATION**

9.1. The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1. If you shall, in any respect, fail to meet the Development Schedule.

9.1.2. If you shall purport to affect any assignment other than in accordance with Section 11 hereof.

9.1.3. Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least 50% of the Restaurants to be constructed and opened for business in accordance with the Development Schedule are, in fact, open or under construction.

9.1.4. If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any Franchise Agreement signed under this Agreement.

9.1.5. If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6. If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any Restaurant under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7. If you or an owner of yours owning a 15% or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one year.

9.1.8. If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9. If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Restaurants developed pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective 30 days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1. If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property, except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2. If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any business engaged

in the sale of products or services similar to those permitted to be sold by you within the Development Area or engages in, owns, or operates any business which looks like, copies or imitates a Wing Snob restaurant or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement with us.

9.2.3. If you shall fail to remit to us any payments pursuant to Section 2 when same are due. Any amounts paid by you toward the Development Fee upon termination shall be non-refundable.

9.2.4. If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5. If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6. If you default in the performance of any other obligation under this Agreement.

9.2.7. If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed by you and us and all initial fees due to us have been paid.

## **10. OBLIGATIONS FOLLOWING TERMINATION**

10.1. Upon termination of this Agreement, or upon expiration of the term hereof, you agree as follows:

10.1.1. to cease immediately any attempts to select sites on which to Restaurants.

10.1.2. to cease immediately to hold yourself out in any way as a Developer of ours or to do anything which would indicate a relationship between you and us.

10.1.3. to immediately and permanently cease to use the Marks and distinctive forms, slogans, signs, and symbols associated with the Developer program and the System.

10.1.4. to promptly pay all sums owing to us and our affiliates under this Agreement. In the event of termination for any default by you, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us or our affiliates as a result of the default.

10.1.5. You shall comply with the covenants contained in Section 12 of this Agreement.

10.2. No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

## 11. TRANSFER OF INTEREST

11.1. This Agreement is personal to you, and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section 11 shall constitute a material breach of this Agreement.

11.2. In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified, including without limitation, personal guarantees by the equity owners of all of the obligations of said corporate entity or assignee corporate entity to us and other parties designated by us. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Restaurants pursuant to the terms and conditions of the Franchise Agreements with us, and all assets related to the operation of the Restaurants shall be held by the corporate entity or assignee corporate entity. There shall be no transfer fee charged by us for a one-time assignment to a corporate entity.

11.3. If you are a corporation or if your rights hereunder are assigned to a corporate entity, you or those individuals disclosed on Attachment B attached hereto shall be the legal and beneficial owner of not less than 51% of the outstanding equity of said entity and shall act as such entity's principal officer. The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of this Section 11, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours. The articles of organization and governing documents (including by-laws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be printed legibly and conspicuously on each certificate:

**“The transfer of this certificate is subject to the terms and conditions of a Development Rights Agreement with Wing Snob Franchising, LLC, dated \_\_\_\_\_. Reference is made to said Development Rights Agreement and related franchise agreements and to restrictive provisions of the governing documents of this entity.”**

11.4. The entity or assignee entity's records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section 11. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded. You are strictly prohibited from offering your securities through a public offering or private placement without Franchisor approval which may be withheld for any reason.

11.5. In the event of your death, disability or permanent incapacity, we shall consent to the transfer of all of the interest of you to your spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.6. You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least 50% of the Restaurants to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.7. Except as provided in Section 11.6, if you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within 30 days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including your right to develop sites within the Development Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline or do not accept the offer in writing within 30 days, you may, within 30 days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 11.7 with respect to the proposed transfer.

11.8. You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit developers and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.9. We may withhold our consent to your sale, assignment, or transfer of your rights as a developer under this Agreement based on our approval requirements, including, but not limited to, the following:

11.9.1. All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.9.2. All ascertained or liquidated debts of you to us or our affiliates or are paid.

11.9.3. You are not, (i) at the time of the transfer request, in default in any material respect under this Agreement or any other agreement with us, or any of our affiliates, or any of our designated suppliers and (ii) you have not been during the term of this Agreement, in default in any material respect under this Agreement or any other agreement with us, any of our affiliates, or any of our designated suppliers without curing such default within the applicable cure period.

11.9.4. We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength, our requirements for proficiency in the English language, and other business considerations.

11.9.5. Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our then-current standard form of Development Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit developers on the date of transfer.

11.9.6. You and all of your individual owners, the transferee and the individual owners of the transferee execute (i) a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us and (ii) indemnity protecting us and our affiliates against any statements, representations, or warranties that you may have made or given to the proposed transferee.

11.9.7. You and all of your individual owners provide us with a fully-signed copy of all transfer documents and the purchase and sale agreement.

11.9.8. You or transferee pay to us a transfer fee in an amount equal to 25% of the Development Fee paid to us.

11.10. Upon the death or mental incapacity of any person with an interest of more than 50% in this Agreement or in you, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within 12 months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed 12 months from the date said personal representative is appointed, to dispose of the deceased's interest in you or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Development Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Development Schedule, upon 90 days' notice to your

representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.11. Our consent to a transfer of any interest in you or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.12. We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (a) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (b) the assignee shall expressly assume and agree to perform such obligations. You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Wing Snob Franchising, LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in our current industry or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

11.13 Notwithstanding anything to the contrary in this Section of the Agreement, you may transfer cumulatively up to a 49% (100% on your death or disability) interest in this Agreement to your spouse, your parent or your child, or up to a 100% interest in this Agreement to any of the original guarantors to this Agreement (a “**Related Party**”), subject to the following conditions:

11.13.1 You give us prior written notice of the transfer.

11.13.2 The Related Party assumes in writing, on a form we prepare, this Agreement.

11.13.3 The transfer will not relieve you of your obligations under this Agreement.

11.13.4 You may not be in default under this Agreement.

11.13.5 You must sign and deliver to us a general release of all claims you may have against us.

11.14 We may transfer all of our rights and obligations under this Agreement, provided that: (i) we, in our sole discretion, determine that the transferee under the transfer is able to perform our obligations under this Agreement; and (ii) the transferee agrees, in writing, to perform our obligations under this Agreement. We are not required to obtain your consent for our transfer. Following the effective date of the transfer, you will look solely to the transferee, and not to us, for the performance of all obligations in this Agreement.



## 12. COVENANTS

12.1. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you (or if Developer is a corporation or partnership, the Designated Owner) or your manager shall devote full time, energy, and best efforts to the management and operation of the Developer's business governed by this Agreement.

12.2. You specifically acknowledge that, pursuant to this Agreement, you will receive confidential information, including without limitation, marketing methods and techniques of us and the System. You covenant that, during the term of this Agreement, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.2.1. Divert or attempt to divert any business or customer of any Wing Snob restaurant operated under the System to any competitor or do any other act injurious or prejudicial to the goodwill associated with the System.

12.2.2. Employ or seek to employ any person who is at that time employed by us or any of our franchisees or developers, or directly or indirectly induce such person to leave their employ.

12.2.3. Own, maintain, operate, affiliate with, or have an interest in any business (whether directly operating such a business or as a franchisee, area representative, developer, or otherwise) that is competitive with a Wing Snob restaurant.

12.3. You and your owners covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under Section 11; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 12.3, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any persons or entity, own, maintain, operate, engage in, develop or acquire any interest in any business that is competitive with a Wing Snob restaurant and, and which business is, or is intended to be, located (a) within the Development Area; (b) within a 100-mile radius of the Development Area; or (c) within a 100-mile radius of any of your Restaurants or any Wing Snob restaurant operating under the System at the time of transfer, expiration or termination.

12.4. Sections 12.2 and 12.3 above shall not apply to ownership by Developer of an interest in any business operated under the System under a franchise granted by us or of less than 5% beneficial interest in the outstanding equity securities of any publicly held entity.

12.5. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.6. You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 12.2 and 12.3 of this Agreement, or any portion thereof, without your consent, effective immediately upon receipt of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

12.7. You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 12. You agree to pay all costs and expenses (including reasonable attorneys' fees and expenses) we incur in connection with the enforcement of this Section 12.

12.8. You and your owners agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and your owners certify, represent, and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of your owners are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Section 12.9, the following terms have the following meanings: (a) "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States ("**Executive Order 13224**"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war; (b) "**Owner**" means any person, partner, member, or shareholder who owns any direct or indirect interest in Developer. You and your owners certify that none of you, your respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "**Annex**"). You agree not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). You also agree not to knowingly: (a) establish a new relationship with a person as an employee, owner, banker, or otherwise who is listed in the Annex (whether or not we have consented to a Transfer involving such new owner); and (b) maintain a business relationship (whether with an employee, an owner, banker, or otherwise) with a person who is added to the Annex. You certify that you have no knowledge or information that, if generally known, would result in you or your owners, your employees, or anyone else associated with you to be listed in the Annex to Executive Order 13224. You understand that you are solely responsible for ascertaining what actions you must take to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities set forth in this Agreement also apply to your obligations under this Section 12.9. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your owners, your employees, and/or their respective affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with us or one of our affiliates.

12.9. You shall require and obtain execution of covenants, in a form reasonably acceptable to us, of confidentiality and non-competition similar to those set forth elsewhere in this Agreement

(including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (a) all managers of Developer; (b) all officers, directors, and holders of a beneficial interest of 5% or more of the securities of Developer, and of any entity directly or indirectly controlling Developer, if Developer is an entity; and (c) the general partners and any limited partners if Developer is a partnership. The covenants required by this Section 12 shall be in a form specified by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce.

### **13. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the addresses listed in the opening paragraph unless and until a different address has been designated by written notice to the other party. Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

### **14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2. You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3. You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

### **15. APPROVALS**

15.1. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **16. NON-WAIVER**

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

## **17. SEVERABILITY AND CONSTRUCTION**

17.1. Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2. If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3. Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6. This Agreement may be executed in multiple copies, each of which shall be deemed an original.

## **18. ENTIRE AGREEMENT; APPLICABLE LAW**

18.1. This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement

shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

18.2. This Agreement takes effect upon its acceptance and execution by us. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 and the sections following it) or other federal law, this Agreement and the relationship created hereby are governed by Michigan law, excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

18.3. Subject to the Arbitration provision below, you and we each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts in Oakland County, Michigan, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

## **19. DISPUTE RESOLUTION**

19.1 WITH THE EXCEPTION OF ANY CONTROVERSY OR CLAIM RELATING TO (A) THE OWNERSHIP OR IMPROPER USE OF OUR PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, (B) EQUITABLE CLAIMS, AND (C) AMOUNTS DUE FROM YOU TO US, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN OR INVOLVING US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR AGENTS, REPRESENTATIVES AND/OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO: (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU OR OUR AND YOUR RESPECTIVE AFFILIATES; (B) OUR RELATIONSHIP WITH YOU; (C) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US OR OUR AND YOUR RESPECTIVE AFFILIATES; OR (D) ANY SYSTEM STANDARD, TO NON-BINDING MEDIATION AT A PLACE THAT WE DESIGNATE WITHIN 25 MILES OF WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR MEDIATION IS FILED. (IF YOU AND WE CANNOT AGREE ON A LOCATION, THE MEDIATION WILL BE CONDUCTED AT OUR HEADQUARTERS). THE MEDIATION SHALL BE CONDUCTED BY EITHER A MUTUALLY AGREED-UPON MEDIATOR OR, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED 15 DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS COMMERCIAL MEDIATION PROCEDURES. ABSENT AGREEMENT TO THE CONTRARY, THE MEDIATOR SHALL BE EXPERIENCED IN THE MEDIATION OF FRANCHISE DISPUTES. YOU AND WE AGREE THAT ANY STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE IN ANY SUBSEQUENT ARBITRATION OR LEGAL PROCEEDING. EACH PARTY WILL BEAR ITS

OWN COSTS AND EXPENSES OF CONDUCTING THE MEDIATION AND SHARE EQUALLY THE COSTS OF ANY THIRD PARTIES WHO ARE REQUIRED TO PARTICIPATE. NEVERTHELESS, BOTH YOU AND WE HAVE THE RIGHT IN A PROPER CASE TO OBTAIN TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. HOWEVER, THE PARTIES MUST IMMEDIATELY AND CONTEMPORANEOUSLY SUBMIT THE DISPUTE FOR NON-BINDING MEDIATION. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN 90 DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY THE WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER THIS SECTION. THE MEDIATION PROVISIONS OF THIS AGREEMENT ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD-PARTY NON-SIGNATORIES, AND ALL OF YOUR AND OUR OWNERS AND AFFILIATES.

19.2. WITH THE EXCEPTION OF ANY CONTROVERSY OR CLAIM RELATING TO (A) THE OWNERSHIP OR IMPROPER USE OF OUR PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, (B) EQUITABLE CLAIMS, AND (C) AMOUNTS DUE FROM YOU TO US, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED WITHIN 50 MILES OF WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR ARBITRATION IS FILED BY THE AMERICAN ARBITRATION ASSOCIATION (“AAA”) (IF YOU AND WE CANNOT AGREE ON A LOCATION, THE ARBITRATION WILL BE CONDUCTED AT OUR HEADQUARTERS). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK PROVISIONAL INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL BY JURY OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATOR RENDERS A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD.

19.3. As a mandatory condition precedent prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us 90 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

19.4. Nothing in this Agreement shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

19.5. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.6. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US AND/OR YOUR AND OUR RESPECTIVE AFFILIATES.

19.7. EXCEPT FOR YOUR OBLIGATIONS TO US AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST US. YOU ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING THE CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES YOU SUSTAIN.

19.8. ANY AND ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE YEAR FROM THE OCCURRENCE OF THE ACT OR EVENT GIVING RISE TO SUCH CLAIM OR ONE YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST, EXCEPT FOR CLAIMS FOR: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR PROPRIETARY MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

19.9. You shall pay to us all damages, costs and expenses (including without limitation reasonable attorneys' fees) that we incur subsequent to the termination or expiration of the license granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement; (b) successfully defending a claim that we defrauded you into signing this Agreement, that the provisions of this Agreement are not fair, were not properly entered into,

and/or that the terms of this Agreement do not govern the parties' relationship; and/or (c) enforcing any term in this Agreement.

## 20. TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Restaurants in the Development Area in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Development Area in accordance with the Development Schedule, to operate such Restaurant pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a “**Force Majeure**”, which for purposes of this Agreement shall be defined as fire, flood, acts of God, global pandemic, government shutdown, earthquake or other natural disasters, or acts of a public enemy, war, act of terrorism, rebellion or sabotage. Force Majeure shall not include your lack of financing.

## 21. ACKNOWLEDGMENTS

21.1. You acknowledge and agree that we shall have the right to operate the System as we determine is appropriate, including but not limited to making decisions of whether to enter into an agreement of any sort with any party (such as a prospective franchisee), determining the terms of any agreement that we will enter into with any party (such as the provisions of a Franchise Agreement), determining whether and how to enforce its agreements (such as whether and when to bring actions to require payment in full by all parties, including franchisees), and all other matters whatsoever pertaining to the System. You understand that you shall not have any right whatsoever to enforce or to require us to do business with any particular party, enter into any particular agreement, or to enforce the terms of any particular Franchise Agreement.

21.2. You acknowledge that you have conducted an independent investigation of the Wing Snob development business and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of you as an independent businessperson or business. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, orally or in writing, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

21.3. You acknowledge that you have read and understood this Agreement, the documents referred to in this Agreement and agreements relating thereto, if any; and that we have accorded you ample time and opportunity to consult with advisors and/or attorneys of your own choosing about the potential benefits and risks of entering into this Agreement.

21.4. You acknowledge and agree that we have in the past, and may in the future, modify the offer of its licenses to other multi-unit developers in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that differ from the terms, conditions, and obligations in this Agreement.



21.5. You acknowledge that you received the Disclosure Document required by the Federal Trade Commission Franchise Rule at least 14 calendar days prior to the date on which this Agreement was executed or any consideration was paid to us.

21.6. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

21.7. You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, his/her active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

21.8. We expressly disclaim the making of, and you acknowledge that you have not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.

## **22. EFFECTIVE DATE**

22.1 This Agreement shall be effective as of the date it is executed by us.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**DEVELOPMENT RIGHTS AGREEMENT**

**ATTACHMENT A**

**CERTIFICATION BY DEVELOPER**

The undersigned, \_\_\_\_\_, personally, (“**Developer**”) do/does hereby certify that they have conducted an independent investigation of the business contemplated by this Development Rights Agreement and Wing Snob Franchising, LLC Franchise Agreement, and that the decision to execute the Development Rights Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Development Rights Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated franchised businesses, except as may be included in the Wing Snob Franchise Disclosure Document heretofore provided to Developer. The undersigned further certifies that he/she understands the risks involved in this investment and Wing Snob Franchising, LLC makes no representation or guaranty, explicit or implied, that the Developer will be successful or will recoup his/her investment.

Each of the undersigned owns a 5% or greater beneficial interest in Developer, each has read this Development Rights Agreement, and each agrees to be individually bound by all obligations of Developer hereunder.

IN WITNESS WHEREOF, this Certification has been signed the day and year below.

**DEVELOPER’S MEMBERS/STOCKHOLDERS:**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Date Signed

**DEVELOPMENT RIGHTS AGREEMENT**

**ATTACHMENT B**

**GUARANTY**

In consideration of the execution by Wing Snob Franchising, LLC of the annexed Development Rights Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, \_\_\_\_\_, agree(s) to be jointly and severally bound by and agree to guaranty the performance of all of the terms and conditions of the Development Rights Agreement and any amendments thereto or renewals thereof, and do hereby execute this Development Rights Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Development Rights Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Development Rights Agreement.

Each of the undersigned owns a 5% or greater beneficial interest in Developer, each has read this Development Rights Agreement, and each agrees to be individually bound by all obligations of Developer hereunder.

IN WITNESS WHEREOF, this Guaranty has been signed the day and year below.

**GUARANTORS:**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Date Signed

HOME ADDRESS

HOME ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

## DEVELOPMENT RIGHTS AGREEMENT

### ATTACHMENT C

#### **TRANSFER OF A FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY**

This Transfer Agreement shall amend that certain Development Rights Agreement between \_\_\_\_\_ (“**Developer**”) and Wing Snob Franchising, LLC (“**Franchisor**”).

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding membership interests of the Limited Liability Company set forth below, and the Developer of the Restaurants under a Development Rights Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate in the Development Area set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Developer constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Development Rights Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Section 11 of the Development Rights Agreement, agree as follows:

1. The undersigned Developer shall remain personally liable in all respects under the Development Rights Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Development Rights Agreement including the restrictive covenants contained in Section 12 thereof, to the same extent as if each of them were the Developer set forth in the Development Rights Agreement and they jointly and severally personally guarantee all of the Developer’s obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

“The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Development Rights Agreement dated \_\_\_\_\_, 20\_\_ between \_\_\_\_\_ and Wing Snob Franchising, LLC”

or

“The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Development Rights

Agreement dated \_\_\_\_\_, 20\_\_ between  
and Wing Snob Franchising, LLC”.

3. \_\_\_\_\_ or his/her designee shall devote his best efforts to the day-to-day operation and development of the Restaurants.

4. \_\_\_\_\_ hereby agrees to become a party to and to be bound by all of the provisions of the Development Rights Agreement executed on the date set forth below between Developer and Franchisor, to the same extent as if it were named as the Developer therein.

Date of Development Rights Agreement: \_\_\_\_\_

Development Area for Restaurants: \_\_\_\_\_

As to Paragraph 3:

As to Paragraph 4:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

In consideration of the execution of the above Agreement, Wing Snob Franchising, LLC hereby consents to the above referred to assignment on \_\_\_\_\_.

**WING SNOB FRANCHISING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**DEVELOPMENT RIGHTS AGREEMENT**

**ATTACHMENT D**

**DEVELOPMENT SCHEDULE**

The Agreement authorizes and obliges Developer to establish and operate ( ) Restaurants pursuant to a franchise agreement for each Restaurant. The following is Developer’s Development Schedule:

<b>Restaurant #</b>	<b>Deadline for Opening</b>	<b>Total # of Restaurants to be Open and Operating On Deadline</b>	<b>Fee Due to be Paid</b>
			\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
Total Fees Due at Signing:			

The Development Schedule shall be deemed completed, and this Development Rights Agreement shall expire, upon the opening of the final Restaurant to be developed pursuant to this Agreement.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Development Schedule.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**DEVELOPMENT RIGHTS AGREEMENT**

**ATTACHMENT E**

**DEVELOPMENT AREA**

The following describes the Development Area within which Developer may locate Restaurants under the Development Rights Agreement:

---

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Development Area.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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



**DEVELOPMENT RIGHTS AGREEMENT**

**ATTACHMENT F**

**STATE ADDENDA TO THE DEVELOPMENT RIGHTS AGREEMENT**

## ILLINOIS ADDENDUM TO DEVELOPMENT RIGHTS AGREEMENT

If any of the terms of the Development Rights Agreement are inconsistent with the terms below, the terms below control.

1. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
2. The Development Rights Agreement is governed by Illinois law.
3. In conformance with Section 4 of the Illinois Act, any provision in the Development Rights Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Development Rights Agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Act.
5. In conformance with Section 41 of the Illinois Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Act or any other law of Illinois is void.
6. Section 2 of the Development Rights Agreement shall be amended to state that the Initial Franchise Fees/Development Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to developers and developer has commenced operations its Restaurant. The Illinois Attorney General Office has imposed this deferral requirement due to Franchisor’s financial condition.
7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. This Addendum is effective as of the Effective Date.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

## MARYLAND ADDENDUM TO DEVELOPMENT RIGHTS AGREEMENT

If any of the terms of the Development Rights Agreement are inconsistent with the terms below, the terms below control.

1. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
2. Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Franchisor shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Franchisor or any other person from liability under the Maryland Franchise Law.
3. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
5. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
6. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

## MINNESOTA ADDENDUM TO DEVELOPMENT RIGHTS AGREEMENT

If any of the terms of the Development Rights Agreement are inconsistent with the terms below, the terms below control.

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.
2. **Amendments.** The Agreement is amended to comply with the following:
  - Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  - With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
  - The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
  - Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
  - The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
  - NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
  - The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

Wing Snob

Franchise Disclosure Document | Multistate 2024 | Exhibit C: Development Rights Agreement  
Attachment F: State Addenda to Development Rights Agreement

3. **Effective Date.** This Rider is effective as of the Effective Date.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**NORTH DAKOTA ADDENDUM TO DEVELOPMENT RIGHTS AGREEMENT**

1. Section 12 of the Development Rights Agreement is amended to also provide as follows: “Covenants not to compete are generally considered unenforceable in the State of North Dakota.”

2. Section 17(u) of the Development Rights Agreement is modified and amended to provide that all arbitration or mediation required under the Development Rights Agreement shall be at a location agreeable to all parties and may not be remote from the area developer’s Development Agreement.

3. All provisions in the Development Rights Agreement concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language: “You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

4. North Dakota law governs any cause of action arising out of the Development Rights Agreement.

5. Section 19 to the Development Rights Agreement shall be modified to state that the statute of limitations under North Dakota law shall apply.

**WING SNOB FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**WING SNOB FRANCHISING, LLC  
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**FINANCIAL STATEMENTS**



Divine  
Blalock  
Martin  
Sellari  
LLC  
Est. in 1932

# **WING SNOB FRANCHISING, LLC.**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

**With Auditors' Report Thereon**

**WING SNOB FRANCHISING, LLC.**  
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## INDEPENDENT AUDITOR'S REPORT

To the Member's  
Wing Snob Franchising, LLC  
Warren, MI

### Opinion

We have audited the accompanying financial statements of Wing Snob Franchising, LLC (a Michigan Limited Liability Company) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wing Snob Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Wing Snob Franchising, LLC'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 Wing Snob Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wing Snob Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

***Divine, Blalock, Martin & Sellari, LLC***

**West Palm Beach, Florida**

**April 9, 2024**

**WING SNOB FRANCHISING, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<b>ASSETS</b>	
	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 264,778	\$ 16,884
Accounts receivable	27,810	14,113
Due from related party	-	118,457
Prepaid rent	-	978
Prepaid expenses	98,809	75,000
<b>Total Current Assets</b>	391,397	225,432
<b>Property and Equipment, net</b>	411,625	443,572
<b>Other Assets</b>		
Right-of-use asset	124,727	180,503
<b>Total Other Assets</b>	124,727	180,503
<b>Total Assets</b>	\$ 927,749	\$ 849,507

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

**WING SNOB FRANCHISING, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2023 AND 2022**

<b>LIABILITIES AND MEMBER'S DEFICIT</b>		
	<u>2023</u>	<u>2022</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 10,582	\$ 50,392
Credit card payable	67,438	113,337
Gift card payable	28,245	31,190
Lease liability - current portion	47,348	43,992
Long-term debt - current portion	48,764	43,715
Deferred franchise revenue	505,000	62,500
Customer deposit	275,000	-
<b>Total Current Liabilities</b>	<u>982,377</u>	<u>345,126</u>
<b>Noncurrent Liabilities</b>		
Lease liability, net of current portion	77,379	136,511
Long-term debt , net of current portion	581,338	619,551
<b>Total Noncurrent Liabilities</b>	<u>658,717</u>	<u>756,062</u>
<b>Member's Deficit</b>		
Member's deficit	<u>(713,345)</u>	<u>(251,681)</u>
<b>Total Member's Deficit</b>	<u>(713,345)</u>	<u>(251,681)</u>
<b>Total Liabilities and Member's Deficit</b>	<u>\$ 927,749</u>	<u>\$ 849,507</u>

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



**WING SNOB FRANCHISING, LLC**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Franchise fees	\$ 337,500	\$ 474,791
Marketing fund fee	164,939	115,065
Royalty fees	1,196,220	710,590
Technology fee	44,344	6,510
Rebate income	185,262	101,386
<b>Total Revenues</b>	<u>1,928,265</u>	<u>1,408,342</u>
<b>Operating Expenses</b>		
Automobile expenses	11,886	10,501
Advertising and marketing	332,453	241,387
Bank charges	13,987	16,467
Commission	369,141	50,000
Computer internet and telephone	127,857	96,881
Depreciation	53,448	49,863
Donation and contributions	1,887	16,560
Franchise development expenses	127,584	120,551
Insurance	53,626	31,418
Meals and entertainment	14,726	8,933
Miscellaneous	7,022	14,403
Postage and printing	26,129	22,519
Professional & consulting fees	98,918	86,883
Rent	56,242	42,594
Salaries and wages	391,472	310,121
Training	6,790	36,169
Travelling	27,441	54,410
<b>Total Operating Expenses</b>	<u>1,720,609</u>	<u>1,209,660</u>
<b>Net Income from Operations</b>	<u>\$ 207,656</u>	<u>\$ 198,682</u>
<b>Other Income (Expenses)</b>		
Interest expenses	(67,287)	(15,487)
Legal fees settlement expenses	-	(170,000)
<b>Total Other (Expenses)</b>	<u>(67,287)</u>	<u>(185,487)</u>
<b>Net Income</b>	<u>\$ 140,369</u>	<u>\$ 13,195</u>

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

**WING SNOB FRANCHISING, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT) EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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	<b>2023</b>	<b>2022</b>
<b>Balance at January 1</b>	\$ (251,681)	\$ 112,589
Member's contributions	-	160,000
Member's distributions	(602,033)	(537,465)
Net income	140,369	13,195
<b>Balance at December 31</b>	<b>\$ (713,345)</b>	<b>\$ (251,681)</b>

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

**WING SNOB FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 140,369	\$ 13,195
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	53,448	49,863
<i>Decrease (Increase) in operating assets:</i>		
Accounts receivable	(13,697)	(4,787)
Prepaid rent	978	(978)
Prepaid expenses	(23,809)	(75,000)
<i>Increase (Decrease) in operating liabilities:</i>		
Accounts payable	(39,810)	(17,285)
Credit card payable	(45,899)	92,599
Gift card payable	(2,945)	3,030
Deferred revenue	442,500	62,500
Customer deposits	275,000	-
<b>Net Cash Provided by Operating Activities</b>	<u>786,135</u>	<u>123,137</u>
<b>Cash Flows in Investing Activities:</b>		
Fixed assets purchased	(21,501)	(153,414)
<b>Net Cash Flows used in Investing Activities:</b>	<u>(21,501)</u>	<u>(153,414)</u>
<b>Cash Flows From Financing Activities:</b>		
Members' contributions	-	160,000
Members' distributions	(602,033)	(537,465)
(Payments) to proceeds from related party	118,457	(118,457)
Proceeds from long-term-debt - EIDL loan	-	316,200
(Repayment) proceeds from long-term-debt - ve	(33,164)	82,604
<b>Net Cash (Used) in Financing Activities</b>	<u>(516,740)</u>	<u>(97,118)</u>
<b>Net Increase (Decrease) in Cash and Cash Equiva</b>	247,894	(127,395)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>16,884</u>	<u>144,279</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 264,778</u>	<u>\$ 16,884</u>

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

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 1 – BUSINESS ACTIVITY**

Wing Snob Franchising, LLC, a Michigan Limited Liability Company, (“The Company”) was formed on September 17, 2017, which is owned by two individuals (“Partners”). The company is in the business of offering a “fast-casual” limited sit down or carry-out Restaurant that will principally offer specially created chicken wings and sauces, five (5) varieties of French fries, traditional side items, beverages, desserts and related items. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Wing Snob Franchising, LLC.

Pursuant to the Partnership Agreement dated April 2018, (“the Partnership Agreement”), profits and losses are allocated 50/50 to each of the partners. For the years ended December 31, 2023 and 2022, total capital contributions were \$0 and \$160,000, respectively. Additionally, for the years ended December 31, 2023 and 2022, total capital distributions were \$602,033 and \$537,465, respectively.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts which, could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable and Bad Debts**

Customer accounts receivable is stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of year-end, any balances that are considered to be uncollectible. Bad debts amounted to \$0 for the years ended December 31, 2023 and 2022, respectively.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 5 to 40 years.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Advertising Costs**

Advertising costs are expensed when incurred. Advertising expense amounted to \$332,453 and \$241,387 for the years ended December 31, 2023 and 2022, respectively.

**Concentrations of Credit Risk**

The Company maintains cash in bank and 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 risk on cash and cash equivalents.

**Income Taxes**

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

The Company has elected to be taxed as an S corporation under the Internal Revenue Code and applicable state statutes. Under an S Corporation election, the income of the Company flows through to the members to be taxed at the individual level rather than the corporate level. Accordingly, no provision or liability for federal or state income taxes has been included in the financial statements. Generally, the Company will distribute cash to the shareholder to pay his share of the federal and state taxes.

The Company follows the generally accepted accounting guidance for uncertainty in income taxes, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Company continues to be qualify to be treated as an S Corporation for federal income tax purposes. The guidance requires management to evaluate the likelihood that, upon examination by relevant taxing authorities, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% likely that a material amount of income tax would be imposed at the Company level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from the assessment. Should any such penalties and interest be incurred, the Company's policy would be to recognize them as operating expenses.

Based on management's evaluation at December 31, 2023, the Company had no such liabilities resulting from uncertain tax positions.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company’s management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

**Revenue Recognition**

The Company’s revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties, advertising fund and local advertising on a weekly and monthly basis, which are generally based upon a percentage of sales made by the Company’s franchises, when they are earned and deemed collectible.

The company also offers the right and obligation to an “Area Developer” to open a specified number of franchises in a designated territory on or before certain dates. The Company recognizes the franchise income when the commitments are satisfied.

The following services are provided by the Company prior to the opening of a franchised location:

- Designate and approve a territory and provide site selection assistance.
- Assist in the process of construction or improvement of location by providing sample architectural plans from existing locations
- Specify and provide source of supply for the equipment, fixtures, signs, and inventory and designate the products and services to be offered.
- Provide operation manual and initial training program and provide instruction and assistance prior to and after opening the business.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1 - Quoted prices in active markets for identical assets or liabilities.*

*Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.*

*Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.*

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

**Recently Adopted Accounting Pronouncements**

Effective January 1, 2022, the Company adopted FASB ASC 842, *Leases*. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$124,727 as of December 31, 2023. Results for periods beginning prior will continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's results of operations, cash flows or debt covenants. (See Note 8)

**NOTE 3 – PREPAID EXPENSES**

Prepaid expenses represent expenses paid to assist franchisee's in getting their business open. This includes broker fees, advertising fees, and technology costs. These costs are fully recognized when Franchisees open their doors. The amount deferred amounted to \$98,809 and \$75,000 for the years ended December 31, 2023 and 2022, respectively.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31,

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 60,632	\$ 60,631
Leasehold improvements	124,940	103,440
Vehicles	345,995	345,995
Total	<u>531,567</u>	<u>510,066</u>
Less: accumulated depreciation	<u>119,942</u>	<u>66,494</u>
Property and equipment, net	<u>\$ 411,625</u>	<u>\$ 443,572</u>

Total depreciation expenses for the year ended December 31, 2023 and 2022 amounted to \$53,448 and \$49,863, respectively.

**NOTE 5 – DEFERRED REVENUE**

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors. The amount deferred as of December 31, 2023 and 2022 were \$505,000 and \$62,500, respectively.

**NOTE 6 – LONG-TERM DEBT**

- (a) A member of the company executed an installment loan agreement with TD Auto Finance on December 6, 2021 for \$114,629, secured by a fixed asset. At December 31, 2023 and 2022, the balances of the note were \$79,950 and \$97,687, respectively.
- (b) A member of the company executed an installment loan agreement with Ally Financial on March 21, 2022 for \$111,366, secured by a fixed asset. At December 31, 2023 and 2022, the balances of the note were \$83,952 and \$99,379, respectively.
- (c) On May 15, 2020 the company received an Economic Injury Disaster Loan (EIDL) through the SBA pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”) for \$150,000. The note payable has interest of 3.75% with 360 monthly principal and interest payments of \$731 beginning 30 months from the date of the note. On March 9, 2022, the SBA modified the loan amount to \$466,200 with a new monthly payment amount of \$2,300. During 2023, the company paid \$27,600 towards interest payment. At December 31, 2023 and 2022, the principal balances of the note were \$466,200.



**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 6 – LONG-TERM DEBT, CONTINUED**

Long-term debts consisted of the following at December 31, 2022:

Installment loans	\$ 163,902
Economic Injury Disaster Loan (EIDL)	466,200
	630,102
Less: current portion	48,764
Long-term note payable	\$ 581,338

Maturities of long-term debts as of December 31, 2022 are as follows:

2024	\$ 48,764
2025	48,135
2026	50,504
2027	56,899
2028	11,081
thereafter	414,719
Total	\$ 630,102

**NOTE 7 – CUSTOMER DEPOSITS**

During the year ended December 31, 2023, the company received deposits from a Canadian customer to sell certain rights, title and interest in and to the internet domain name registrations, “Wing Snob Canadian IP”. The Company recognizes a contract liability in the amount of the prepayment from the customers. At December 31, 2023 the Company recorded customer deposit liabilities of \$275,000. The Company expects to recognize this as revenue when the contract is executed.

**NOTE 8 – OPERATING LEASE COMMITMENTS AND CONTINGENCIES**

The company leases certain property under an operating lease agreement commencing October 1, 2021 and concluding on September 30, 2026. This lease falls under the new GAAP rule of leases, FASB ASC 842 (See the recently adopted accounting pronouncements section of Note 2). Total lease expense pertaining to the above-mentioned lease was \$56,242 and \$42,594 for the years ended December 31, 2023 and 2022, respectively.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 8 – OPERATING LEASE COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Future minimum lease payments required under the lease agreement on an annual basis are as follows for the years ending December 31,

2024	\$	47,348
2025		49,932
2026		39,231
Thereafter		-
		-
	\$	136,511
Lease liability - current portion	\$	47,348
Lease liability - non current portion		77,379
Present value of future lease commitments	\$	124,727

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The company may be party to various claims, legal actions and complaints arising in the ordinary course of business. 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.

**NOTE 10 – SUBSEQUENT EVENTS**

The Company’s management has performed subsequent events procedures through April 9, 2024, which is the date the financial statements were available to be issued. On January 15, 2024, the company signed a Trademark Purchase and Sale Agreement with a Canadian buyer to sell certain rights, title and interest in and to the internet domain name registrations, “Wing Snob Canadian IP” (See note 7).

**WING SNOB FRANCHISING, LLC**

**Financial Statements**  
**For the Year Ended December 31, 2022**  
*with*  
**Independent Auditor's Report Thereon**

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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WILBUR F. DIVINE, IV, CPA (1925-1989)  
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THE STATE OF TN

\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NY

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AND THE STATE OF NJ

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\*\*\*\*\*REGULATED BY THE STATE OF NY  
\*\*\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NC

## INDEPENDENT AUDITOR'S REPORT

To the Member's  
Wing Snob Franchising, LLC  
Warren, MI

### Opinion

We have audited the accompanying financial statements of Wing Snob Franchising, LLC (a Michigan Limited Liability Company) which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in member's 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 Wing Snob Franchising, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wing Snob Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements of Wing Snob Franchising, LLC as of December 31, 2021 were audited by other auditors whose report dated April 7, 2022 expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Wing Snob Franchising, LLC'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 Wing Snob Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wing Snob Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

***Divine, Blalock, Martin & Sellari, LLC***

West Palm Beach, Florida

April 28, 2023

**WING SNOB FRANCHISING, LLC**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2022**  
(with comparable totals for 2021)

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	<b>ASSETS</b>	
	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 16,884	\$ 144,279
Accounts receivable	14,113	9,326
Due from related party	118,457	-
Prepaid rent	978	-
Deferred franchise expenses	75,000	-
	<b>225,432</b>	<b>153,605</b>
<b>Property and Equipment, net</b>	443,572	340,021
<b>Right-of-Use Asset</b>	180,503	-
<b>Total Non Current Assets</b>	624,075	340,021
<b>Total Assets</b>	\$ 849,507	\$ 493,626

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

**WING SNOB FRANCHISING, LLC**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2022**  
(with comparable totals for 2021)

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**LIABILITIES AND MEMBER'S (DEFICIT) EQUITY**

	<b>2022</b>	<b>2021</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 50,392	\$ 67,677
Credit card payable	113,337	20,738
Gift card payable	31,190	28,160
Current portion of lease payable	43,992	-
Current portion of long-term debt	43,715	-
Deferred franchise revenue	62,500	-
	<b>345,126</b>	<b>116,575</b>
<b>Noncurrent Liabilities</b>		
Lease payable, net of current portion	136,511	-
Long-term debt, net of current portion	619,551	264,462
	<b>756,062</b>	<b>264,462</b>
<b>Member's (Deficit) Equity</b>		
Member's (deficit) equity	(251,681)	112,589
	<b>(251,681)</b>	<b>112,589</b>
<b>Total Liabilities and Member's (Deficit) Equity</b>	<b>\$ 849,507</b>	<b>\$ 493,626</b>

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



**WING SNOB FRANCHISING, LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(with comparable totals for 2021)

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Franchise fees	\$ 481,301	\$ 523,750
Marketing fund fee	115,065	53,892
Royalty fees	710,590	662,959
Rebate income	101,386	22,220
<b>Total Revenues</b>	<u>1,408,342</u>	<u>1,262,821</u>
<b>Operating Expenses</b>		
Automobile expenses	10,501	32,733
Avertising and marketing	241,387	203,064
Bank charges	16,467	7,793
Commission	50,000	31,250
Computer internet and telephone	96,881	42,445
Depreciation	49,863	16,630
Donation and contributions	16,560	-
Franchise development expenses	120,551	2,000
Insurance	31,418	9,122
Meals and entertainment	8,933	16,207
Miscellaneous	14,403	2,873
Office expenses	-	23,856
Postage and printing	22,519	2,909
Professional & consulting fees	86,883	196,627
Rent	42,594	14,792
Salaries and wages	310,121	312,925
Training	36,169	-
Travelling	54,410	40,091
<b>Total Operating Expenses</b>	<u>1,209,660</u>	<u>955,317</u>
<b>Net Income from Operations</b>	<u>\$ 198,682</u>	<u>\$ 307,504</u>
<b>Other Income (Expenses)</b>		
PPP loan forgiveness	-	48,125
Interest expenses	(15,487)	-
Legal fees & settlement expenses	(170,000)	-
<b>Total Other Income (Expenses)</b>	<u>(185,487)</u>	<u>48,125</u>
<b>Net Income</b>	<u>\$ 13,195</u>	<u>\$ 355,629</u>

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

**WING SNOB FRANCHISING, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S (DEFICIT) EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(with comparable totals for 2021)

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	<b>2022</b>	<b>2021</b>
<b>Balance at January 1</b>	\$ 112,589	\$ (188,024)
Member contributions	160,000	293,861
Member distributions	(537,465)	(348,877)
Net income	13,195	355,629
<b>Balance at December 31</b>	<b>\$ (251,681)</b>	<b>\$ 112,589</b>

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

**WING SNOB FRANCHISING, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(with comparable totals for 2021)

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 13,195	\$ 355,629
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
PPP loan forgiveness	-	(48,125)
Depreciation	49,863	16,630
<i>Decrease (Increase) in operating assets:</i>		
Accounts receivable	(4,787)	(2,910)
Prepaid rent	(978)	-
Deferred franchise expenses	(75,000)	-
<i>Increase (Decrease) in operating liabilities:</i>		
Accounts payable	(17,285)	809
Credit card payable	92,599	8,174
Gift card payable	3,030	14,204
Deferred franchise revenue	62,500	-
<b>Net Cash Provided by Operating Activities</b>	<u>123,137</u>	<u>344,411</u>
<b>Cash Flows in Investing Activities:</b>		
Construction in progress	-	41,215
Fixed assets purchased	(153,414)	(356,651)
<b>Net Cash Flows used in Investing Activities:</b>	<u>(153,414)</u>	<u>(315,436)</u>
<b>Cash Flows From Financing Activities:</b>		
Member contributions	160,000	293,861
Member distributions	(537,465)	(348,877)
Payments to related party	(118,457)	(16,708)
Proceeds of long-term-debt - EIDL loan	316,200	-
Proceeds of long-term-debt - vehicle, net	82,604	114,462
Proceeds of PPP Loan	-	48,125
<b>Net Cash (Used) in Provided by Financing Activities</b>	<u>(97,118)</u>	<u>90,863</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(127,395)	119,838
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>144,279</u>	<u>24,441</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 16,884</u>	<u>\$ 144,279</u>

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

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 1 – BUSINESS ACTIVITY**

Wing Snob Franchising, LLC, a Michigan Limited Liability Company, (“The Company”) was formed on September 17, 2017, which is owned by two individuals (“Partners”). The company is in the business of offering a “fast-casual” limited sit down or carry-out Restaurant that will principally offer specially created chicken wings and sauces, five (5) varieties of French fries, traditional side items, beverages, desserts and related items. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Wing Snob Franchising, LLC.

Pursuant to the Partnership Agreement dated April 2018, (“the Partnership Agreement”), profits and losses are allocated 50/50 to each of the partners. For the year ended December 31, 2022, total capital contributions were \$160,000. Additionally, for the year ended December 31, 2022, total capital distributions were \$537,465.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts which, could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

***Accounts Receivable and Bad Debts***

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of year-end, any balances that are considered to be uncollectible. Bad debts amounted to \$0 for the years ended December 31, 2022.

***Property and Equipment***

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Advertising Costs***

Advertising costs are expensed when incurred. Advertising expense amounted to \$241,387 for the year ended December 31, 2022.

***Concentrations of Credit Risk***

The Company maintains cash in bank and 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 risk on cash and cash equivalents.

***Income Taxes***

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

The Company has elected to be taxed as an S corporation under the Internal Revenue Code and applicable state statutes. Under an S Corporation election, the income of the Company flows through to the members to be taxed at the individual level rather than the corporate level. Accordingly, no provision or liability for federal or state income taxes has been included in the financial statements. Generally, the Company will distribute cash to the shareholder to pay his share of the federal and state taxes.

The Company follows the generally accepted accounting guidance for uncertainty in income taxes, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Company continues to be qualify to be treated as an S Corporation for federal income tax purposes. The guidance requires management to evaluate the likelihood that, upon examination by relevant taxing authorities, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% likely that a material amount of income tax would be imposed at the Company level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from the assessment. Should any such penalties and interest be incurred, the Company's policy would be to recognize them as operating expenses.

Based on management's evaluation at December 31, 2022, the Company had no such liabilities resulting from uncertain tax positions.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company’s management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

***Revenue Recognition***

The Company’s revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and brand fund fees on a weekly and monthly basis, which are generally based upon a percentage of sales made by the Company’s franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Designate and approve a territory and provide site selection assistance.
- Assist in the process of construction or improvement of location by providing sample architectural plans from existing locations
- Specify and provide source of supply for the equipment, fixtures, signs, and inventory and designate the products and services to be offered.
- Provide operation manual and initial training program and provide instruction and assistance prior to and after opening the business.

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Reclassifications***

Certain balances from the 2021 audited financial statements have been reclassified to conform to the 2022 financial statement presentation. Such reclassifications had no effect on the previous CPA reported net income for the year ended December 31, 2021.

***Fair Value of Financial Assets and Liabilities***

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1 - Quoted prices in active markets for identical assets or liabilities.*

*Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.*

*Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.*

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

***Recently Adopted Accounting Pronouncements***

Effective January 1, 2022, the Company adopted FASB ASC 842, *Leases*. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$180,503 as of December 31, 2022. Results for periods beginning prior will continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's results of operations, cash flows or debt covenants. (See Note 10)

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 3 – PREPAID FRANCHISE EXPENSES**

Deferred expenses represent expenses paid to assist franchisee’s in getting their business open. This includes broker fees, advertising fees, and technology costs. These costs are fully recognized when Franchisees open their doors. The amount deferred amounted to \$75,000 for the year ended December 31, 2022.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2022:

Furniture and fixtures	\$	60,631
Leasehold improvements		103,440
Vehicles		<u>345,995</u>
Total		510,066
Less: accumulated depreciation		<u>(66,494)</u>
Property and equipment, net	\$	<u><u>443,572</u></u>

Total depreciation expenses for the year ended December 31, 2022 amounted to \$66,494.

**NOTE 5 – DEFERRED FRANCHISE REVENUE**

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors. The amount deferred as of December 31, 2022 was \$62,500.

**NOTE 6 – LONG-TERM DEBT**

- (a) A member of the company executed an installment loan agreement with TD Auto Finance on December 6, 2021 for \$114,629, secured by a fixed asset. At December 31, 2022, the balance of the note was \$97,687.
- (b) A member of the company executed an installment loan agreement with Ally Financial on March 21, 2022 for \$111,366, secured by a fixed asset. At December 31, 2022, the balance of the note was \$99,379.
- (c) On May 15, 2020 the company received an Economic Injury Disaster Loan (EIDL) through the SBA pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”) for \$150,000. The note payable has interest of 3.75% with 360 monthly principal and interest payments of \$731 beginning 30 months form the date of the note. On March 9, 2022, the SBA modified the loan amount to \$466,200 with a new monthly payment amount of \$2,300.



**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 6 – LONG-TERM DEBT, CONTINUED**

Long-term debts consisted of the following at December 31, 2022:

Installment loans	\$	197,066
Economic Injury Disaster Loan (EIDL)		466,200
		663,266
Less		
Current portion		43,715
		43,715
Long-term note payable	\$	619,551

Maturities of long-term debts as of December 31, 2022 are as follows:

2023		\$	43,715
2024			45,866
2025			48,135
2026			50,513
2027 and thereafter			475,037
			475,037
<b>Total</b>		\$	<b>663,266</b>

**NOTE 7 – OPERATING LEASE COMMITMENTS AND CONTINGENCIES**

The company leases certain property under an operating lease agreement commencing October 1, 2021 and concluding on September 30, 2026. This lease falls under the new GAAP rule of leases, FASB ASC 842 (See the recently adopted accounting pronouncements section of Note 2). Total lease expense pertaining to the above-mentioned lease was \$42,594 for the year ended December 31, 2022.

Future minimum lease payments required under the lease agreement on an annual basis are as follows for the years ending December 31:

2023		\$	43,992
2024			47,348
2025			49,932
2026			39,231
Thereafter			-
			-
		\$	180,503

**WING SNOB FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 8 – LEGAL FEES AND SETTLEMENT EXPENSES**

On June 1, 2022, Wing Snob Franchising, LLC agreed to a one-time monetary settlement with a competitor. On June 20, 2022, a stipulated order of dismissal was presented to the court and the matter was resolved, which resulted in a onetime payment to the plaintiff in the amount of \$170,000. This amount was recognized as expenses on the statement of income for the year ended December 31, 2022.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The company may be party to various claims, legal actions and complaints arising in the ordinary course of business. 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.

**NOTE 10 – SUBSEQUENT EVENTS**

The Company's management has performed subsequent events procedures through April 28, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

# **Wing Snob Franchising, LLC**

**Financial Statements with Report of Independent Auditors  
December 31, 2021 and 2020**

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Report of Independent Auditors

To the Partners of  
Wing Snob Franchising, LLC:

*Report on the Financial Statements*

We have audited the accompanying financial statements of Wing Snob Franchising, LLC, a Michigan limited liability company, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in partners' capital and cash flows for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wing Snob Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

*DA Advisory Group*

Troy, MI  
April 7, 2022

Wing Snob Franchising, LLC  
BALANCE SHEETS  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 144,279	\$ 24,441
Royalties receivable	<u>9,326</u>	<u>6,416</u>
Total current assets	153,605	30,857
Noncurrent assets:		
Property and equipment, net	340,021	-
Other assets:		
Construction in progress	<u>-</u>	<u>41,215</u>
	-	
Total noncurrent assets	340,021	41,215
Total assets	<u>\$ 493,626</u>	<u>\$ 72,072</u>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 67,677	\$ 66,868
Credit cards	20,738	12,564
Other current liabilities	<u>28,160</u>	<u>13,956</u>
Total current liabilities	116,575	93,388
Noncurrent liabilities:		
Note payable - SBA EIDL	150,000	150,000
Note payable - related party	-	16,708
Note payable - vehicle	<u>114,462</u>	<u>-</u>
Total noncurrent liabilities	264,462	166,708
Total liabilities	<u>381,037</u>	<u>260,096</u>
Partners' equity (deficit)	<u>112,589</u>	<u>(188,024)</u>
Total liabilities and partners' equity (deficit)	<u>\$ 493,626</u>	<u>\$ 72,072</u>

see accompanying notes

Wing Snob Franchising, LLC  
 STATEMENTS OF OPERATIONS  
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>		
Royalty income	\$ 662,959	\$ 309,207
Franchise fees	523,750	167,500
Marketing income	53,892	19,389
Rebates income	<u>22,220</u>	<u>41,829</u>
 Total revenue	 1,262,821	 537,925
<b>OPERATING EXPENSES</b>		
Selling and administrative expenses	<u>955,317</u>	<u>591,324</u>
<b>OTHER INCOME</b>		
PPP Forgiveness	48,125	29,300
SBA Grant	<u>-</u>	<u>10,000</u>
 Net other income	 <u>48,125</u>	 <u>39,300</u>
 Net Income/(Loss)	 <u>\$ 355,629</u>	 <u>\$ (14,099)</u>

see accompanying notes

Wing Snob Franchising, LLC  
 STATEMENTS OF CHANGES IN PARTNERS' EQUITY  
 For the Years Ended December 31, 2021 and 2020

	<u>Total Partners' Equity</u>
BALANCE, JANUARY 1, 2019	\$ 28,212
Capital contributions	91,296
Capital distributions	(111,288)
Net loss	<u>(58,482)</u>
BALANCE, DECEMBER 31, 2019	\$ (50,262)
Capital contributions	70,720
Capital distributions	(194,383)
Net loss	<u>(14,099)</u>
BALANCE, DECEMBER 31, 2020	<u>\$ (188,024)</u>
Capital contributions	293,861
Capital distributions	(348,878)
Net income	<u>355,629</u>
BALANCE, DECEMBER 31, 2021	<u>\$ 112,589</u>
Partners' interest	<u>100.000%</u>

see accompanying notes



Wing Snob Franchising, LLC  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ 355,629	\$ (14,099)
Change in:		
Royalties receivable	(2,910)	(5,642)
Accounts payable	809	42,037
Credit card	8,174	12,564
Other current liabilities	14,204	13,956
Net cash provided by operating activities	375,906	48,816
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of / changes in construction in progress	41,215	(41,215)
Purchases of property and equipment	(340,021)	-
Net cash used by investing activities	(298,806)	(41,215)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of note payable - related party	(16,708)	(13,292)
Proceeds of note payable - SBA EIDL	-	150,000
Proceeds of note payable - vehicle	114,462	-
Partner capital contributions	293,861	70,720
Partner capital distributions	(348,878)	(194,383)
Net cash provided by financing activities	42,737	13,045
Net change in cash and cash equivalents	\$ 119,837	\$ 20,646
Cash and cash equivalents at beginning of year	24,441	3,795
Cash and cash equivalents at end of year	\$ 144,279	\$ 24,441
Total cash and cash equivalents	\$ 144,279	\$ 24,441

see accompanying notes

Wing Snob Franchising, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

1. Organization

Wing Snob Franchising, LLC (the “Company”) is a limited liability company owned by two individuals (“Partners”). The Company was formed for the purpose of franchising restaurants nationally in the United States.

Pursuant to the Partnership Agreement dated April 2018, (“the Partnership Agreement”), profits and losses are allocated 50 / 50 to each of the Partners. For the years ended December 31, 2021 and 2020, total capital contributions were \$293,860 and \$70,720, respectively. For the years ended December 31, 2021 and 2020, total capital distributions were \$348,878 and \$194,383, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

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

Revenue and expenses

Operating income consists of contractual franchise royalties based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements.

Initial franchise fees are recognized as revenue once substantially all of the initial services of the Company required by franchise agreement have been performed and no other material conditions or obligations related to the determination of substantial performance exist. For the years ended December 31, 2021 and 2020 initial franchise fees were \$523,750 and \$167,500, respectively.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which, could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Wing Snob Franchising, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Royalties receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. No write-offs were made in the reporting period.

Income taxes

Income taxes on Company income are levied on the Partners at the partner level. Accordingly, all profits and losses of the Company are recognized by each partner on their respective tax return.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2021 and 2020, the Company incurred \$203,064 and \$84,612, respectively, in advertising costs.

Other income, net

In April 2020, the Company received a grant in the amount of \$10,000 from the Small Business Administration (“SBA”). This grant was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was given to qualifying businesses that were impacted by the pandemic.

Additionally, the Company received a loan in the amounts of \$48,125 and \$29,300 in 2021 and 2020, respectively, under the Paycheck Protection Program (“PPP”). The loans were established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was given to qualifying businesses for amounts up to 2.5 times (3.5 for businesses in the food industry) of the average monthly payroll expenses. The loans and accrued interest are forgivable after 8 to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Both PPP loans have been forgiven and recognized as income in accordance with ASC 958-605 as the conditions for the PPP loan have been substantially met.

Subsequent events

Subsequent events have been evaluated through April 7, 2022, which is the date the financial statements were available to be issued, and the only subsequent event requiring disclosure is that of COVID-19. In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in fluctuations in economic activity. There has not been indication of a material negative impact of COVID-19 on the financial performance of the Company based on our understanding during the reporting period or in the subsequent period.

Wing Snob Franchising, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

3. Related Party Transactions

The Partners of the Company previously owned 50% of one location (25% to each of the two Partners). Related party transactions with this specific location included total royalty income of \$5,700 and \$58,978 for the years ended December 31, 2021 and December 31, 2020, respectively. The Partners sold their stake on February 1, 2021. No related party transactions existed after February 1, 2021.

4. Noncurrent liabilities

On December 27, 2019, the Company obtained an interest-free note payable in the amount of \$30,000 from one of the Partners. The note held no maturity date and was paid down in 2021. As of December 31, 2021 and 2020, the balance of the note payable was \$0 and \$16,708, respectively.

In May 2020, the Company received a Economic Injury Disaster Loan (“EIDL”) in the amount of \$150,000 from the SBA. This loan was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The loan bears interest of 3.75% and has a 30-year term.

## EXHIBIT F TO THE DISCLOSURE DOCUMENT

### LIST OF CURRENT AND FORMER FRANCHISEES

The following is a list of the names of all current franchisees and the address and telephone number of each of their outlets as of December 31, 2023:

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all Wing Snob franchisees as of December 31, 2023 who are operational:

\* - MULTI-UNIT OWNER

#### **Illinois:**

Chintan Patel\*  
116 Tyler Creek Plaza  
Elgin, IL 60123  
(224) 717-4027

#### **Michigan:**

Chintan Patel\*  
28408 Five Mile Road  
Livonia, Michigan 48154  
(734) 805-9464

Assaad Sobh  
34720 Van Dyke Ave.  
Sterling Heights, Michigan 48312  
(586) 745-9464

David Whitacre  
140 W. 12 Mile Rd  
Madison Heights, MI 48071  
(734) 301-0651

Shenika Dogen & Michael Richardson  
24545 West Twelve Mile Road  
Southfield, Michigan 48034  
(248) 460-9464

Falah Ghazala  
17101 E. Warren Ave., Ste. B  
Detroit, Michigan 48224  
(313) 636-9464

Reda Abdallah  
1001 Welch Road, Suite 102  
Commerce, MI 48390  
(248) 218-9464

Shana and David Miller  
41031 Garfield Road  
Clinton Township, MI 48038  
(586) 900-9464

Johnny Pritchett  
205 S. Livernois Rd.  
Rochester Hills, MI 48307  
(248) 819-7864

Chintan Patel\*  
24740 Greenfield Rd  
Oak Park, MI 48237  
(224) 717-4027

Chintan Patel\*  
30438 Milford Rd.  
New Hudson, MI 48165  
(224) 717-4027

Chintan Patel\*  
3415 East Saginaw St.  
Lansing, MI 48912  
(517) 777-9464

Johnny Pritchett  
16930 Southfield Road  
Allen Park, MI 48101  
(313) 789-9464

Johnny Pritchett  
31503 Gratiot Avenue  
Roseville, MI 48066  
(248) 819-7864

Kyle Raske  
41536 Ann Arbor Road  
Plymouth, MI 48170  
(734) 888-9464

Rajeev Achanta  
8716 W. Grand River Avenue  
Brighton, MI  
(617) 834-3172

Roger Hanna  
9683 Dixie Hwy., Suite B  
Clarkston, MI 48348  
(586) 615-2444

Chintan Patel\*  
33523 Eight Mile Rd., Ste A6  
Livonia, MI 48152  
(224) 717-4027

Cyndi Bainbridge  
66834 Gratiot Avenue  
Richmond, MI 48062  
(586)610-8231

Chintan Patel\*  
645 Menard Drive  
Lansing, MI 48917  
(224) 717-4027

Reda Abdallah  
53177 Hayes Road  
Shelby Township, MI 48315  
(586) 334-9464

Alix Sobh  
22370 Michigan Avenue Suite F  
Dearborn, MI 48124  
(248) 840-9821

**Ohio:**

Jinal Patel\*  
5179 N. High Street  
Columbus, Ohio 43214  
(614) 916-9464

Jinal Patel\*  
7370-P Sawmill Rd.  
Dublin, OH 43235

(718) 581-8255

**Texas:**

Johnathon Ridley  
3902 N Fry Rd  
Katy, TX 77449  
(832) 266-4826

Larry Horne  
1654 FM 423 #300  
Little Elm, TX 75036  
(972) 962-9464

Robert Creamer  
975 TX-121 N #155  
Allen, TX 75013  
(469) 454-9464

Dan & Lacey Zuretti  
51 N FM 548 Ste #205  
Forney, TX 75126  
(972) 694-9464

Linda Francis & Gaynell Montgomery  
360 E Round Grove Rd Ste 840  
Lewisville, TX 75067  
(972) 924-9464

Khali Sailer  
3400 E. Hebron Parkway #116  
Carrollton, TX 75010  
(469) 923-9464

Julio Garcia  
809 N. Shary Road  
Mission, TX 78572  
(956) 366-9464

Lacey Zuretti  
4970 E. I30 Suite 120  
Fate, TX 75189  
(214) 437-6003



(b) **Franchise Agreements Executed But Not Yet Operational.** The following are the names, addresses and telephone numbers of all Wing Snob franchisees as of December 31, 2023 who are not yet operational but have signed a Franchise Agreement:

**Florida:**

Larry Weisberg  
6815 Stirling Road  
Davie, FL 33314  
(954) 869-9464

Amitkumar Joshi  
10444 Stelling Drive  
Riverview, FL 33578

**Illinois:**

Mihir Patel  
1713A W. Golf Road  
Mount Prospect, IL 60056  
(224) 388-1346

**Michigan:**

Kyle Raske  
23310 Eureka Road  
Taylor, MI 48180  
(248) 504-9828

Paurang Patel  
6054 Kalamazoo Avenue, SE  
Gaines Twp, MI 49508  
(818) 620-0954

**Wisconsin:**

Nil Patel  
1823 East Geneva Street  
Delavan, WI 53115  
(262) 999-9464

(c) **Former Franchisees.** The following are the names, last known home addresses and home telephone numbers of all Franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Wing Snob Franchise Agreement during the most recently completed fiscal year (January 1, 2023 to December 31, 2023) or who have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document:

None.

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**  
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, Wing Snob Franchising, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Wing Snob restaurant. In this Franchisee Disclosure Questionnaire, Wing Snob Franchising, LLC will be referred to as “**we**” or “**us**.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed Wing Snob Franchising, LLC’s Franchise Agreement and each exhibit, addendum, and schedule attached to it?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
2. Have you received and personally reviewed our Disclosure Document we provided to you?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
3. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
4. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a Wing Snob restaurant that we or our franchisees operate?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
5. Has any employee or other person speaking on our behalf made any statement or promise concerning a Wing Snob restaurant that is contrary to, or different from, the information contained in the Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
6. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Wing Snob restaurant?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
7. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service,

or assistance that we will furnish to you that is contrary to, or different from, the information contained in this Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

- 8. If you have answered "Yes" to any of questions 6 through 8, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

\_\_\_\_\_  
\_\_\_\_\_

- 9. Do you understand that in all dealings with you, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?

Yes \_\_\_\_\_ No \_\_\_\_\_

- 10. Do you understand that it is solely your responsibility to comply with all laws and regulations governing a Wing Snob restaurant?

Yes \_\_\_\_\_ No \_\_\_\_\_

You understand that your answers are important to us and that we will rely on them.

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

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions as if you were signing them under oath.

\_\_\_\_\_  
Name of Franchisee/Applicant

\_\_\_\_\_  
Name of Franchisee/Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**  
**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 6 of the Disclosure Document is amended by adding the following:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60-day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

Item 19 of the Disclosure Document: The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expense you will incur in operating your franchised business. Franchisees or former Franchisees, listed in the Disclosure Document, may be one source of this information.

The Franchise Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Oakland County, Michigan with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [www.wingsnob.com](http://www.wingsnob.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**HAWAII ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEES, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEES OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813



## **ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law applies.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.
3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. Item 5 of the Disclosure Document shall be amended to state that the Initial Franchise Fees/Development Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Restaurant. The Illinois Attorney General Office has imposed this deferral requirement due to Franchisor's financial condition.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, “A Maryland franchise regulation states that it is an unfair or deceptive practice to require a Franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that an Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the Franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a Franchisee to assent to a general release.
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- The Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

## NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of Franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought

by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for Franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by Franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts—Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. §680 *et. seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the Franchise Agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the Franchise Agreement.

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the Franchisee sign a general release upon renewal of the Franchise Agreement does not apply to Franchise Agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the Franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(i) of the Disclosure Document is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.

Item 17(r) of the Disclosure Document is amended to also provide as follows: "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

Item 17(u) of the Disclosure Document is amended to also provide as follows: "All arbitration or mediation required under the Franchise Agreement and Development Rights Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee's Restaurant."

Item 17(v) of the Disclosure Document is amended to provide as follows: "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of the Franchise Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

Item 17(w) of the Disclosure Document is amended to provide: "North Dakota law governs any cause of action under the Franchise Agreement."

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a Franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all Franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

**VIRGINIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

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

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



**WISCONSIN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the Franchise Agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, Franchise Agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

## EXHIBIT I TO THE DISCLOSURE DOCUMENT

### STATE EFFECTIVE DATES

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

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

State	Effective Date
California	
Hawaii	
Illinois	Pending
Indiana	
Maryland	
Michigan	June 8, 2023
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	June 6, 2023

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

## EXHIBIT J TO THE DISCLOSURE DOCUMENT

### RECEIPT

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 Wing Snob Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Wing Snob Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A. Our Agents for Service of Process are listed in Exhibit A.

Date of Issuance: April 29, 2024

The following is the name, principal business address, and telephone number of the franchise seller offering the franchise:

Name	Principal Business Address	Telephone Number
Brian Shunia and Jack Mashini	30800 Van Dyke Ave., Ste. 102, Warren, Michigan 48093	(248) 242-0077

I have received a Disclosure Document dated April 29, 2024 including the following exhibits on the date listed below:

- A. LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
  - Schedule 1-Franchise Fee, Accepted Location, Territory and Opening Date
  - Schedule 2-NonDisclosure and Non-Competition
  - Schedule 3-Unlimited Guaranty and Assumption of Obligations

- Schedule 4-Franchisor Lease Rider
- Schedule 5-ACH Payment Agreement
- Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Designated Owner
- Schedule 7-State Addenda to the Franchise Agreement
- Schedule 8-General Release
- Schedule 9-Conditional Assignment of Telephone Number
- C. DEVELOPMENT RIGHTS AGREEMENT
  - Attachment A-Certification by Developer
  - Attachment B-Guaranty
  - Attachment C-Transfer of a Franchise to a Corporation or Limited Liability Company
  - Attachment D-Development Schedule
  - Attachment E-Development Area
  - Attachment F-State Addendum to Development Rights Agreement
- D. OPERATIONS MANUAL TABLE OF CONTENTS
- E. FINANCIAL STATEMENTS
- F. LIST OF CURRENT AND FORMER FRANCHISEES
- G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- H. STATE ADDENDA TO THE DISCLOSURE DOCUMENT
- I. STATE EFFECTIVE DATES
- J. RECEIPT

Please sign and print your name below, date, and return one copy of this receipt to Wing Snob Franchising, LLC and keep the other for your records.

\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature  
(individually or as an officer, member, or partner of)

\_\_\_\_\_  
a [STATE of Incorporation]  
[Corporation/LLC/Partnership]

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This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Wing Snob Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A. Our Agents for Service of Process are listed in Exhibit A.

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Please sign and print your name below, date, and return one copy of this receipt to Wing Snob Franchising, LLC and keep the other for your records.

\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature  
(individually or as an officer, member, or partner of)

\_\_\_\_\_  
a [STATE of Incorporation]  
[Corporation/LLC/Partnership]