

## FRANCHISE DISCLOSURE DOCUMENT

 <p><b>FIREHOUSE SUBS</b> FOUNDED BY FIREMEN</p>	<p><b>FIREHOUSE OF AMERICA, LLC</b> a Florida limited liability company 12735 Gran Bay Parkway, Suite 150 Jacksonville, Florida 32258 (904) 886-8300 e-mail address: <a href="mailto:franchising@firehousesubs.com">franchising@firehousesubs.com</a> <a href="http://www.firehousesubs.com">www.firehousesubs.com</a> <a href="http://www.facebook.com/firehousesubs">www.facebook.com/firehousesubs</a></p>
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The franchise is for the establishment and operation of an area representative business that solicits and screens prospective franchisees for, and assist us in providing certain services to, FIREHOUSE SUBS® Restaurants franchises (a “FIREHOUSE SUBS® Area Representative Business” or “Business”).

The total investment necessary to begin operations of a FIREHOUSE SUBS® Area Representative franchised business is \$21,700 to \$98,775. This includes the Management Information Systems Fee of between \$100 to \$1,200 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Greg Delks, 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258, (904) 606-5145.

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 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 a-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 also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: October 15, 2021

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits “G” and “K.”
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the supplies you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21, or Exhibit “A” 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 FIREHOUSE SUBS® Area Representative 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 FIREHOUSE SUBS® Area Representative franchisee?</b>	Item 20 or Exhibits “G” and “H” list current and 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 you are losing money.

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

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

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

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

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

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

### Some States Require Registration

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

Your state also may have laws and 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 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 Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

**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.**

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

2. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

3. 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.

4. 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.

5. 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.

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

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

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

7. 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).

8. 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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  
CONSUMER PROTECTION DIVISION  
Attention: Franchise  
G. Mennen Williams Building  
525 West Ottawa, 1st Floor  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

**FIREHOUSE SUBS® AREA REPRESENTATIVE  
FRANCHISE DISCLOSURE DOCUMENT  
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**ITEM 1.**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

**The Franchisor and any Parents, Predecessors and Affiliates**

The Franchisor is **FIREHOUSE OF AMERICA, LLC**, referred to as “we,” “us,” or “our.” We also do business under the name “FIREHOUSE SUBS® Restaurants.” “You” means a person who buys the right to operate a FIREHOUSE SUBS® Restaurant from us. If you are a corporation, partnership or other entity, certain provisions of our Area Representative Agreement also will apply to your owners. This Disclosure Document will indicate when your owners also are covered by a particular provision.

We are a Florida limited liability company organized by filing Articles of Organization with the Florida Department of State on November 16, 2004, but we were not organized until December 1, 2004. Our current principal business address is 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258. Our agent in this state for service of process is, if applicable, disclosed in Exhibit “R.” We conduct business under our corporate name and under the trade and service marks “**FIREHOUSE SUBS® Est. 1994 and design,**” “**FIREHOUSE SUBS® and Design,**” and “**FIREHOUSE SUBS®**” and associated logos, designs, symbols and trade dress (the “**Marks**”). See Item 13.

Our parent and sole member is Firehouse Restaurant Group, Inc. (“**FRG**”). FRG is a Florida corporation incorporated on February 20, 1995. Its principal business address is the same as ours: 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258. FRG’s agent for service of process is Cogency Global Inc., 115 North Calhoun Street, Suite 4, Tallahassee, Florida 32301. FRG has no obligations to franchisees and does not provide any services to franchisees. FRG has licensed us the right to use all of its Marks in connection with our franchising activities. See Item 13. Prior to a reorganization establishing us as a wholly owned subsidiary, FRG was the franchisor of FIREHOUSE SUBS® Restaurants and sold 219 FIREHOUSE SUBS® franchises, of which 178 were open and operating. FRG offered franchises from February 20, 1995 until December 26, 2004.

Some of our affiliates that relate to our and FRG’s operations are:

	<b>Name</b>	<b>Type</b>	<b>Where Formed</b>	<b>Date Formed</b>	<b>No. Rests. Operated</b>	<b>Principal Address</b>
1.	Firehouse Subs, Inc. (“ <b>FSI</b> ”)	Corporation	Florida	06/20/94	3	12735 Gran Bay Parkway, Suite 150 Jacksonville, F: 32258
2.	FRG of Florida, LLC (“ <b>FRG Florida</b> ”)	Limited Liability Company	Florida	12/29/00	26	12735 Gran Bay Parkway, Suite 150 Jacksonville, FL 32258
3.	FRG of Iowa, LLC (“ <b>FRG-Iowa</b> ”)	Limited Liability Company	Florida	07/06/17	5	12735 Gran Bay Parkway Suite 150 Jacksonville, FL 32258
4.	Firehouse Subs System Fund, Inc. (“ <b>FSSF</b> ”)	Corporation	Florida	06/05/01	Not Applicable	12735 Gran Bay Parkway, Suite 150 Jacksonville, FL 32258
5.	Firehouse Subs Market Fund, Inc. (“ <b>FSMF</b> ”)	Corporation	Florida	01/29/03	Not Applicable	12735 Gran Bay Parkway, Suite 150 Jacksonville, FL 32258



	<b>Name</b>	<b>Type</b>	<b>Where Formed</b>	<b>Date Formed</b>	<b>No. Rests. Operated</b>	<b>Principal Address</b>
6.	Firehouse Subs of Canada ULC (“ <b>FH Canada</b> ”)	Unlimited Liability Company	British Columbia, Canada	02/20/14	None	12735 Gran Bay Parkway, Suite 150 Jacksonville, FL 32258 And 2299 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C3E8 Canada

The first 3 affiliates named above own and operate FIREHOUSE SUBS® Restaurants. FSSF administers the System Fund and FSMF administers the Co-op. FH Canada offers, sells and services franchises in Canada. Except for FH Canada, none of our affiliates have offered, and do not currently offer, franchises for this or any other lines of business; nor sell products or services to our franchisees, except that FH Canada is currently offering franchises in Canada.

### **FIREHOUSE SUBS® System**

We and our affiliates have expended considerable time and effort developing a sandwich restaurant system specializing in serving large portion hot submarine style sandwiches, in a unique fire-fighting atmosphere and decorum, at an economical price (a “**FIREHOUSE SUBS® Restaurant**” or a “**Restaurant**”). FIREHOUSE SUBS® Restaurants operate under the service marks and trade name “**FIREHOUSE SUBS® Est. 1994 and design,**” “**FIREHOUSE SUBS® and design,**” “**FIREHOUSE SUBS**” and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”). We use, promote and license in the operation of a FIREHOUSE SUBS® Restaurant the Marks, certain trademarks, service marks and other commercial symbols, including the trade and service marks “**FIREHOUSE SUBS® Est. 1994 and design,**” “**FIREHOUSE SUBS® and design,**” “**FIREHOUSE SUBS**” and other associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of FIREHOUSE SUBS® Restaurants (collectively, the “**Marks**”).

### **Our Area Representative Program.**

In this Disclosure Document we grant to persons who must also own at least one FIREHOUSE SUBS® Restaurant franchise and meet our qualifications and who are willing to undertake the investment and effort, the right to operate an area representative business (an “**Area Representative Business**”). Area Representative Businesses solicit and screen prospective franchisees for the right to own and operate FIREHOUSE SUBS® Restaurant franchises (the “**Franchises**”) and to assist us in rendering certain services to them, including making their franchised Restaurant available for training franchisees and their employees; overseeing the development and construction process for franchised Restaurants; conducting regular visits to determine the Franchisee’s compliance with our operation and system standards; and conducting regular consultation meetings with Franchisees. All of your solicitation and promotional materials must be approved by us and completely factual and must conform to the highest standards of ethical advertising. The Area Representative Business also renders certain services directly to us, including delivery of annual business plans; regular reports on business activities; collection of moneys due us by Franchisees; and other activities that we may deem necessary from time to time. Area Representative Businesses operate within a defined geographic territory (the “**Territory**”) under an Area Representative

Agreement (the “**Area Representative Agreement**”). Our current form of Area Representative Agreement is attached as Exhibit “B.” We are not offering the right to operate a FIREHOUSE SUBS® Restaurant franchise in this Disclosure Document. The right to operate a FIREHOUSE SUBS® Restaurant franchise is offered in a separate Disclosure Document. This Disclosure Document applies only to an Area Representative Business.

### **Our Unit Franchise Program**

In a separate Disclosure Document we grant a franchise for the right to own and operate a FIREHOUSE SUBS® Restaurant (the “**Unit Franchise**”) at a single location to persons who meet our qualifications and who are willing to undertake the investment and effort. The Franchise will be granted for a single location that we approve. Each Franchise Agreement is between us and the franchisee (the Area Representative is not a party). FIREHOUSE SUBS® Restaurants operate under the Marks and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”). We do not grant Unit Franchises under this Disclosure Document. Your right to operate a Unit Franchise as your Training Store will only be granted under the separate Disclosure Document for Unit Franchises.

### **Our Area Development Program**

In the separate Disclosure Document used for offering the Unit Franchise, we also grant to persons who meet our qualifications and who are willing to undertake the investment and effort the right to develop, within a predetermined time frame, and operate Restaurants at multiple locations within a specific geographical area (the “**Development Franchise**”) and each Restaurant is operated under our then-current separate Franchise Agreement. Each Development Agreement is between us and the Developer.

### **Our Business.**

We began offering franchises for Area Representative Businesses on April 1, 2005. We began offering Unit and Development Franchises in January 2005. We do not engage in other business activities and have not offered franchises in other lines of business, except our Unit and Development Franchises. Area Representative Businesses solicit and screen prospective franchisees for the right to own and operate FIREHOUSE SUBS® Restaurant franchises and to assist us in rendering certain services to them. Unit Franchises and Development Franchises are offered under a separate franchise disclosure document.

### **Competition.**

You will be competing with other Restaurants, casual restaurants, fast food restaurants, full service restaurants, grocery stores and specialty stores that offer food and food-related products. These restaurants and similar businesses may be associated with national or regional chains or may be local independent restaurants and other businesses. You also will be competing with other food service outlets that feature products and services that differ from those offered by FIREHOUSE SUBS® Restaurants. Your products and services will be offered to the general public, to individual consumers, for on-site consumption and carry out; not delivery. The market for FIREHOUSE SUBS® Restaurants is developed in some areas and developing in other areas, depending on the number of this type of restaurant in the particular area.

### **Regulations.**

There are no regulations specific to the industry in which Area Representatives operate, although you will be required to comply with workers’ compensation, equal protection and workplace safety laws

and regulations, including Title VII, and the ADA. You may also be required to register as a broker or subfranchisor under some state franchise laws.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Founder, Executive Chairman, President and Director: Robin O. Sorensen**

Mr. Sorensen has been our Executive Chairman and President, and a Director, since December 2004. Mr. Sorensen has been President and a Director of FRG since 1995. Mr. Sorensen also serves in similar roles for many of our affiliates since their inception.

### **Founder, Vice President and Director: Chris Sorensen**

Mr. Sorensen has been our Vice President and a Director since December 2004. Mr. Sorensen is has been FRG's Vice President since 1995. Mr. Sorensen also serves in similar roles for many of our affiliates since their inception.

### **Controller/Treasurer and Director: Stephen Joost**

Mr. Joost has been our Controller/Treasurer and a Director since December 2004. He has been Vice President, Chief Financial Officer and Director of Franchise Operations of FRG since 1995.

### **Chief Executive Officer: Don Fox**

Mr. Fox joined us in May 2005 and has been our Chief Executive Officer since December 2009.

### **Chief Financial Officer of FRG: Vincent Burchianti**

Mr. Burchianti joined FRG January 27, 2001. He currently is its Chief Financial Officer.

### **Member of Board of Directors: Timothy K. Goss**

Mr. Goss has been a member of our Board of Directors since September 2007. He has also been the Managing Member of Southeastern Interstate Group, one of our Area Representatives, in Charlotte, North Carolina from January 2004 until December 28, 2020. He has been President of Professional Restaurant Group, one of our Area Representatives, in Charlotte, North Carolina from June 1997 until December 28, 2020.

### **Senior Vice President Supply Chain Services: Matthew P. Riddleberger**

Mr. Riddleberger joined FRG in July 2006. He is currently Senior Vice President of Supply Chain Services. He was Vice President of Supply Chain Services from September 2011 to January 2021.

### **Senior Vice President of Field Operations: Margaret Rose**

Ms. Rose joined us April 2, 2007. She is currently our Senior Vice President of Field Operations She was Vice President of Field Operations from December 2012 to January 2021.

**Senior Vice President of Financial and Payroll/Benefits Services: Mary Rawlins**

Ms. Rawlins joined FRG January 13, 200e. She is currently FRG's Senior Vice President of Financial and Payroll/Benefits Services. Previously she was Vice President of Financial Services for FRG from December 2012 to January 2021.

**Senior Vice President of Marketing: Kristen Majdanics**

Ms. Majdanics joined us in January 2008. She is currently our Senior Vice President of Marketing. Previously, she was Vice President of Marketing from May of 2017 to January 2021.

**Vice President of Global and Non-Traditional Development: Gregory P. Delks**

Mr. Delks joined us November 27, 2006. He is currently our Vice President of Global and Non-Traditional Development. Previously, he was our Vice President of Franchise Development from June of 2013 to January 2017.

**Vice President of Real Estate Services: John S. Namey**

Mr. Namey joined us in February 2005 and has been our Vice President of Real Estate Services since June of 2013.

**Vice President of Operations Services: Richard Goodman**

Mr. Goodman joined us in November 2011 and has been our Vice President of Operations Services in December of 2013.

**Vice President of Quality Assurance: John Raulerson**

Mr. Raulerson joined us in September 2007. He has been our Vice President of Quality Assurance since January 2017.

**Vice President of Information Technology: Robert Jakoby**

Mr. Jakoby was hired as Vice President of Information Technology for FRG in July of 2015.

**Vice President of Franchise Administration: Kristen Moore**

Ms. Moore joined us in May 2000. Ms. Moore has been our Vice President of Franchise Administration since March of 2018. Previously, she was Director of Franchise Administration for us from December 2012 to March 2018.

**Vice President of Reporting and Analytics: Danny Walsh**

Mr. Walsh joined FRG in February 2003. He has been FRG's Vice President of Reporting and Analytics since March 2018. Previously, he was Director of Reporting and Analytics from December 2013 to March 2018.

**Vice President Public Affairs: Elizabeth Anderson Slobodian**

Ms. Slobodian joined us in November 2013. She has been our Vice President of Public Affairs in January 2021. Previously, she was Director of Public Relations from November 2019 to January 2021 and Senior Public Relations Manager between December 2015 to November 2019. .

**Corporate Controller: Sheri Kohler**

Ms. Kohler joined FRG in December 2003. She has been Corporate Controller for FRG since December 2012.

**Senior Director of Field Marketing: Marisa Burton**

Ms. Burton joined us August 2010. She has our Senior Director of Field Marketing since January 2021. Previously, she was Director of Field Marketing from November 2012 to January 2021.

**Senior Director of Franchise Financial Compliance: Ronda Wilson**

Ms. Wilson joined FRG in October 2005. She has been Senior Director of Franchise Financial Compliance of FRG since January 2021. Previously, she was the Director of Franchise Financial Compliance from October 2017 to January 2021.

**Senior Director of Financial Reporting: Heather Richardson**

Ms. Richardson joined FRG in January 2010. She has been Senior Director of Financial Reporting of FRG since January 2021. Previously she was Assistant Controller for FRG from December 2013 to January 2021.

**Director of Real Estate Services: Kristen Akel**

Ms. Akel joined us in October 2007 and has been our Director of Real Estate Services since December 2013.

**Director of Digital Content: Melissa Lee**

Ms. Lee joined us in January 2008. She has been our Director of Digital Content for since December 2014.

**Director of Construction Services: Richard Elkins**

Mr. Elkins joined us in January 2012. She has been our Director of Construction Services since December 2014.

**Director of Operations Services: Marisa McLaughlin**

Ms. McLaughlin joined us in May 2013. She has been our Director of Operations Services since August of 2015.

**Director of Franchise Development: Brent Greenwood**

Mr. Greenwood joined us in August 2008. He has been our Director of Franchise Development since December of 2015.

**Director of National Off-Site Sales: Risa Rappaport**

Ms. Rappaport joined us June 2016. She has been become our Director of National Off-Site Sales in January 2021. Previously, she was Director of Catering from June 2016 until January 2121.

**Director of Product Development: Jay Miller**

Mr. Miller became our Director of Product Development in May 2017. Prior to joining us, he was the Owner of Menu Creator Consulting in Lakeland, Tennessee, from October 2014 to May 2017.

**Director of Brand Marketing: Nasli Heeramanek**

Mr. Heeramanek became our Director of Brand Marketing in July of 2017. Prior to joining us, he was Senior Manager of Marketing and Communications for Independent Television Service in San Francisco, California, from January 2017 to June 2017. He was self-employed as a marketing consultant/contractor in San Marcos and Los Angeles, California, from September 2014 to January 2017.

**Director of Media and Field Marketing: Randall Lo**

Mr. Lo joined us in January 2014. He has been our Director of Media and Field Marketing since January 2021. Previously, he was a Field Marketing Media Lead from January 2018 to January 2021 and was a Regional Marketing Manager from January 2014 to January 2018.

**Director of Field Marketing: Darcy Ervick**

Ms. Ervick joined us in October 2015. She has been our Director of Field Marketing since January 2021. Previously, she was a Field Marketing Consumer Lead from January 2018 to January 2021 and a Regional Marketing Manager from October 2015 to January 2018.

**Director of Field Marketing: Ervin Hernandez**

Mr. Hernandez joined us in August 2015. He has been our Director of Field Marketing since January 2021. Previously, he was a Field Marketing Consumer Lead from January 2018 to January 2021 and a Regional Marketing Manager from August 2015 to January 2018.

**Director of Digital Guest Experience: Matthew Olsen**

Mr. Olsen joined us November 2010. He has been our Director of Digital Guest Experience since August 2018. Previously, he was the Senior Manager of Digital Marketing from December 2013 to August 2018.

**Director of Guest Services: Katherine Milligan**

Ms. Milligan joined February 2011. She has been our Director of Corporate Communications since December 2019. Prior to then, she was our Senior Manager of Guest Services from October 2017 to December 2019 and our Manager of Guest Services from November 2015 to October 2017.

**Director of Infrastructure and Security: Bryan Robst**

Mr. Robst joined us January 2015. He has been our Director of Infrastructure and Security in December 2019. Previously, he was Senior Manager of Infrastructure from August 2016 to December 2019.

**Director of Restaurant Systems: Ian Burnett**

Mr. Burnett joined us as Director of Restaurant Systems in August of 2020. Previously he was owner of Burnett Consulting Group in Jacksonville, Florida, between August 2018 and October 2020. Prior to then, he worked for us as the Manager of Restaurant Systems from January 2016 to August 2018 and served as our NBO Support Engineer from October 2015 to January 2016. He initially joined us in December 2016 as IT Support.

**Director of Franchise Administration: Lindsay Williams**

Ms. Williams joined us in May 2010. She has been our Director of Franchise Administration in January 2021. Previously she was Senior Manager of Franchise Contracts for us from January 2016 to January 2021.

**Director of Non-Traditional Operations: Steven LaBostrie**

Mr. LaBostrie joined us December 2019 as Manager of Non-Traditional Operations and was promoted to Director of Non-Traditional Operations in January 2021. He joined FRG of Florida, LLC February 13, and Firehouse Subs General Manager servicing as Manager of Employee Development from March 2018 to December 2019; and Employee Development Coordinator from August 2016 to March 2018.

**Director of Franchise Operations: Michael Branson**

Mr. Branson joined us as Franchise Area Director in July 2018 and has been Director of Franchise Operations since October 2020. He joined FRG Florida as District Manager in September 2006 and served as Senior Director of Company Operation from January 2017 to July 2018, and Director of Company Operations from November 2012 to January 2017.

**Director of Franchise Operations: Richard L. Griggs**

Mr. Griggs was promoted to Director of Franchise Operations in September 2020 and previously was our Franchise Business Manager between October 2006 and September 2020.

**Director of Franchise Operations: Shauna Cozzens**

Ms. Cozzens was promoted to Director of Franchise Operations in September 2020 and previously was our Franchise Business Manager from February 2015 to September 2020.

**Director of Franchise Compliance: Donna Cannizzo**

Ms. Cannizzo was promoted to Director of Franchise Compliance in January 2021. She was previously a Franchise Business Manager for us from January 2013 to January 2021.

**Manager of Franchise Compliance: Jovon Silkert**

Mr. Silkert became our Manager of Franchise Compliance in January 2021. Previously, he was a Franchise Business Manager from December 2016 to January 2021. Prior to then, he was District Manager for FRG Florida between July 2011 and December 2016.

**Franchise Business Consultant: Matthew Lintz**

Mr. Lintz was promoted to Franchise Business Consultant in October 2020. He was our Franchise Business Consultant in Las Vegas, Nevada, from October of 2017 to October 2020. Prior to joining us, he was Operations Manager for GameWorks in Las Vegas, Nevada, from November 2016 to April 2017.

**Franchise Business Consultant: Patrick Miller**

Mr. Miller was promoted to Franchise Business Consultant in March of 2020. Previously, he held several operational titles with FRG of FLA, LLC including: District Manager from November 2012 to March 2020, District Manager from August 2009 to November 2012, General Manager from January 2007 to August 2009, Assistant Manager from June 2006 to January 2007, and Shift Manager from January 2005 to June 2006.

**Franchise Business Consultant: John Papa**

Mr. Papa was promoted to Franchise Business Consultant in September of 2020. Previously, he held several operational titles with FRG of FLA, LLC including: District Manager from October 2010 to September 2020, District Leader from October 2009 to October 2010, American Dreamer General Manager from January 2003 to October 2010, and General Manager from July 2002 to January 2003.

**Franchise Business Consultant: John Cz**

Mr. Cz joined us as a Franchise Business Consultant in September of 2020. Previously, he was a FIRE Marshal for Firehouse Subs Area Representative Group Wildfire Development Group, LLC in Orlando, Florida from August 2013 to September 2020.

**Franchise Business Consultant: Jose Morales**

Mr. Morales has been out Franchise Business Consultant since September of 2020. Previously, he was District Manager with FRG of Iowa, LLC in Des Moines, Iowa from July 2017 to September 2020. Prior to then, he was a district manager for Firehouse Subs franchisee group LJK LLC in Des Moines, Iowa from April 2016 to July 2017.

**Franchise Business Consultant: Rachel Felker**

Ms. Felker has been our Franchise Business Consultant since December 28, 2020. Previously, she was a FIRE Marshal for a previous Firehouse Subs Area Representative, CLH Development, Inc., in Tallahassee, Florida from July 2020 to December 2020. Prior to that she was Assistant HR Manager for Tallahassee Primary Care Associates in Tallahassee, Florida from October 2019 to July 2020. From June 2015 to August 2019 she worked for Sage Hospitality in Nashville, Tennessee as first a Room Operations Manager and then Human Resources Manager.

**Franchise Business Consultant: Daniel Golisch**

Mr. Golisch has been our Franchise Business Manager since November 2020. Previously, he was a Firehouse Subs General Manager for FRG of Florida, LLC in Jacksonville, Florida from January 2018 to November 2020. Prior to that he was Operations Manager for Gemalto in Jacksonville, Florida from June 2015 to January 2018.



### **Franchise Business Consultant: Rakesh Daya**

Mr. Daya has been our Franchise Business Manager since March 2021. Previously, he was a Firehouse Subs Franchise Specialist for Southeast Interstate Group, LLC in Charlotte, North Carolina from November 2018 to March 2021. Prior to that he was a Firehouse Subs franchisee from December 2005 to September 2018.

### **Franchise Business Consultant: David Williams**

Mr. Williams has been our Franchise Business Manager since April 2021. Previously, he was a Firehouse Subs FIRE Marshal for Southeast Interstate Group, LLC in Charlotte, North Carolina from March 2019 to April 2021. Prior to that, he was a Firehouse Subs Trainer for Southeast Interstate Group, LLC in Charlotte, North Carolina from June 2012 to April 2019.

### **Franchise Business Consultant: Ronald Nesbitt**

Mr. Nesbitt has been our Franchise Business Manager since March 2021. Previously, he was a Franchise Specialist for Southeastern Interstate Group, LLC (a Firehouse Subs Area Representative group) in Charlotte, North Carolina from April 2019 to March 2021. Prior to that he was a Franchise Business Consultant for Subway in Atlanta, Georgia from November 2018 to April 2019. From December 2014 to November 2018, he was a Brand Operations Specialist for Caribou Coffee in Atlanta, Georgia.

### **Franchise Business Consultant: Mark Cowan**

Mr. Cowan has been our Franchise Business Manager since February 2021. Previously, he was a Regional Manager for Southeastern Interstate Group, LLC (a Firehouse Subs Area Representative group) in Charlotte, North Carolina from November 2017 to February 2021. Prior to that he was a Firehouse Subs Area Representative for MJ Cowan Enterprise, Inc. in Las Vegas, Nevada from December 2006 to November 2017.

### **Franchise Business Consultant: Clark Coleman**

Mr. Coleman has been our Franchise Business Manager since July 2021. Previously from May 2004 to July 2021, he worked for FRG Florida in Jacksonville, Florida in many different roles including General Manager and District Manager for Firehouse Subs restaurants.

### **Franchise Business Consultant: Rina Vieweg**

Ms. Vieweg has been our Franchise Business Manager since August 2021. Previously, she was a Firehouse Subs Area Representative for G & G Associates NM, LLC in Denver, Colorado from January 2019 to August 2021. Prior to that, she was a Firehouse Subs Fire Marshal for G & G Associates, LLC in Denver, Colorado from July 2013 to January 2019.

### **Franchise Business Consultant: William Krassner**

Mr. Krassner has been our Franchise Business Consultant since December 28, 2020. Previously, he was a Firehouse Subs Area Representative / Managing Partner for Austin on Fire, LLC in Austin, TX from September 2005 to December 2020.

**Franchise Business Consultant: James Broschious**

Mr. Broschious has been President of JCCP, Inc. in Gulf Breeze, Florida since July 2000. Jim has provided services to us as a Franchise Business Consultant since December 28, 2020. Previously he provided services to us as an Area Representative from July 2000 to December 28, 2020. Jim currently owns and operates two franchised Firehouse Subs restaurants in Gulf Breeze and Navarre, Florida.

**ITEM 3.  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.  
BANKRUPTCY**

On September 30, 2009, Mr. Robert Jakoby, FRG’s Vice President of Information Technology (see Item 2) filed for protection under Chapter 7 of the U.S. Bankruptcy Code (US Bankruptcy Court for the District of Colorado (Denver), Case No. 09-30618-MER). Mr. Jakoby was discharged on January 28, 2010 and the case terminated July 19, 2012.

On February 8, 2012, Steven LaBostrie, our Director of Non-Traditional Operations (see Item 2) filed for protection under Chapter 7 of the U.S. Bankruptcy Code (US Bankruptcy Court for Middle District of Florida (Jacksonville), Case No. 3: 12-BK-00725). Mr. LaBostrie was discharged May 16, 2012 and the case terminated on January 15, 2013.

On July 31, 2017, Bryan Robst, our Director of Infrastructure and Security (see Item 2) filed for protection under Chapter 7 of the U.S. Bankruptcy Code (US Bankruptcy Court for the Middle District of Florida (Jacksonville), Case No. 3:17-BK-02788). Mr Robst was discharged November 15, 2017 and the case terminated on November 27, 2017.

Other than these 3 actions, no bankruptcy is required to be disclosed in this Item.

**ITEM 5.  
INITIAL FEES**

**Management Information System Fee**

You must pay us an annual Management Information System Fee (the “**MIS System Fee**”) of \$1,200 for use of our mandated management information system (“**MIS System**”). The MIS System Fee is due annually even if the Restaurant has not yet opened. Upon signing your Agreement, you must pay us a proportionate share of the MIS System Fee to cover the period from the date of the Agreement through December 31 of that year. For example, if the Agreement Effective Date is August 1, then you must immediately pay us \$500 to cover the period August 1 through December 31. The MIS System Fee is not refundable.

**ITEM 6.  
OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
MIS System Fees	\$1,200	Payable on the 1 <sup>st</sup> day of January of each year.	We may require you to pay this MIS System Fee by electronic transfer. 7).
MIS Fees	To be determined; not currently charged	As incurred	We may charge a reasonable fee for modifications and enhancements made to any proprietary software we license to you or other Computer System maintenance and support services we furnish.
Training	Amount of out-of-pocket expenses incurred for you and your employees	As incurred	You are responsible for compensation, travel, lodging and living expenses incurred with attendance at any training program or conference. Additional training is provided if necessary. There is no established schedule or frequency for additional training. It is provided on an as-needed basis.
Transfer	\$20,000	Prior to consummation of transfer	Payable when the Area Representative Agreement or a controlling interest in you is transferred. No charge if Area Representative Agreement is transferred to an entity which you control.
Renewal	5% of the then-current Franchise Fee for each Restaurant open and operating in the Territory.	Upon signing successor area representative agreement	Our current Franchise Fee is \$20,000 and 5% of the Franchise Fee is currently equal to \$1,000. Thus, if you had 80 Restaurants open and operating in your Territory, the Renewal Fee would be \$80,000.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Area Representative Agreement.
Legal Fees Reimbursement	Will vary under circumstances	As incurred	You are responsible for ½ of the expenses of any legal action we take against Franchisees (other than you or your affiliates) in your Territory.
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from the operations of your Area Representative Business.
Absentee Fee	\$2,500 per meeting	On demand	You must pay the Absentee Fee for each required meeting, trade show or convention that you miss unless due to death in the immediate family, act of God, or otherwise approved by us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Failure to Perform Fee	Amount of out-of-pocket expenses plus 25%	On demand	Payable for work and expenses incurred by us in performing services to Franchisees in the Territory which you have failed or are unable to perform.
Penalty for Failure to Train	\$10,000 and forfeiture of any compensation otherwise due you relating to the initial franchise fees for such franchisee.	On demand	Payable if you fail to train, or arrange for someone to train, a Franchisee to our satisfaction.
Contributions	Will vary under circumstances	30 days after invoice	You must reimburse us for a portion of any and all payments that we make to franchisees that operate in your Territory and for attorney's fees and all other costs that we incur in connection with settlements of disputes. Your Contribution to the cost of such settlement, compromise, enforcement, award or judgment will be equal to (1) the product of: the amount of the payments we make to the individuals and entities described above, times (2) as the percentage of the monthly Royalties that we are then required to pay you from the monthly Royalties that we receive from FIREHOUSE SUB® Restaurants located in the Territory.

All fees are imposed by and payable to us. All fees are non-refundable.

**ITEM 7.**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Accounting System (1)	\$-0 - \$375	As incurred	As incurred	Suppliers
MIS System Fee (2)	\$100 - \$1,200	Lump Sum	Upon Signing Area Representative Agreement	Us
Furniture, Fixtures and Equipment (3)	\$-0 - \$7,500	As incurred	Lump Sum	Suppliers

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Signage(4)	\$-0 - \$200	As incurred	Lump Sum	Suppliers
Business Licenses (5)	\$100 - \$1,000	As Incurred	Lump Sum	State and local agencies
Insurance(6)	\$500 - \$3,000	As Incurred	Lump Sum	Insurance Company
Living Training Expenses (7)	\$10,000 - \$20,000	As Incurred	As Incurred	Third Parties
Vehicle (8)	\$-0 - \$18,000	As incurred	Prior to Opening	Third Parties
Professional Fees (9)	\$1,000 - \$2,500	As Incurred	As Agreed	Third Parties
Additional Funds – 3 months (10)	\$10,000 - \$45,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT FOR AREA REPRESENTATIVE BUSINESS (11)</b>	\$21,700 - \$98,775			

**Explanatory Notes**

1. The costs of these items are dependent on the size and configuration of your Area Representative Business. It is not contemplated that Area Representative Businesses will have offices separate from their Training Store. This estimate includes those items required in addition to the items required in your Training Store; i.e. a digital camera and cell phone. The low end is based on the assumption that you already have all of these items in your Training Store. See Item 8.

2. The annual MIS System Fee is \$1,200 and is prorated for the first year. The low end is for an Area Representative Agreement signed in December and the high end is for an Area Representative Agreement signed in January. It is calculated as follows: for an Area Representative Agreement signed in December, the first year MIS fee is \$100; and for an Agreement signed in January the first year MIS fee is \$1,200. The next annual MIS System Fee of \$1,200 is due in January for the following year.

3. The costs of these items are dependent on the size and configuration of your Area Representative Business. It is not contemplated that Area Representative Businesses will have offices separate from their Training Store. This estimate includes those items required in addition to the items required in your Training Store; i.e. computers, POS System, a phone system and facsimile machine that meets our specifications and standards, a desk, filing cabinets and related office supplies. See Items 8 and 11 for hardware and software requirements. The low end is based on the assumption that you already have all of these items in your Training Store. See Item 8.

4. The signage referred to is for any separate signage on a door to a separate office that might be included in your required Restaurant.

5. This estimate includes any costs of registering as a broker or sales person with any state agency.
6. Insurance must be obtained to meet the minimum requirements established by the System Standards.
7. We provide initial training to you (and up to 4 of your personnel) without charge, but you are responsible for all compensation, travel and living expenses.
8. An Area Representative will need a vehicle to provide site selection checks, meet with prospects, assist in franchisee opening, maintain periodic contacts with the franchisees, etc. We assume you already have one, but if not we estimate initial expenses of acquiring and operating a vehicle for 1 year. The cost varies depending on the type of vehicle, gas mileage, maintenance, used or new, lease or purchase, financing rates and other variables. We do not require you to have any signage on your vehicle.
9. If you obtain legal and accounting services to help with business formation, review of contracts, financing documents and leases, setting up of books and records and other services. This amount varies greatly depending on the services performed and rates prevailing in your market.
10. This item estimates your initial startup expenses. These expenses include payroll costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.
11. We relied on our experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment for your Area Representative Business. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

**ITEM 8.  
RESTRICTIONS ON SOURCES OF  
PRODUCTS AND SERVICES**

You may be required to purchase equipment directly from us, FRG or our affiliates, but not currently. You may from time to time be required to purchase some miscellaneous and sundry supplies from us, FRG or our affiliates. During 2020, no equipment or miscellaneous and sundry supplies were purchased from us, FRG or our affiliates. You must use the MIS System and pay us an annual fee for such use. The annual MIS System fee is currently \$1,200. The payment of the annual MIS System fee is 1.3% of your total purchases to establish your Area Representative Business and less than 1% of your total purchases to operate your Business. During the 2020 fiscal year, we received about \$490,200 for MIS System fees from our Area Representatives. The amount is included in our total revenues of \$48,750,728 as reflected on our financial statements or 0.1% of our total revenues.

We have no designated suppliers, or approved suppliers for goods or real estate relating to your Area Representative Business. We do require your use of our designated supplier for access to the Accounting System. We may negotiate volume discounts for certain items for the benefit of Franchises, including Area Representatives.

## **Computer Hardware and Software**

We require you to purchase computer hardware and software as well as a high speed internet connection that meets our specifications and standards. Among other things, the software enables you to use our required MIS system and uses a Windows based operating system. Currently, these are the minimum requirements for computer hardware and software: (i) Laptop computer with Intel Core i5 processor or better, 8 GB RAM, USB port, 250 GB or larger SSD Hard Drive, Wired Wireless internet capabilities, Speakers, Keyboard, Mouse, and a printer (wired and preferably an HP laser printer), and (ii) Windows 10 with Microsoft Office 2013 or newer installed (to include Excel, Word, and PowerPoint). You must have Adobe Reader version DC or newer installed, along with Chrome being used as your browser software. You must have an anti-virus program licensed for business use with an active definition subscription installed on all Windows-based computer systems and must be configured to automatically update. We estimate that these items are 1.4% of your total costs to open your FIREHOUSE SUBS® Area Representative business and less than 1% of the total cost to operate it.

## **Insurance**

You must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Area Representative Agreement, including coverage for claims by franchisees or those they injure, while in your training program. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us (or our designated affiliate) as an additional insured party. We currently require you to carry comprehensive general liability insurance in the minimum amount of \$1,000,000. You must also carry vehicle liability and/or non-owned insurance with minimum coverage of \$1,000,000.

## **Miscellaneous.**

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. We currently do not have any purchase arrangements with suppliers for the benefit of area representatives.

### **ITEM 9. AREA REPRESENTATIVE'S OBLIGATIONS**

**This tables list your principal obligations under the area representative 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>Obligation</b>	<b>Section in Area Representative Agreement</b>	<b>Disclosure Document Item</b>
a) Site selection and acquisition / lease	Not Applicable	Items 8, 11 and 12
b) Pre-opening purchases / leases	Sections 11, 16(f) and 17	Items 5, 6, 7, 8, 11 and 16
c) Site development and other pre-opening requirements	Sections 16 and 17	Items 6, 7, 8 and 11
d) Initial and ongoing training	Section 11	Item 11

<b>Obligation</b>	<b>Section in Area Representative Agreement</b>	<b>Disclosure Document Item</b>
e) Opening	Not Applicable	Item 11
f) Fees	Sections 3, 11, 12, and 18	Items 5, 6 and 7
g) Compliance with standards and policies / Manuals	Sections 5, 11, 15 and 16	Item 11
h) Trademarks and proprietary information	Sections 14, 15, 16, and 21	Items 13 and 14
i) Restrictions on products/services offered	Section 16	Items 11 and 16
j) Warranty and customer service requirements	Not Applicable	Not Applicable
k) Territorial development and sales quotas	Section 1	Item 12
l) On-going product / service purchases	Not Applicable	Item 8
m) Maintenance, appearance and remodeling requirements	Not Applicable	Items 11 and 17
n) Insurance	Section 17	Items 7 and 8
o) Advertising	Sections 12 and 16	Items 6, 7 and 11
p) Indemnification	Section 21	Item 6
q) Owner's participation / management / staffing	Section 16	Items 11 and 15
r) Records and reports	Sections 6, 10, 12 and 17	Item 11
s) Inspections and audits	Section 16	Items 6 and 11
t) Transfer	Section 18	Items 6 and 17
u) Renewal	Section 3	Items 6 and 17
v) Post-termination obligations	Section 20	Item 17
w) Non-competition covenants	Section 19	Item 17
x) Dispute resolution	Section 24	Item 17

There are also services that you are required to provide to franchisees on our behalf. See Section 12 of the Area Representative Agreement.

### **ITEM 10. FINANCING**

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



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

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

**Pre-Opening Obligations:** Before you open your Area Representative Business, we will:

1. Provide you (or, if you are a Business Entity, up to 4 of your personnel) with initial Area Representative training. This training is described later in this Item. (Area Representative Agreement - Section 11)
2. At your expense, provide you with copies of the franchise agreement, Disclosure Document and related or ancillary documents necessary to offer or sell franchises (the “Documentation”). (Area Representative Agreement – Section 6)

**Post-Opening Obligations:** During your operation of your Area Representative Business, we will:

1. With your assistance and cooperation, prepare, amend, register or file any franchise disclosure or other documents that are required by state regulatory agencies. (Area Representative Agreement – Section 6)
2. Refer all information that we obtain from prospective Franchisees who want to operate in your Territory to you. (Area Representative Agreement – Section 4(f))
3. Make reasonable efforts to provide you with copies of correspondence, reports and data provided to us by Franchisees in your Territory if we determine it is useful to the operation of your Area Representative Business and it is the type of information that Franchisees provide to us under their Franchise Agreements. (Area Representative Agreement – Section 6(g))

Pay you compensation based on amounts we receive from Franchises sold for operation in and located in your Territory (excluding Non-Traditional Locations) as follows:

Type	Amount
Initial Franchise Fees for franchises for which you are responsible and the procuring cause for the sale and who you train in your Certified Training Store. You will receive your portion of the Franchise Fees during the Accounting Period immediately following the Store’s official Opening Date.	12.5%
Royalties	33.33% <sup>(1)(2)</sup>
Transfer Fees	25%
Renewal Fees	25%

- (1) We will measure performance standards on roughly a quarterly basis of 13 weeks (a “Quarter”). Our minimum quality and performance score for Area Representative Businesses is currently 90%, but we may vary both the scoring and the evaluation criteria from time to time. If you do not meet 90% of our Area Representative performance standards during the immediately preceding Period, the amount due on the period Royalties for the proceeding Period will be reduced to 25%. For example, if you do not meet the performance standards during Period 3, you will be paid 25% of Royalties for Period 4 and subsequent periods until you meet a score of 90% or better.

- (2) From time to time, we may institute rebate or bonus programs to incentivize franchise development, Restaurant growth, Restaurant sales growth, sales increases for certain products or services, use of different service methods and offerings and/or other programs we consider beneficial (“**Incentive Programs**”). These Incentive Programs may result in fee reductions to franchisees and/or incentive payments, where we rebate or pay bonuses to franchisees based on amounts they have paid us, if objectives are met or to achieve goals we determine appropriate. You acknowledge and agree, notwithstanding any contrary provision of this Agreement, that we will reduce the Compensation otherwise due and payable to you proportionally by the amounts we utilize for payments to franchisees in your Territory attributable to such Incentive Programs. For example, if we agree to rebate any franchisees 1% of their Gross Sales for a particular time period for them to achieve a certain goal, then we will withhold 33.33% of such amount from your Compensation, and it will then be reduced upon our payment to the franchisees. If we do not pay the rebate, then we will pay the withheld amount to you once we determine the rebate has not been earned or achieved.

Compensation for royalty, transfer fees and renewal fees is paid on or before the 20<sup>th</sup> of each month: (i) based on amounts we collect during the immediately preceding month; (ii) based on the openings of each Restaurant we have approved in the Territory during the immediately preceding month; and (iii) based on the opening of the first Restaurant in the development schedule for Franchisees with development rights in the Territory during the immediately month.

### **Hardware and Software Requirements**

You must obtain a computer system and other personal communication devices that meet our specifications and standards, which may change from time to time, a telephone line with a separate business line, a printer with scanning capabilities and high speed internet connection. The computer system must contain, and you must be reasonably proficient with, such computer software programs that we designate for use from time to time, including: database, spreadsheet, financial, word processing, communications, e-mail and calendaring programs. (Area Representative Agreement – Section 16(f))

Currently the minimum requirements for the computer system are a laptop computer with an Intel Core i5 processor, 8 GB RAM, USB port, 250 GB drive, Wired/Wireless internet capabilities, Speakers, Keyboard, Mouse, and a printer (wired and preferably an HP laser printer). We currently require the following software: Windows 10 with Microsoft Office 2013 or newer installed (to include Excel, Word, and PowerPoint) manufactured by Microsoft Corp., 1 Microsoft Way, Redmond, Washington 98052 (425) 882-8080. You must have Adobe Reader version DC or newer installed, along with Chrome being used as your browser software. You must have an anti-virus program licensed for business use with an active definition subscription installed on all Windows-based computer systems and must be configured to automatically update. You are responsible for obtaining the necessary training for proficiency in these programs. You may obtain the computer system and software from anyone you choose. We may provide you guidance and assistance with respect to the operation of this computer system in accordance with our System Standards. In general, we estimate that the cost to obtain the computer system and software is \$1,600.

You will be required to upgrade the hardware and software from time to time. The estimated cost of such upgrades is between \$500 and \$2,000 per year.

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your computer system. Currently, there are no optional or required

maintenance/upgrade contracts for the computer system. We do not require you to purchase an ongoing service contract for these programs or computer system.

Generally, you will incur a monthly cost to obtain access to internet services from an internet service provider (“**ISP**”) and a digital subscriber line (“**DSL**”). We estimate that your monthly fee for an ISP, including a DSL, would range from \$50 to \$125 depending on the services provided by the ISP.

You must use the reporting and accounting system that we require from time to time. You must deliver financial and operating reports to us including via access to our internet accounting system. We have access to such information through the computer system at all times. (Area Representative Agreement – Sections 4(b) and 16(g)) We charge an accounting system fee. See Item 6.

We are not obligated to provide or assist you in obtaining any of the above items or services.

### **Manuals**

The table of contents of our AR Manual that we provide to Area Representatives (the “**Manual**”) is specified in Exhibit “D.” Instead of providing a paper version, we may provide access to the Manual solely through electronic means.

### **Site Selection**

We have no obligation to provide any site selection assistance to you. You may locate your office anywhere within your Territory, including your home. You must reside within your Territory, unless otherwise approved by us.

### **Time To Opening**

We estimate that there will be an interval of 9 to 18 months between the signing of the Area Representative Agreement and the opening of your Area Representative Business, but the interval may vary based upon such factors as the location and condition of the site for your office, the extent to which the site must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training, your compliance with local laws and regulations, and when your franchised FIREHOUSE SUBS® Restaurant opens for business. You may not open your Area Representative Business until: (1) your franchised FIREHOUSE SUBS® Restaurant (your “**Training Store**”) has been opened for at least 3 months and has been certified as a training store (certification takes 3 to 6 months, but we may extend it); (2) pre-opening training has been completed to our satisfaction; (3) all amounts then due to us have been paid; (4) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (5) Area Representative training has been completed to our satisfaction, including POS training, Accounting System training, and Train the Trainer certification. (Area Representative Agreement – Sections 3, 4(c), 11, and 17)

### **Training**

If you have not already done so, you (or if you are a Business Entity, up to 4 of your personnel) must complete the initial training program that we provide to franchisees (the “**Restaurant Training Program**”) as well as our Area Representative Training Program. You, or your personnel, must complete these training programs to our satisfaction.

The Restaurant Training Program lasts approximately 8 weeks. The initial 6-7 weeks of training will be conducted at one of our Training Restaurants or any other restaurant which we may designate from

time to time. The final days of classroom training is presently conducted at our headquarters in Jacksonville, Florida. The initial training is provided on an as-needed basis, depending on where each franchisee is in the process of opening the first Restaurant. Training is timed as close as possible to the opening of your first Restaurant. You are responsible for your compensation, travel, lodging and living expenses incurred in connection with your attendance at any training program. Neither you nor any other trainee of yours are an employee of ours, and therefore, you and any trainee of yours are not covered by our workman's compensation insurance. We require all trainees to sign our standard Liability Waiver and Release attached as Exhibit "C." Currently our Restaurant Training Program consists of the following:

**TRAINING PROGRAM**

**RESTAURANT TRAINING PROGRAM**

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Skills Training Modules	0	144	In a certified training Firehouse® Subs Restaurant which may be an Area Representative territory or an FBC division.
Administration Training	0	96	In a certified training Firehouse® Subs Restaurant which may be an Area Representative territory or an FBC division.
Management Operations and Leadership Training	0	96	In a certified training Firehouse® Subs Restaurant which may be an Area Representative territory or an FBC division.
Franchisee Classroom Sessions	24	0	Presented virtually from our office in Jacksonville, Florida
Franchise Departmental Workshops	8	0	Presented virtually from our office in Jacksonville, Florida
<b>TOTAL</b>	<b>332</b>	<b>336</b>	

The Area Representative Training Program lasts for approximately 3 days and is presently conducted at our headquarters in Jacksonville, Florida. The Area Representative Training Program is provided on an as-needed basis. You are responsible for your compensation, travel, lodging and living expenses incurred in connection with your attendance at any training program. Neither you nor any other trainee of yours are an employee of ours, and therefore, you and any trainee of yours are not covered by our workman's compensation insurance. We require all trainees to sign our standard Liability Waiver and Release attached as Exhibit "C." Currently our Area Representative Training Program consists of the following:

**AREA REPRESENTATIVE TRAINING**

Subject	Hours Of Classroom Training	Hours Of On The Job Training <sup>1</sup>	Location
Franchise Development & Sales	1	0	Our office in Jacksonville, Florida
Supply Chain Services	0.5	0	Our office in Jacksonville, Florida

Subject	Hours Of Classroom Training	Hours Of On The Job Training <sup>1</sup>	Location
Quality Assurance	0.5	0	Our office in Jacksonville, Florida
Guest Services	0.5	0	Our office in Jacksonville, Florida
Firehouse Subs Public Safety Foundation	0.75	0	Our office in Jacksonville, Florida
Financial Services	3	0	Our office in Jacksonville, Florida
Process Reporting & Analytics	1.5	0	Our office in Jacksonville, Florida
Operations Services	0.75	0	Our office in Jacksonville, Florida
Corporate Communication	0.25	0	Our office in Jacksonville, Florida
Information Technology	0.5	0	Our office in Jacksonville, Florida
Real Estate & Construction	3	0	Our office in Jacksonville, Florida
Marketing Services	2	0	Our office in Jacksonville, Florida
Public Relations	1	0	Our office in Jacksonville, Florida
Field Operations	1	0	

The materials used in training include the Manuals, online training tools, as well as other presentation materials, including PowerPoint presentations, videos and handouts. It is the nature of the FIREHOUSE SUBS® Restaurant business that all aspects of training are integrated, that is, there are no definitive starting and stopping times. All training will be conducted by our Training Department and/or other affiliates (see Item 2 for information regarding our trainers not listed below). Each instructor will have at least 2 years experience in the subject matter being taught.

**Tim Foster, Senior Manager of Training:** Mr. Foster was promoted to Senior Manager of Training in October 2018. From August 2015 to October 2018, he was Manager of Training. After graduating with a degree in Business Management from Florida State University, Tim started out in our company-owned restaurants in 2011 and worked his way up.

**Steven Miligan, Manager of Training:** Mr. Milligan was promoted to Manager of Training in February 2018. He is a graduate from the University of North Florida with Bachelor degrees in Business Management and Business Marketing. Steven started out with us in one of our company-owned restaurants in 2008. Prior to this promotion, Steven worked his way up to Senior General Manager with responsibilities for 2 company-owned locations.

**Desirae Ackerman, Manager of Guest Services:** Mrs. Ackerman joined our Guest Services Team in 2015. She manages our five Guest Services Associates. She oversees our internal call center, monitors and responds to our brand reviews on Yelp, Google, Facebook, TripAdvisor, and Grubhub, and engages with our guests on our Facebook and Twitter pages.

**Vanessa De La Viña, Director of Field Public Relations:** Ms. De La Viña joined our Public Relations team in August of 2018 as Local Public Relations Manager. She was promoted to Senior Manager of Field Public Relations in December 2020. Prior to joining us, she managed media relations and content creation for clients in the restaurant, fitness and hospitality industries at a national public relations agency. For more than 7 years, she was an Emmy Award-winning broadcast journalist who reported on national and local breaking news as well as feature stories in El Paso, Texas and Greenville, South Carolina. In May

2021, Ms. De La Viña was promoted to Director of Field Public Relations where she oversees and manages all public relations efforts for franchisees within the FBC Division to build brand awareness and drive sales for the Firehouse Subs® brand.

**Lauren Heald, Reporting Applications Specialist:** Mrs. Heald joined the Reporting & Analytics team as the Reporting Applications Specialist in July 2019. Previously, she was our Real Estate Coordinator from March 2018 to July 2019.

**Jennifer Morgan, Senior Manager of Learning and Development:** Mrs. Morgan joined our Operations Services team in 2017. She is responsible for updating the training manuals, including but not limited to, The Rookie Book, Shift Leader Workbook and Captain's Advancement Manual. Jennifer also manages Fire Academy, our training website for employees, which offers online courses for operational procedures as well as new product procedures.

**Nancy Palmer, Manager of Development and Outreach:** Mrs. Palmer began her association with Firehouse Subs Public Safety Foundation as a volunteer during the annual tennis tournament fundraiser. She officially joined the staff in July of 2016 and was promoted to her current position in January 2020.

**Willie Ross, Manager of Financial Operations:** Mr. Ross joined our Financial Services Department in 2017. He is responsible for our 38 company-owned locations' financial statements. He works closely with the Director of Operations to manage the \$30 million + budgets for our company-owned locations and does the financial training for incoming franchises. He also assists with any new company-owned Restaurant openings and any major off-site events. Over his tenure with us, he has worked on numerous projects such as novidine, aloha, third party delivery rollout, and many more.

**Jane Shehane: Senior Manager of Public Relations:** Mrs. Shehane joined our Public Relations team in August of 2018 as Local Public Relations Manager. She was promoted to Senior Manager of Public Relations in December 2020. Prior to joining us, she managed media relations for a concert and event production company, who provided services for some of country music's biggest artists like Luke Bryan. From June 2015 to August 2018, she was a Corporate Communications Coordinator for Cracker Barrel where she established the brand's influencer program and assisted with national and local campaigns. Mrs. Shehane works to guide the public relations of the Firehouse Subs® brand to execute strategy to obtain publicity goals on behalf of the brand, Area Representatives and franchisees.

**Elizabeth Smith, Senior Manager Accounts Receivable:** Ms. Smith joined our Financial Services team in 2017. She reconciles and collects all royalty, marketing, and PSF payments from franchisees on a weekly basis. She also reconciles all third party delivery services for the company-owned Restaurants. Elizabeth works hand in hand with the franchisees, Area Representative, and Franchise Business Consultants regarding transfers, new restaurant openings and any questions they may have regarding their weekly fees.

**Rena Stewart, Franchise Financial Compliance Specialist:** Mrs. Stewart joined the Financial Services team in 2014. She manages the Franchisee training for QuickBooks Online as well as assisting Franchisees with QuickBooks Online support such as linking profiles and resolution for exporting issues that may arise. She also assists Franchisees with WorldPay/iQ Portal questions and gift card resolution as well as management and issue resolution for Canadian Gift Cards. Rena also conducts audit research and documentation in regards to Campus Cash, Third Party Vendors and external terminals. Within the audit scope she also conducts Franchisee audit research and documentation. Additionally, she is in charge of the management of Fire Cloud library documents as it pertains to Financial Services.

**Bill Uradnik, Senior Manager of Real Estate Services:** Mr. Uradnik was promoted to Senior Manager of Real Estate Services in April 2016. Prior to that, he was our Manager of Real Estate Services from February 2013 to April 2016. Mr. Uradnik's tenure in restaurant real estate began in 2007.

We may require you to attend periodic refresher training courses at such times and places as we designate. We may charge fees for such courses.

### **Advertising.**

All your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. If required by the laws of your jurisdiction, all advertising and promotion relating to the solicitation of prospective Franchisees must be approved by the appropriate regulatory authorities. You may only use advertising or promotional materials approved by us and the appropriate regulatory authority. You must not engage in business or advertising practice that may injure our business and/or the goodwill associated with the Marks and Franchises. (Area Representative Agreement – Section 16(b))

You must submit samples of all advertising and promotional materials not prepared or previously approved by us for our approval prior to use. If written approval is not received by you within 15 days from the date of our receipt of the advertising materials it is deemed not to be approved. You must not use any advertising or promotional materials that we have not approved. We may furnish you with approved local marketing plans and materials on the same terms and conditions as such plans and materials are furnished to our franchisees. (Area Representative Agreement – Section 16(c))

### **Websites and Apps**

We will control or designate the manner of your use of all URLs, domain names, website addresses, social media platforms, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin (“**e-names**”). We will also designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, apps (on smartphone, tablet, computer and all related platforms) wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, “**e-commerce**”). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may require that you provide information to us via e-commerce. You must be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other FIREHOUSE SUBS® Restaurants, suppliers and affiliates. We may require you to participate in any internet or intranet networks we establish and obtain the services of and pay the then-current fees for ISP and ASP services and the like. We own all rights, title and interest in and to any and all websites, apps and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. We own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information. (Area Representative Agreement - Section 16.d)

## **ITEM 12. TERRITORY**

**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. We retain certain rights to solicit franchise prospects and alternative channels of distribution described below.**

### **Territory**

The Territory we grant will be comprised of one or more Demographic Market Areas (“DMA(s)”) and varies depending on a variety of factors, including demographic nature of the Territory, size, estimates of the number of potential franchisees, business climate, and other factors which we deem applicable to the Territory under the Area Representative Agreement. The Territory excludes Non-Traditional Locations therein. A “**Non-Traditional Location**” is a Restaurant location for which the majority of the persons entering the premises typically do so for purposes other than patronizing the FIREHOUSE SUBS® Restaurant. For the avoidance of doubt, Non-Traditional Locations include, but are not limited to, airports, military installations, hotels, railway stations and their direct surroundings, bus stations, service plazas established by governmental or quasi-government entities on motorways and highways, gas stations, convenience stores, university and schools, amusement parks, cruise ships, hospitals and residences, sports centers and clubs and similar locations. The minimum territory granted to an Area Representative will be one DMA designed for a minimum of 20 Restaurants. You will have the exclusive right to solicit prospective franchisees for the operation of FIREHOUSE SUBS® Restaurants franchises that are physically within the Territory and to assist us in rendering services to them as long as you are in full compliance with all of the terms and conditions of the Area Representative Agreement, including meeting the Development Schedule. If you are not in full compliance with all of the terms and conditions of the Area Representative Agreement, do not meet or exceed the Development Schedule or any of the System Standards, we may reduce the size of your Territory or terminate the Area Representative Agreement.

### **Development Schedule**

Your rights under your Area Representative Agreement are contingent on your opening and maintaining the number of FIREHOUSE SUBS® Restaurants required by the Development Schedule. You must replace any Franchise that terminates or expires or any FIREHOUSE SUBS® Restaurant that closes, within the Territory in order to maintain the number of FIREHOUSE SUBS® Restaurants required in the Development Schedule. The number of Restaurants to be developed is determined by an analysis of the demographics of the territory, and a subsequent individual trade area analysis for each projected Restaurant. Critical factors such as population density and income levels are taken into account, supplemented by a third party analysis of the “psychographic” characteristics and spending patterns of the resident and workforce populations within designated drive times of the center point of the trade areas. This analysis is supplemented with a personal visit to the market by a representative of our Real Estate Department; the Area Rep candidate is also involved in the live market tours, and his/her local knowledge is incorporated into the final analysis and determination on the number of sites to be developed under the development schedule. Typically, under a 10 year Area Representative Agreement, the development schedule will run anywhere from seven to ten years. The agreed upon length is a function of the complexity of the market (each market having its own unique character, economic strength, availability of real estate, etc.). Typically, the development agreements are back-loaded to afford the Area Representative more margin of error during the initial years of the agreement.



## **Rights We Retain**

We retain the right, on behalf of ourselves or through affiliates, in our discretion, and without granting any rights to you, to:

1. Solicit prospective franchisees and grant other persons franchises, or other rights to operate FIREHOUSE SUBS® Restaurants: (x) through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means (but as we deem appropriate we will refer leads from within your Territory to you); or (y) anywhere outside of the Territory; and/or (z) sell franchises to prospects who we have developed to own a franchise in the Territory as long as we compensate you as otherwise required by your Area Representative Agreement.

2. Own and operate FIREHOUSE SUBS® Restaurants ourselves or through affiliates anywhere.

3. Sell, solicit, recruit and provide services for FIREHOUSE SUBS® Restaurants or any business other than a FIREHOUSE SUBS® Restaurant.

4. Sell, and provide the services authorized for sale by, FIREHOUSE SUBS® Restaurants under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, e-mail or other forms of e-commerce) for distribution within and outside of the Territory and pursuant to such terms and conditions as we consider appropriate.

5. Establish and operate FIREHOUSE SUBS® Restaurants and grant rights to others to establish and operate FIREHOUSE SUBS® Restaurants at Non-Traditional Locations in the Territory; we and our affiliates may have direct licensee relationships with companies to whom we grant such rights, without your involvement, and such companies may operate FIREHOUSE SUBS® Restaurants at Non-Traditional Locations in multiple regions both inside and outside of the Territory; we may, however, require you in some cases to provide Temporary Services at Non-Traditional Locations. Except for Temporary Services, you will not be compensated with respect to Non-Traditional Locations, and your appointment as Area Representative does not include Non-Traditional Locations.

6. Solicit prospective franchisees for, and own and operate, businesses and restaurants of any other kind or nature, anywhere.

7. Own, operate and develop other businesses (including other restaurant concepts) in your Territory.

## **Alternative Channels of Distribution**

We may give you the opportunity to participate in the sale of other services through other distribution channels or to Franchisees in the Territory. However, you may not participate in other services or areas of distribution, including but not limited to vending machines, ATM's or telephones, without our prior approval. You acknowledge that: (i) there may be Franchise Agreements or other agreements already in effect between us and Franchisees or distributors in the Territory; and (ii) the rights granted to you under the Area Representative Agreement are subject to the rights of existing Franchisees and distributors in the Territory.

**Referral of Prospects**

We will refer to you, as we deem appropriate, all information that we obtain from prospective franchisees. At your expense, you must: (i) complete the solicitation and background investigation on such prospect; (ii) send us all information you obtain from prospective franchisees who want to operate outside your Territory; and (iii) complete all character profiles and other procedures we direct from time to time.

**Temporary Services.**

You may provide services outside your Territory or at Non-Traditional Locations for temporary periods of time (an “Interim”). During an Interim (at locations that are not Non-Traditional Locations), we will compensate you for Royalties in the same manner as we do for your services in the Territory, but we will not compensate you for Initial Franchise Fees, Transfer Fees or Renewal Fees as applied to the geographic area in which we designate for you to provide such services during an Interim. We will compensate you for your services at Non-Traditional Locations using our then-current rates sheet (which rates we may adjust from time to time), but we will not pay you any portion of Initial Franchise Fees, Royalties, Transfer Fees or Renewal Fees for such Interim services; these services may include initial training, Fire reports, restaurant compliance checks, new restaurant openings, new product roll-outs, and other services defined from time to time; if services are required by you, you will be given at least 30 days’ notice of the assignment. During an Interim, you will also be reimbursed for your reasonable travel expenses incurred in accordance with our policies in the course of your fulfilling your obligations in the Interim in areas outside such areas.

**ITEM 13.  
TRADEMARKS**

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your FIREHOUSE SUBS® Restaurant. The primary trademarks and service marks we use are as follows:



®

FIREHOUSE SUBS®



®



®






**FOUNDED BY FIREMEN** ®

**Trademark and Service Registrations.**

The status of the registrations of our primary Marks and certain others on the Principal Register of the United States Patent and Trademark Office (the “PTO”) is as follows:


<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b><u>MARK</u></b>	<b><u>REG. NO.</u></b>	<b><u>REG. DATE</u></b>	<b><u>GOODS/SERVICES</u></b>
	1,903,135 *	July 4, 1995	Restaurant services
	1,983,934 *	July 2, 1996	Restaurant services, Providing of food and drink
	3,316,544 *	October 23, 2007	Magnetically encoded credit cards, gift cards
	3,482,187 *	August 5, 2008	Restaurant services
	3,482,188 *	August 5, 2008	Restaurant franchising
	3,323,158 *	October 30, 2007	Cups; Drinking cups
	3,246,353 *	May 29, 2007	Restaurant franchising
	3,253,052 *	June 19, 2007	Restaurant services
	3,833,616 *	August 17, 2010	Iced tea; Colas; Fruit flavored drinks; Fruit-flavored beverages with tea flavor; Non-alcoholic beverages, namely, carbonated beverages; Soft drinks
	2,795,059 *	December 16, 2003	Charitable Fund raising
	2,866,824 *	July 27, 2004	Clothing, namely t-shirts, golf shirts and polo shirts
	3,012,834 *	November 8, 2005	Restaurant franchising
	3,012,835 *	November 8, 2005	Restaurant services

<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b><u>MARK</u></b>	<b><u>REG. NO.</u></b>	<b><u>REG. DATE</u></b>	<b><u>GOODS/SERVICES</u></b>
	3,027,226 *	December 13, 2005	Cereal based snack foods; foods, namely cookies and brownies
	3,031,378 *	December 20, 2005	Pastries and dessert items, namely cookies and brownies
	3,063,737 *	February 28, 2006	Stickers
	3,070,844 *	March 21, 2006	Bags, namely paper bags
	3,082,197 *	April 18, 2006	Paper for wrapping and packaging of food
	3,306,295 *	October 9, 2007	Magnetically encoded credit cards, gift cards
	3,323,157 *	October 30, 2007	Cups; Drinking cups
	3,173,205 *	November 21, 2006	Sauces
	3,357,598 *	December 18, 2007	Accepting and administering monetary charitable contributions; Charitable fund raising
<b>CAPTAIN SORENSEN'S</b>	3,161,773 *	October 24, 2006	Sauces
<b>ENGINEER</b>	3,355,508 *	December 18, 2007	Sandwiches
<b>FIREHOUSE</b>	3,000,715 *	September 27, 2005	Clothing, namely shirts
<b>FIREHOUSE HERO</b>	3,323,735 *	October 30, 2007	Sandwiches
<b>FIREHOUSE STEAK &amp; CHEESE</b>	3,323,736 *	October 30, 2007	Sandwiches
<b>FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION</b>	3,618,997 *	May 5, 2009	Accepting and administering monetary charitable contributions; Charitable fund raising services

<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b><u>MARK</u></b>	<b><u>REG. NO.</u></b>	<b><u>REG. DATE</u></b>	<b><u>GOODS/SERVICES</u></b>
<b>RAPID RESCUE TO GO</b>	5,510,032	July 3, 2018	On-line ordering services featuring restaurant pick-up, carry-out and order ahead. Food preparation services; preparation of food and beverages; restaurant services; restaurant services featuring sandwiches; restaurant services, namely, providing food and beverages for consumption on and off the premises; take-out restaurant services.
	5,510,033	July 3, 2018	On-line ordering services featuring restaurant pick-up, carry-out and order ahead. Food preparation services; preparation of food and beverages; restaurant services; restaurant services featuring sandwiches; restaurant services, namely, providing food and beverages for consumption on and off the premises; take-out restaurant services.
<b>RAPID RESCUE</b>	5,651,363	January 8, 2019	On-line ordering services featuring restaurant pick-up, carry-out and order ahead. Food preparation services; preparation of food and beverages; restaurant services; restaurant services featuring sandwiches; restaurant services, namely, providing of food and beverages for consumption on and off the premises; food preparation services featuring preparation of food and beverages for pick-up, carry-out and order ahead; take-out restaurant services.

<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b><u>MARK</u></b>	<b><u>REG. NO.</u></b>	<b><u>REG. DATE</u></b>	<b><u>GOODS/SERVICES</u></b>
<b>FIREHOUSE SUBS</b>	2,606,263 *	August 13, 2002	Restaurant services specializing in submarine style sandwiches for public consumption
	2,795,060 *	December 16, 2003	Charitable fund raising
	3,014,796 *	November 15, 2005	Restaurant franchising
	3,027,225 *	December 13, 2005	Cereal based snack foods; foods, namely cookies and brownies
	3,031,377 *	December 20, 2005	Pastries and dessert items, namely cookies and brownies
	3,063,736 *	February 28, 2006	Stickers
	3,065,955 *	March 7, 2006	Bags, namely paper bags
	3,082,196 *	April 18, 2006	Paper for wrapping and packaging of food
	3,261,752 *	July 10, 2007	Gift cards; Magnetically encoded credit cards
	3,323,156 *	October 30, 2007	Cups, Drinking cups
	3,615,605 *	May 5, 2009	Golf shirts; Polo shirts; Shirts; Short-sleeved or long-sleeved shirts; T-shirts; Short-sleeved shirts; Sports shirts; Sport shirts; sports shirts with short sleeves; T-shirts; Tee-shirts
3,827,073 *	August 3, 2010	Iced tea; Colas; Fruit flavored drinks; Fruit-flavored beverages with tea flavor; Non-alcoholic beverages, namely, carbonated beverages; Soft drinks	
<b>FOUNDED BY FIREMEN †</b>	3,413,742	April 15, 2008	Restaurant services
<b>FOUNDED BY FIREMEN †</b>	3,413,743	April 15, 2008	Restaurant franchising
<b>FOUNDED BY FIREMEN</b>	5,301,445	October 3, 2017	Restaurant and catering services, restaurant services featuring sandwiches, restaurant services, namely, providing of food and beverages for consumption on and off premises

<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b>MARK</b>	<b>REG. NO.</b>	<b>REG. DATE</b>	<b>GOODS/SERVICES</b>
<b>FOUNDED BY FIREMEN</b>	5,385,397	January 23, 2018	Franchising, namely, consultation and assistance in business management, organization and promotion; administration of the business affairs of franchises, restaurant franchising, namely offering business management assistance in the establishment and/or operation of restaurants
<b>FULLY INVOLVED</b>	2,784,438 *	November 18, 2003	Restaurant services
<b>HOOK &amp; LADDER</b>	3,323,733 *	October 30, 2007	Sandwiches
<b>HOOK &amp; LADDER SALAD</b>	4,639,976 *	November 18, 2014	Garden salads; Salads, namely, garden and vegetable salads with meat and cheese
<b>NEW YORK STEAMER</b>	3,323,734 *	October 30, 2007	Sandwiches
	3,791,438 *	May 18, 2010	Fruit-flavored beverages
<b>FIREHOUSE MEATBALL</b>	3,751,737 *	February 23, 2010	Sandwiches
<b>THE ROOKIE</b>	3,847,091 *	September 14, 2010	Restaurant services; prepared lunches, dinners and meals; box lunches, box dinners and box meals; prepackaged lunches, dinners and meals; catering services, restaurant catering
	4,618,210 *	October 7, 2014	Fruit-flavored beverages
<b>FIREHOUSE FUNDS</b>	4,738,798	May 19, 2015	Magnetically encoded gift cards
<b>FIREHOUSE SALAD</b>	4,639,978 *	November 18, 2014	Garden salads; salads, namely, garden and vegetable salads with meat and cheese
<b>THE LIEUTENANT</b>	5,155,234	March 7, 2017	Prepared meals, namely, lunches, dinners, box lunches, box dinners, box meals, prepackaged lunches, prepackaged dinners and prepackaged meals consisting primarily of sandwiches
<b>WELCOME TO THE FIREHOUSE</b>	5,675,356	February 12, 2019	Restaurant services

<b>REGISTERED TRADEMARKS AND SERVICE MARKS</b>			
<b><u>MARK</u></b>	<b><u>REG. NO.</u></b>	<b><u>REG. DATE</u></b>	<b><u>GOODS/SERVICES</u></b>
<b>WELCOME TO THE FIREHOUSE</b>	5,730,047	April 16, 2019	Franchise services, namely, offering business management assistance in the establishment and operation of restaurants
<b>H2O FOR HEROES</b>	5,702,855	March 19, 2019	Charitable services, namely, coordination of the procurement of bottled water from the general public for distribution to local fire and police departments, emergency victims, senior and community centers, and others in need
	5,728,855	April 16, 2019	Restaurant services; restaurant services featuring sandwiches; restaurant services, namely, providing food and beverages for consumption on and off premises; take-out restaurant services

\*These registrations have achieved incontestable status at the PTO in accordance with 15 U.S.C. §§ 1065 and 1115(b).

†These registrations are registered on the Supplemental Register of the PTO and not on the Principal Register.

This list represents all of our primary Marks and certain others. It is not an exclusive list of Marks you will be authorized to use.

There are no agreements currently in effect which significantly limit our rights to use or license the use of our Marks in a manner material to the franchise. There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and, except as summarized below, there are no pending infringements, opposition or cancellation proceedings, or material litigation involving the principal trademarks. All affidavits and renewals have been filed.

FRG has granted us a worldwide, non-exclusive, license to use and to license our franchisees the right to use the Marks in connection with the ownership and operation of the Restaurants pursuant to the terms and conditions of a written Trademark, Technology and Know-How License Agreement dated December 27, 2004. The term of such agreement is perpetual.

### **Use of the Marks.**

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.



### **Infringements.**

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks.

### **Changes to the Mark.**

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

### **Indemnification.**

We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of the Marks resulting from claims by third parties that your use of any of the Marks infringes their trademark rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of our agreements with you. We will not indemnify you against the consequences of your use of the Marks except in accordance with the requirements of our agreements with you. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

### **Other Uses and Proceedings.**

We are aware of other restaurants and/or bars using the term Firehouse in their names, including in Dayton, Ohio, Geneva-on-the-Lake, Ohio, Tampa, Florida, Johnson City, Tennessee, Parkville, Maryland, Rapid City, South Dakota, Houston, Texas, Somersville, Connecticut, Stafford Springs, Connecticut and Wichita, Kansas. We are not familiar with their operations, or when they started using the names. But, they may have certain rights to continue business under their trade names. From time to time we learn of other restaurants, bars and businesses that use the term Firehouse in their names. Some of these businesses may have certain rights to continue business under their trade names using the term Firehouse. We address these matters on a case-by-case basis and take action depending upon the circumstances. Additionally, a restaurant and bar located in Myrtle Beach, South Carolina has the right to continue operating under the name Calli Baker's Firehouse Bar and Grill, a restaurant and bar located in Cincinnati, Ohio has the right to continue operating under the name The Firehouse Grill, and a winery that also provides an on-site restaurant located in Geneva-on-the-Lake, Ohio has the right to continue to operate under the name Old Firehouse Winery and offer those services within neighboring counties. Except for the foregoing, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of

our principal trademarks in any state.

On March 16, 1999, FRG filed a petition to cancel registration number 1,903,135 for the mark “FIREHOUSE and Dalmatian logo.” The respondent raised no counterclaims or defenses challenging FRG’s trademark or service mark rights or registrations. FRG settled with the respondent, in which the respondent assigned all of its rights, title and interest in and to that registration and registration number 1,903,134, and its common law rights to FRG. In return, FRG granted respondent a limited license to use the marks depicted in those two registrations in connection with its business. The proceeding was dismissed with prejudice on August 20, 2001. Cancellation proceeding number 92028849, *Firehouse Restaurant Group, Inc. v. Firehouse Wing Co., Inc.*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

On July 31, 2003, FRG filed petitions seeking cancellation of registration number 2,304,334 for the mark “Fire House Foods” and registration number 2,425,824 for the mark “Fire House.” The respondent did not raise any counterclaims or defenses challenging our trademark or service mark rights or registrations. This proceeding was settled by the respondent transferring all of its rights and title in and to these marks to FRG. FRG, in turn, granted respondent a limited license to use them. Consolidated cancellation proceeding numbers 92042399 and 92042340, *Firehouse Restaurant Group, Inc. v. Bradley E. Son*, and *Firehouse Restaurant Group, Inc. v. Firehouse Foods, LLC*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

On April 7, 2004, FRG filed an opposition proceeding seeking to oppose pending service mark application serial number 76484312 for the mark “Firehouse Saloon.” The respondent raised no counterclaims or defenses challenging FRG’s trademark or service mark rights or registrations. FRG settled with the respondent, in which the respondent assigned all of its rights, title and interest in and to that registration and registration and its common law rights to FRG. In return, FRG granted respondent a limited license to use the mark depicted in the assigned application in connection with its business. The proceeding was dismissed with prejudice on June 23, 2005. Opposition proceeding number 91160052, *Firehouse Restaurant Group, Inc. v. Firehouse Saloon Incorporated*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

On October 25, 2006, FRG filed an opposition proceeding seeking to oppose pending service mark application serial number 78477034 for the mark “The Firehouse Brewing Company.” On February 23, 2007, FRG filed an opposition proceeding seeking to oppose pending service mark application serial number 78477023 for the mark “The Firehouse American Pale Ale.” The respondent answered both petitions denying the allegations and raising defenses. The parties entered into a settlement agreement and the proceedings were dismissed. Pursuant to the resolution, the parties entered into a co-existence and consent agreement under which The Firehouse Brewing Company may use its “The Firehouse Brewing Company,” “The Firehouse American Pale Ale” and related marks in connection with the custom manufacture of beer and may obtain trademark registrations therefor, but restricting all other uses thereof. Opposition proceeding numbers 91173555 and 91175836, *Firehouse Restaurant Group, Inc. v. The Firehouse Brewing Company*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

On September 19, 2007, FRG filed an opposition proceeding seeking to oppose pending service mark application serial number 77008488 for the mark “Old Firehouse Winery (and logo)” filed by the respondent, Old Firehouse Winery, Inc. The respondent answered the petition denying the allegations and raising defenses. The parties entered into a settlement agreement and the proceeding was dismissed with prejudice on May 11, 2012. Pursuant to the settlement agreement, Old Firehouse Winery, Inc. may use its “Firehouse Winery” marks and logos in connection with winery related services, and may provide restaurant services under those marks provided they are offered from winery locations within certain Ohio

counties. Old Firehouse Winery, Inc. agreed not to object to FRG's use of its marks, and FRG agreed not to serve or make available wine at locations within certain Ohio counties. Opposition proceeding number 91179580, *Firehouse Restaurant Group, Inc. v. Old Firehouse Winery, Inc.*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

On June 6, 2011, FRG and three of its franchisees filed a lawsuit for trademark and service mark infringement against Firehouse Grill, LLC and two of its owners, Robert A. Davis and Molly Davis seeking damages and injunctive relief. FRG's complaint alleges that defendants' operation of a restaurant under the name "Firehouse Grill" constitutes, among other things, trademark and service mark infringement of FRG's registered trademark and service mark rights. The defendants filed answers and counterclaims denying liability and seeking cancellation of several of FRG's Marks. FRG moved to dismiss the counterclaims and defendants amended their counterclaims. On or about August 22, 2011, the parties executed a settlement agreement and on August 25, 2011, the parties filed a stipulation dismissing the lawsuit with prejudice. The defendants continue to operate their Firehouse Grill restaurant in Cincinnati, Ohio. *Firehouse Restaurant Group, Inc. et al. v. Robert A. Davis, Molly Davis and Firehouse Grill, LLC*, case no. 1:11cv365, United States District Court for the Southern District of Ohio, Western Division.

On April 29, 2015, FRG filed an opposition proceeding with the PTO seeking to oppose pending service mark application serial number 86089670 for the mark "Columbia Firehouse." After the applicant filed an answer denying liability, the parties entered into a settlement agreement and the applicant expressly abandoned its application with prejudice. On August 15, 2016, the application was abandoned with prejudice and the opposition was dismissed without prejudice. Pursuant to the settlement agreement, the applicant may continue to operate a single location restaurant in Alexandria, Virginia under the name "Columbia Firehouse" with certain restrictions and limitations. Opposition proceeding number 91221728, *Firehouse Restaurant Group, Inc. v 109 South Saint Asaph, LLC*, United States Patent and Trademark Office, Trademark Trial and Appeal Board.

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

There are no patents or pending patents that are material to the franchise.

We claim copyrights in the Manuals and the menus, and advertising materials and related items used in operating the franchise. These copyrights have not been registered with the United States Registrar of Copyrights.

The Manuals, which are described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; recipes; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Restaurants; marketing and advertising programs for Restaurants; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Restaurants other than your Restaurant.

All ideas, concepts, techniques or materials relating to Restaurants (including any specific to your Restaurant), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the FIREHOUSE SUBS® System.

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

You must at all times faithfully, honestly and diligently perform your obligations under the Area Representative Agreement, continuously exert your best efforts to promote and enhance your Area Representative Business and not engage in any other business or activity that conflicts with your obligations to operate your Area Representative Business in compliance with the Area Representative Agreement. Unless otherwise approved by us, you must own at least 50% of the Area Representative Business.

If you are a corporation, limited liability company or limited partnership, your owners must not only personally guarantee your obligations under the Area Representative Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Area Representative Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of “**Principal Owner’s Guaranty**” is attached as Exhibit “E.” We require you to complete a “**Principal Owner’s Statement**” in the form attached as Exhibit “F.” The Principal Owner’s Statement describes all of your owners and their interests in you. A Principal Owner is an owner of any ownership interest in a business entity. If your spouse or other family members are also owners of your business entity, they must sign the Principal Owner’s Guaranty.

**ITEM 16.**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must not offer or sell franchises or perform services for or in connection with a Competitive Business (Area Representative Agreement, Section 15(d)). Our System Standards allow us to regulate the sales and marketing activities you engage in and the services your Area Representative Business is required or authorized to offer. We may periodically modify the System Standards which may require you to invest additional capital in your Area Representative Business and/or incur higher operating costs.

You must meet or exceed the Development Schedule and our System Standards for the sale of FIREHOUSE SUBS® Restaurant franchises. You must replace any franchise that terminates or expires or any Restaurant that closes so that you maintain the number of Restaurants required by the development schedule. If you do not, we may terminate the Area Representative Agreement or reduce your Territory to an Adjusted Territory which may result in ending your rights to service some Restaurants you have been servicing and assigning those servicing obligations and reacted compensation to others or assuming them ourselves (See Item 12). If we reduce your Territory to an adjusted Territory:

- (1) you will continue to perform all of your duties and obligations under the Area Representative Agreement with respect to FIREHOUSE SUBS® Restaurant franchises that opened in the Territory prior to adjustment until further notice from us;

- (2) you will no longer market or sell FIREHOUSE SUBS® Restaurant franchises or provide related services outside of the Adjusted Territory; and
- (3) you will not be paid any compensation relating to FIREHOUSE SUBS® Restaurant franchises operating outside of the Adjusted Territory after the date of adjustment.

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

**THE FRANCHISE RELATIONSHIP**

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

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
a) Length of the franchise term	Section 3(b)	Approximately 10 years beginning on the effective date of the Area Representative Agreement and ending on the last day of the 10th Development Year.
b) Renewal or extension of the term	Section 3(c)	If you are in good standing, you can renew or extend the term of your Area Representative Agreement on our then-current terms 2 additional 5-year terms.
c) Requirements for Area Representative to renew or extend	Section 3(c)	180 days notice prior to the end of the term of your intent to renew; sign new area representative agreement; agree on a development schedule for the renewal period; and pay a renewal fee. Your renewal right permits you to remain as an area representative after the initial term of your area representative agreement expires. However, to remain an area representative, you must meet all required conditions to renewal, including signing our then-current form of area representative agreement, which may be materially different than the form attached to this Disclosure Document.
d) Termination by Area representative	Not Applicable	Not Applicable, except that you may terminate under any grounds permitted by law. (Subject to State Law)
e) Termination by Franchisor without cause	Not Applicable	Not Applicable
f) Termination by Franchisor with cause	Section 19	We can terminate only if you commit one of several violations.
g) "Cause" defined – curable defaults	Section 19	You have 30 days to cure: (i) failure to satisfactorily complete any required training; (ii) failure to meet Development Schedule; (iii) failure to meet your service obligations, including but not limited to your training obligations and meeting performance standards; (iv) any unauthorized transfer; (v) any unauthorized use of the Marks or confidential information; (vi) any material misrepresentation or omission to us or any Franchisee; (vii) make earnings claims or projects or provide any information with regard to sales, revenues, income, costs or expenses relating to any franchisee except in accordance with the

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
		<p>franchise Disclosure Document provided to prospective franchisees, (viii) make impossible, economically impractical or excessively risky to solicit Franchisees due to applicable laws, rules or regulations concerning franchise sales in the Territory; (ix) breach any provision of the Area Representative Agreement or any other agreement with us; (x) abandonment; (xi) convicted or plead no contest to a felony or any crime or offense that may adversely affect us or our business; (xii) any dishonest or unethical conduct that may adversely affect our or our Franchisees' reputation or the goodwill associated with the Marks; (xiii) violate any franchise laws in the Territory with a regulatory authority or conduct yourself in a manner that makes it impossible or unlawful to solicit or sell franchises in accordance with applicable laws, rules or regulations; (xiv) insolvency; (xv) any preferential treatment of any Franchisee or prospective Franchisee in your Territory; (xvi) solicit or accept any rebates or preferences from any vendor; (xvii) accept payments from Franchisees or prospective Franchisees not payable to us; (xviii) if 25% of the Restaurants in your Territory are not in substantially compliance with our System Standards and Specifications; (xix) failure to attend 3 or more required meetings, trade shows and/or conventions during any 36-month period; (xx) you allow a franchisee to sign a lease without our approval; (xxi) failure to implement to our satisfaction any marketing, operating, training or other programs; (xxii) failure to timely complete construction reports, final inspections and punch list; (xxiii) failure to consistently communicate with us or the franchisees in your Territory and to provide copies of all correspondence for our files; (xxiv) violate any service obligations; (xxv) make any changes, additional or deletions to our current form of franchise agreement and any ancillary documents; (xxvi) conduct a minimum of 1 private business consultation per month per Restaurant with each Franchisee, including review of operational, sales, marketing and profit and loss performance; or (xxvii) provide an annual business plan to us for your business and to ensure timely completion and submission of a business plan for each franchisee on a per Restaurant basis.</p>
h) "Cause" defined – non-curable defaults	Sections 4(c) and 19	<p>If you fail to timely open your Training Store, if your Training Store closes, or if you die, become permanently disabled or suffer any other disability that we consider substantially interferes with or materially impairs your ability to perform your obligations.</p>
i) Area Representative's obligations on termination/nonrenewal	Section 20	<p>Completely disassociate your Area Representative Business from us; return all proprietary materials; cease use of any aspect of the System and any of the Marks; cancel all fictitious or assumed names registrations; return all access disks and return or destroy the software furnished to you, and terminate any aspect of e-commerce relating to us, our Franchisees, the System and the Marks, cease use of any confidential information (see also ® below).</p>

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
j) Assignment of contract by Franchisor	Section 18(a)	No restriction on our right to assign.
k) “Transfer” by Area Representative – defined	Section 18(b)	Voluntary or involuntary, direct or indirect assignment, sale, gift, pledge, encumbrance or other disposition by you of any interest in the Area Representative Agreement, the Area Representative Business or the assets comprising it, including transfer of any ownership of 25% or more of the ownership interests in the business or you, merger, consolidation, issuance of additional securities representing a 25% or more ownership or voting interest in the Business or you, transfer of an interest in you by operation of law or divorce proceedings, transfer of substantially all of your or the assets comprising your Business, or transfer of an interest in you or the Business by will, declaration of or transfer in trust or under the laws of intestate success of any person owning more than a 25% interest in your or the Business.
l) Franchisor’s approval of transfer by Area Representative	Section 18(c)	We have the right to approve all transfers, even to a Business Entity controlled by you.
m) Conditions for Franchisor’s approval of transfer	Section 18(c)	At least 60 days notice, transferee qualifies, your Area Representative Agreement must be transferred and the transferee must assume all of your obligations under it, you are in complete compliance with the Area Representative Agreement on the effective date of the transfer, transferee satisfactorily completes our training, transfer fee paid, you sign a general release, we approve the material terms of the transfer, you agree in writing to comply with all of the post-term competitive restrictions, the transferee has a Store we approve as a Training Store or acquires your Training Store, and the transfer is approved by all regulatory agencies. If the transfer is to a Business Entity controlled by you, it must conduct no business other than your Area Representative Business, you must actively manage the Business Entity and have the right to vote more than 75% of its equity interests, and all owners of the Business Entity must guarantee its obligations under the Area Representative Agreement.
n) Franchisor’s right of first refusal to acquire Area Representative’s business	Section 18(g)	You must submit a copy of a bona fide, signed written offer from a responsible and fully disclosed purchaser, which includes the purchase price, payment terms, terms of assumption of liabilities and all other material terms. Within 30 days, we may purchase your Area Representative Business and Area Representative Agreement on the same terms and conditions, except that we may: (i) substitute cash for any form of payment; (ii) our credit will be deemed equal to that of any proposed purchaser; and (iii) we have no less than 90 days to prepare for closing. If we do not exercise our right of first refusal you may complete the transfer. If the transfer is not completed within 135 days of

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
		our receipt of the offer or if there is a material change in the terms, we will again have the right of first refusal.
o) Franchisor's option to purchase Area Representative's business	Section 22	We have the option to purchase your Area Representative Business (with or without any franchises owned by you) if we experience a Triggering Event. A Triggering Event includes (i) sale of substantially all of our assets to an unaffiliated 3 <sup>rd</sup> party, (ii) sale or exchange of more than 50% of our equity securities to an unaffiliated 3 <sup>rd</sup> party, (iii) merger or consolidation into an unaffiliated 3 <sup>rd</sup> party, or (iv) the effectiveness of a registration statement for an initial public offering of our equity securities. We must within 60 days of a Triggering Event give you notice of our intent to exercise this option. If we exercise this option, the purchase price will be based on a multiple (equal to 2/3 of the multiple implied by the Triggering Event) of your revenues from your Area Representative Business and from any franchises operating more than 3 months included in the purchase less all expenses other than interest, income taxes, depreciation and amortization attributable to such revenues and the closing will take place at the completion of the Triggering Event or within 180 days thereafter. We will not assume any of your obligations if we exercise this option and your business must be transferred free and clear of any encumbrances. (subject to state law)
p) Death or disability of Area Representative	Sections 19(b)	We may terminate the Area Representative Agreement if you die.
q) Non-competition covenants during the term of the franchise	Section 15(d)	Neither you, your owners or your or their immediately families may not: (i) engage in or perform services for a Competitive Business directly or indirectly, except under agreements with us; (ii) have any direct or indirect interest in a Competitive Business that is licensing others to operate a Competitive Business; or (iii) directly or indirectly, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, trade or patronage of ours, our association or any of our franchisees without our prior written permission. (subject to state law)
r) Non-competition covenants after the franchise is terminated or expires	Section 20(d)	For a period of 2 years after the termination, expiration, or transfer of your Area Representative Agreement, you must not (1) directly, or indirectly, have any interest whatsoever in a (i) Competitive Business located or operating within your territory; (ii) Competitive Business located or operating in a territory we awarded to another Area Representative; (iii) business offering or selling franchises for a Competitive Business; or a Competitive Business located or operating within 10 miles of any FIREHOUSE SUBS® Restaurant; nor (2) engage in any business transactions with our franchisees or other area representatives. (subject to state law)
s) Modification of the agreement	Section 25(c)	Modifications in writing and signed by all parties.



<b>PROVISION</b>	<b>SECTION IN AREA REPRESENTATIVE AGREEMENT</b>	<b>SUMMARY</b>
t) Integration/merger clause	Section 25(g)	Only the terms of the Area Representative Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Representative Agreement may not be enforceable.
u) Dispute resolution by arbitration or mediation	Section 25(p)	You must participate in any arbitration proceedings between or involving you and any of our franchisees, and to the extent we require, us and any of our franchisees, and you will be bound by any arbitration award in connection with such arbitration proceedings. (Subject to state law.)
v) Choice of forum	Section 25(o)	The venue of the state or federal court of competent jurisdiction located in Duval County, Florida (subject to state law)
w) Choice of law	Section 25(n)	The law of Florida (subject to state law)

See any state-specific riders or addenda attached to this Franchise Disclosure Document.

**ITEM 18.  
PUBLIC FIGURES**

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

**ITEM 19.  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about any area representative franchisee's financial performance or the past financial performance of company-owned or franchised area representative outlets. Other than the information presented in Item 19 of our Franchise Disclosure Document offering the Unit Franchise, 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 Don Fox, 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258, (904) 886-8300, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years Ending December 30, 2018, December 29, 2019 and December 27, 2020**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2018	43	43	0
	2019	43	43	0
	2020	43	28	-15
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
<b>Total Outlets</b>	<b>2018</b>	<b>43</b>	<b>43</b>	<b>0</b>
	<b>2019</b>	<b>43</b>	<b>43</b>	<b>0</b>
	<b>2020</b>	<b>43</b>	<b>28</b>	<b>-15</b>

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor)  
For Years Ending December 30, 2018, December 29, 2019 and December 27, 2020**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2018	0
	2019	0
	2020	0
Alaska	2018	0
	2019	0
	2020	0
Arizona	2018	0
	2019	0
	2020	0
Arkansas	2018	0
	2019	0
	2020	0
California	2018	0
	2019	0
	2020	0
Colorado	2018	0
	2019	0
	2020	0
Connecticut	2018	0
	2019	0
	2020	0
Delaware	2018	0
	2019	0
	2020	0

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
District of Columbia	2018	0
	2019	0
	2020	0
Florida	2018	0
	2019	0
	2020	0
Georgia	2018	0
	2019	0
	2020	0
Hawaii	2018	0
	2019	0
	2020	0
Idaho	2018	0
	2019	0
	2020	0
Illinois	2018	0
	2019	0
	2020	0
Indiana	2018	0
	2019	0
	2020	0
Iowa	2018	0
	2019	0
	2020	0
Kansas	2018	0
	2019	0
	2020	0
Kentucky	2018	0
	2019	0
	2020	0
Louisiana	2018	0
	2019	0
	2020	0
Maine	2018	0
	2019	0
	2020	0
Maryland	2018	0
	2019	0
	2020	0
Massachusetts	2018	0
	2019	0
	2020	0
Michigan	2018	0
	2019	0
	2020	0
Minnesota	2018	0
	2019	0
	2020	0

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Mississippi	2018	0
	2019	0
	2020	0
Missouri	2018	0
	2019	0
	2020	0
Montana	2018	0
	2019	0
	2020	0
Nebraska	2018	0
	2019	0
	2020	0
Nevada	2018	0
	2019	0
	2020	0
New Hampshire	2018	0
	2019	0
	2020	0
New Jersey	2018	0
	2019	0
	2020	0
New Mexico	2018	0
	2019	0
	2020	0
New York	2018	0
	2019	0
	2020	0
North Carolina	2018	0
	2019	0
	2020	0
North Dakota	2018	0
	2019	0
	2020	0
Ohio	2018	0
	2019	0
	2020	0
Oklahoma	2018	0
	2019	0
	2020	0
Oregon	2018	0
	2019	0
	2020	0
Pennsylvania	2018	0
	2019	0
	2020	0
Rhode Island	2018	0
	2019	0
	2020	0

State	Year	Number of Transfers
South Carolina	2018	0
	2019	0
	2020	0
South Dakota	2018	0
	2019	0
	2020	0
Tennessee	2018	0
	2019	0
	2020	0
Texas	2018	0
	2019	0
	2020	0
Utah	2018	0
	2019	0
	2020	0
Vermont	2018	0
	2019	0
	2020	0
Virginia	2018	0
	2019	0
	2020	0
Washington	2018	0
	2019	0
	2020	0
West Virginia	2018	0
	2019	0
	2020	0
Wisconsin	2018	0
	2019	0
	2020	0
Wyoming	2018	0
	2019	0
	2020	0
<b>Total</b>	<b>2018</b>	<b>0</b>
	<b>2019</b>	<b>0</b>
	<b>2020</b>	<b>0</b>

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years Ending December 30, 2018, December 29, 2019 and December 27, 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama**	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
Alaska	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arkansas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
California *	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Colorado * **	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Connecticut	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Delaware	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
District of Columbia**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Florida + *	2018	8	0	0	0	0	0	8
	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	6	0	2
Georgi	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
Hawaii	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Idaho	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Illinois*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Indiana* **	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Iowa**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Kansas**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Kentucky	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Louisiana*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maine*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maryland**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Massachusetts**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Michigan *	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Minnesota *	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Mississippi	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Missouri *	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Montana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Nebraska	2019	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Nevada	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
New Hampshire	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
New Jersey	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
New Mexico**	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
New York**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
North Carolina	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	2	0	0
North Dakota	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Ohio* **	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Oklahoma	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
Oregon**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Pennsylvania * **	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Puerto Rico*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Rhode Island	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
South Carolina	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	2	0	0
South Dakota	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Tennessee	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	1	0	0
Texas*	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	1	0	3
Utah*	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Vermont	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Virginia * **	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	1	0	1
Washington *	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
West Virginia**	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wisconsin	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wyoming	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Totals	2018	43	0	0	0	0	0	43
	2019	43	0	0	0	0	0	43
	2020	43	0	0	0	15	0	28

The Area Representatives are listed in this table in the state in which his or her principal business address is located to avoid duplication when an Area Representative's territory crosses state lines. See Exhibit "G" for specific information on the business addresses and territories of the Area Representatives

The states marked with \*\* are those in which an Area Representative either has a principal business address or the state is part of an Area Representative's territory.

\*Indicates an Area Representative's principal business address is located in this state and the state is also part of the Area Representative's territory.

+Indicates an Area Representative's principal business address is located in this state, but the state is not part of an Area Representative's territory.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years Ending December 30, 2018, December 29, 2019 and December 27, 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Alabama**	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
Alaska	2018	0	1	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Florida+ *	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	5	0	0	5
Georgia	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
Kentucky	2018	0	0	1	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Nevada	2018	0	0	1	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
New Jersey	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
North Carolina	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	2	0	0	2
Oklahoma	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
South Carolina	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	2	0	0	2
Tennessee	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
Texas*	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
Virginia * **	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
<b>Total</b>	<b>2018</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2019</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2020</b>	<b>3</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>19</b>

The states marked with \*\* are those in which an Area Representative either has a principal business address or the state is part of an Area Representative's territory.

\*Indicates an Area Representative's principal business address is located in this state and the state is also part of the Area Representative's territory.

+Indicates an Area Representative's principal business address is located in this state, but the state is not part of an Area Representative's territory.

**Table No. 5**  
**Projected Openings as of December 27, 202-**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Delaware	0	0	0
District of Columbia	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

The name, business address, and business telephone number of each current Area Representative on December 27, 2020 are listed on Exhibit “G.”

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of the 27 Area Representatives who has had a Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business in the Area Representative Agreement and who has left the system during the most recently completed fiscal year, or has not communicated with us within 10 weeks of July 16, 2020 are listed on Exhibit “H.”

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

We created and support the following Franchisee Association:

Firehouse Subs Market Fund, Inc.  
12735 Gran Bay Parkway, Suite 150  
Jacksonville, Florida 32258  
904-886-8300 or 1-800-388-FIRE  
[marketingBOD@firehousesubs.com](mailto:marketingBOD@firehousesubs.com)  
<http://www.firehousesubsmarketfundbod.com>

The following independent franchisee organization has asked to be included in this disclosure document:

Steamed Subs Franchisee Association, Inc.  
[info@steamedsubs.org](mailto:info@steamedsubs.org)  
[www.steamedsubs.org](http://www.steamedsubs.org)

## **ITEM 21. FINANCIAL STATEMENTS**

Our audited Financial Statements for the periods ended December 30, 2018, December 29, 2019 and December 27, 2020 are attached as Exhibit “A.” Our unaudited Balance Sheet and Statement of Income as of August 22, 2021, are also attached as Exhibit “A.”

## **ITEM 22. CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Area Representative Agreement -- Exhibit B  
Renewal Addendum -- Exhibit B-1  
Training Program Waiver and Release – Exhibit C  
Principal Owner’s Guaranty -- Exhibit E  
Principal Owner’s Statement -- Exhibit F

**ITEM 23.  
RECEIPTS**

You will find 2 copies of a detachable Receipt in Exhibit “N” 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**

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**FINANCIAL STATEMENTS  
OF  
FIREHOUSE OF AMERICA, LLC**

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# Firehouse of America, LLC

## Financial Statements

Years Ended December 27, 2020 and December 29, 2019



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## Independent Auditors' Report

Board of Directors  
Firehouse of America, LLC  
Jacksonville, FL

We have audited the accompanying financial statements of Firehouse of America, LLC (a wholly-owned subsidiary of Firehouse Restaurant Group, Inc.), which comprise the balance sheets as of December 27, 2020 and December 29, 2019, and the related statements of income, changes in members' equity, and cash flows for the years then ended, 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 audits 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 auditor considers internal control relevant to the entity'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 entity'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 Firehouse of America, LLC as of December 27, 2020 and December 29, 2019, 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.

*Dixon Hughes Goodman LLP*

Jacksonville, Florida  
April 12, 2021

Firehouse of America, LLC  
Balance Sheets  
December 27, 2020 and December 29, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,453,423	\$ 6,623,759
Accounts receivable, net	2,694,109	2,040,136
Prepaid area representative expenses	60,000	55,000
Prepaid expenses and other current assets	<u>410,953</u>	<u>333,479</u>
Total current assets	<u>8,618,485</u>	<u>9,052,374</u>
Property and equipment:		
Furniture and equipment	2,685,364	2,602,867
Less: accumulated depreciation	<u>878,549</u>	<u>767,767</u>
Net property and equipment	<u>1,806,815</u>	<u>1,835,100</u>
Other assets:		
Prepaid area representative expenses, net of current	<u>170,000</u>	<u>225,000</u>
Total assets	<u>\$ 10,595,300</u>	<u>\$ 11,112,474</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,343,077	\$ 2,565,731
Accrued and withheld items	2,436,069	2,407,437
Deferred revenue	<u>1,835,000</u>	<u>1,550,000</u>
Total current liabilities	<u>6,614,146</u>	<u>6,523,168</u>
Deferred revenue, net of current	<u>1,940,820</u>	<u>2,937,974</u>
Commitments and contingencies (note 4)		
Members' equity	<u>2,040,334</u>	<u>1,651,332</u>
Total liabilities and members' equity	<u>\$ 10,595,300</u>	<u>\$ 11,112,474</u>

Firehouse of America, LLC  
 Statements of Income  
 Years Ended December 27, 2020 and December 29, 2019

	<u>2020</u>	<u>2019</u>
Revenues:		
Royalty fees	\$ 43,007,886	\$ 47,678,756
Franchise fees	1,371,750	2,800,750
Area representative fees	421,403	436,960
Other fees	<u>3,949,688</u>	<u>3,531,437</u>
Total revenues	<u>48,750,727</u>	<u>54,447,903</u>
Costs and expenses:		
Royalty expense	18,196,469	20,502,344
Franchise fee expense	368,188	735,251
License fee expense	11,200,010	12,725,119
Employee wages and benefits	8,884,021	9,439,277
Telephone and utilities expense	49,891	67,499
Travel and entertainment expense	266,533	651,537
Marketing expenses	404,216	736,598
Occupancy expense	1,697,371	1,702,801
Area franchise development expense	56,250	276,250
Professional fee expense	1,953,457	1,907,242
Depreciation and amortization	248,626	236,711
Other operating expenses	<u>1,536,716</u>	<u>1,976,707</u>
Total costs and expenses	<u>44,861,748</u>	<u>50,957,336</u>
Operating income	3,888,979	3,490,567
Other income (expense)	<u>23</u>	<u>(152,276)</u>
Net income	<u>\$ 3,889,002</u>	<u>\$ 3,338,291</u>

Firehouse of America, LLC  
Statements of Changes in Members' Equity  
Years Ended December 27, 2020 and December 29, 2019

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	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,651,332	\$ 1,813,041
Net income	3,889,002	3,338,291
Distributions	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Balance, end of year	<u>\$ 2,040,334</u>	<u>\$ 1,651,332</u>

Firehouse of America, LLC  
 Statements of Cash Flows  
 Years Ended December 27, 2020 and December 29, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net income	\$ 3,889,002	\$ 3,338,291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	248,625	236,711
Changes in operating assets and liabilities:		
Accounts receivable	(653,973)	332,462
Prepaid area representative expenses	50,000	195,000
Prepaid expenses and other current assets	(77,474)	1,612,120
Accounts payable, accrued and withheld items	(194,021)	492,833
Deferred revenue	(712,154)	(319,959)
Net cash provided by operating activities	<u>2,550,005</u>	<u>5,887,458</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(220,341)</u>	<u>(1,540,835)</u>
Net cash used by investing activities	<u>(220,341)</u>	<u>(1,540,835)</u>
Cash flows from financing activities:		
Members' distributions	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Net cash used by financing activities	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Net change in cash and cash equivalents	(1,170,336)	846,623
Cash and cash equivalents, beginning of year	<u>6,623,759</u>	<u>5,777,136</u>
Cash and cash equivalents, end of year	<u>\$ 5,453,423</u>	<u>\$ 6,623,759</u>

## Notes to Financial Statements

### 1. Nature of Business and Summary of Significant Accounting Policies

#### **General**

Firehouse of America, LLC (“Company”), a wholly owned subsidiary of Firehouse Restaurant Group, Inc., was organized on November 16, 2004 as a limited liability company. The Company is a franchisor engaged in developing, marketing and supporting franchisees specializing in sub sandwich restaurants under the name of Firehouse Subs. On December 26, 2004, the Company entered into an assignment agreement with its parent company regarding franchise and related agreements owned by the parent company. At December 27, 2020, the Company supported operations of 1,118 franchise locations and nine licensed non-traditional locations (1,127 franchise locations and seven licensed non-traditional locations as of December 29, 2019).

The Company grants franchise agreements that are for an initial term of ten years to restaurants at locations approved by the Company. In addition to initial franchise fees, the franchisees are obligated, among other things, to pay a continuing royalty fee based upon a fixed percentage of sales. These royalty fee percentages range from 3% to 6% of net sales as defined as charges for all products sold to customers for cash or credit excluding state and local authorities’ taxes, discounts and coupons. From time to time, incentives in the form of temporarily reduced royalty fee percentages may be offered.

The Company enters into contractual agreements with area representatives to manage territories. The area representative receives a portion of the franchise fees and royalties collected from the franchises in their territories.

#### **Basis of accounting**

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting.

#### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

#### **Revenue recognition policy**

Income from franchisees includes initial franchise fees, royalty fees, renewal fees and other fees. The Company recognizes initial franchise fees as revenue when substantial performance of franchisor obligations is complete. Royalty fees are based on a percentage of franchisee sales and are recognized as income when earned. Other license and transfer fees are also recognized as income when earned. Deferred revenue represents payments received in advance for franchise fees, area development fees and area representative fees.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The Company adopted ASC 606 as of December 31, 2018, the first day of the Company’s fiscal year, using the modified retrospective method. The following explain the Company’s major revenue streams, performance obligations, and revenue recognition timing:

**Firehouse of America, LLC**  
**Notes to Financial Statements**

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Royalty fee revenue

Royalty fee revenues are comprised of fees collected as a percent of net sales at each franchised location. These represent the fees associated with an ongoing franchise agreement. Revenue is recognized each month as the franchisee is granted the right to run a franchised restaurant and earns income at that location.

Initial franchise fee revenue

Initial franchise fee revenue consists of the up-front cost paid by each franchisee upon entering into the franchise agreement. This fee grants the franchisee rights to initial training, right to initiate a franchise agreement, site selection assistance, and various administrative support around opening a restaurant. These fees are recognized at the time that the restaurant is opened. Amounts that have been received are recorded in deferred revenue until the time that the restaurant opens.

Area representative fee revenue

Area representative fee revenue consists of the fee paid by area representatives for each potential restaurant under their territory. This fee grants the area representative ongoing support in the managing of their area. These fees are recorded in deferred revenue at the time of payment and are recognized as revenue over the term of the area representative agreement as the Company completes their ongoing performance obligations.

The following table presents revenue disaggregated by revenue by the timing of satisfaction of performance obligations:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	\$ 48,329,324	\$ 54,010,943
Performance obligations satisfied over time	<u>421,403</u>	<u>436,960</u>
Total	<u>\$ 48,750,727</u>	<u>\$ 54,447,903</u>

***Cash and cash equivalents***

The Company considers all highly liquid investments purchased with remaining maturity of three months or less to be cash equivalents. The Company maintains cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") limit from time to time.

***Property and equipment***

Property and equipment are recorded at cost. Depreciation is computed by the straight-line method based on estimated useful lives ranging from three to five years.

***Income taxes***

As a limited liability company, the Company's taxable income or loss is allocated to the members in accordance with the operating agreement and is reflected in their income taxes; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Accounting guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in an income tax return. Consideration is given to the recognition and measurement of tax positions that meet a "more-likely-than-not" threshold. A tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax and liabilities. Tax positions taken for various



jurisdictions consider the amounts and probabilities of outcomes that could be realized upon settlement using the facts, circumstance, and information available at the reporting date. The Company has determined that it does not have any material uncertain tax positions as of December 27, 2020.

### ***New accounting pronouncements***

In February 2016, the FASB issued ASU 2016-02, "Leases." Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For statement of income purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Company January 1, 2022, and the Company is currently evaluating the effect this ASU may have on its financial statements.

### **Paycheck Protection Program**

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides for the establishment of the Paycheck Protection Program (PPP), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

The Company received \$1,443,705 in funding under the PPP. The Company believes that it was eligible under the PPP to receive the funds and expects to meet the requirements under the program to have the loan forgiven. Therefore, management has concluded that the receipt of these funds represents a government grant. Accounting principles generally accepted in the United States of America do not provide explicit guidance on accounting for government grants provided to business entities. The Company elected to account for the receipt of these funds by analogy to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Grant income under this method of accounting may only be recognized when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. The Company believes it has used these funds for qualifying expenses under the PPP, has prepared a forgiveness calculation, and submitted it to its lender. While the Company has not yet received formal confirmation from its lender that the loan totaling \$1,443,705 has been forgiven, management believes the Company is reasonably assured of complying with the conditions attached to the grant and therefore has recognized all grant income in 2020. The recognition in the accompanying statement of income has been offset against the expenses for which the grant is intended to compensate. Once the Company receives notification of forgiveness from its lender, the forgiveness decision is subject to review by the Small Business Administration for a period of 90 days.

## **2. Accounts Receivable**

Accounts receivable consists primarily of royalty receivables owed to the Company through franchisee obligations. Royalty receivables are typically collected within two weeks after period-end, as such there are no credit terms. The Company maintains an allowance for bad debts based upon an evaluation of the periodic aging of the accounts. Allowance for doubtful accounts was \$0 and \$26,827 at December 27, 2020 and December 29, 2019, respectively. Bad debt expense was \$98,369 and \$201,431 for the years ended December 27, 2020 and December 29, 2019, respectively.

### **3. Related Party Transactions**

The Company also has agreements with its parent company and other related companies to receive training and administrative support for its operations and licensing for use of trademarks in exchange for various fees paid to these companies. Fees paid under these agreements totaled approximately \$12,000,000 and \$13,600,000 for the years ended December 27, 2020 and December 29, 2019, respectively. Amounts due under these agreements at December 27, 2020 and December 29, 2019 were \$1,077,825 and \$1,075,697, respectively.

One of the Company's members and other related parties are stockholders of three of the Company's franchisees. Collectively, the percentage ownership ranges from 33% to 100%. Royalties from related parties totaled approximately \$111,000 and \$102,000 for the years ended December 27, 2020 and December 29, 2019, respectively.

In addition, the Company does not charge franchise fees and royalties to franchises owned by certain members. Had these franchises been charged, the franchise fees would have totaled approximately \$158,000 and \$168,000 for the years ended December 27, 2020 and December 29, 2019, respectively.

### **4. Commitments and Contingencies**

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated, among other things, to supply to the franchisee logo types, lease negotiation assistance, manuals and certain training. The Company, in the normal course of business, is subject to claims and litigation. Management does not believe any such claims and litigation will have a material impact on the Company's financial position.

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

### **5. Subsequent Events**

The Company has evaluated the effect subsequent events would have on the financial statements through April 12, 2021, which is the date the financial statements were available to be issued.

Subsequent to the balance sheet date, Firehouse Restaurant Group, (FRG) parent company to Firehouse of America, LLC (Company), being a wholly owned subsidiary of FRG, has made capital contributions into the Company to be used for various Area Representative Agreement (ARA) terminations. The Company has mutually agreed with various area representatives to execute 18 ARA terminations. These termination fees include the purchase of certain intangible assets by the Company along with the settlement of outstanding obligations between the Company and the Area Representatives. The total value of the ARA terminations subsequent to the balance sheet date is \$42,112,300.

# **Firehouse of America, LLC**

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## **Financial Statements**

**As of and Years Ended  
December 29, 2019 and December 30, 2018**

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## **Independent Auditors' Report**

Board of Directors  
Firehouse of America, LLC  
Jacksonville, Florida

We have audited the accompanying financial statements of Firehouse of America, LLC (a wholly-owned subsidiary of Firehouse Restaurant Group, Inc.), which comprise the balance sheets as of December 29, 2019 and December 30, 2018, and the related statements of income, changes in members' equity, and cash flows for the years then ended, 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 audits 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 auditor considers internal control relevant to the entity'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 entity'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 Firehouse of America, LLC as of December 29, 2019 and December 30, 2018, 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.



***Change in Accounting Principles***

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for revenue recognition in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, effective January 1, 2019. The Company adopted this standard using a modified retrospective approach. Our opinion is not modified with respect to this matter.

*Dixon Hughes Goodman LLP*

**Jacksonville, Florida  
April 7, 2020**

**Firehouse of America, LLC**  
**Balance Sheets**  
**December 29, 2019 and December 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,623,759	\$ 5,777,136
Accounts receivable, net	2,040,136	2,372,598
Prepaid area representative expenses	55,000	74,240
Prepaid expenses and other current assets	<u>333,479</u>	<u>1,945,599</u>
Total current assets	<u>9,052,374</u>	<u>10,169,573</u>
Property and equipment:		
Furniture and equipment	2,602,867	1,254,059
Less: accumulated depreciation	<u>767,767</u>	<u>723,083</u>
Net property and equipment	<u>1,835,100</u>	<u>530,976</u>
Other assets:		
Prepaid area representative expenses	<u>225,000</u>	<u>400,760</u>
Total assets	<u>\$ 11,112,474</u>	<u>\$ 11,101,309</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,565,731	\$ 2,298,803
Accrued and withheld items	2,407,437	2,181,532
Deferred revenue	<u>1,550,000</u>	<u>1,215,000</u>
Total current liabilities	<u>6,523,168</u>	<u>5,695,335</u>
Deferred revenue, net of current	<u>2,937,974</u>	<u>3,592,933</u>
Commitments and contingencies (note 4)		
Members' equity	<u>1,651,332</u>	<u>1,813,041</u>
Total liabilities and members' equity	<u>\$ 11,112,474</u>	<u>\$ 11,101,309</u>

See accompanying notes.

**Firehouse of America, LLC**  
**Statements of Income**  
**Years Ended December 29, 2019 and December 30, 2018**

	<u>2019</u>	<u>2018</u>
Revenues:		
Royalty fees	\$ 47,678,756	\$ 45,389,190
Franchise fees	2,800,750	2,334,555
Area representative fees	436,960	559,528
Other fees	3,531,437	3,767,795
	<u>54,447,903</u>	<u>52,051,068</u>
Costs and expenses:		
Royalty expense	20,502,344	19,728,564
Franchise fee expense	735,251	685,508
License fee expense	12,725,119	12,068,321
Employee wages and benefits	9,439,277	9,525,167
Telephone and utilities expense	67,499	52,748
Travel and entertainment expense	651,537	903,715
Marketing expenses	736,598	766,776
Occupancy expense	1,702,801	1,952,438
Area franchise development expense	276,250	130,000
Professional fee expense	1,907,242	1,852,921
Depreciation and amortization	236,711	162,538
Other operating expenses	2,178,138	1,865,094
	<u>51,158,767</u>	<u>49,693,790</u>
Operating income	3,289,136	2,357,278
Other income	49,155	11,234
Net income	<u>\$ 3,338,291</u>	<u>\$ 2,368,512</u>

See accompanying notes.



**Firehouse of America, LLC**  
**Statements of Changes in Members' Equity**  
**Years Ended December 29, 2019 and December 30, 2018**

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	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,813,041	\$ 1,694,529
Net income	3,338,291	2,368,512
Distributions	<u>(3,500,000)</u>	<u>(2,250,000)</u>
Balance, end of year	<u>\$ 1,651,332</u>	<u>\$ 1,813,041</u>

See accompanying notes.

**Firehouse of America, LLC**  
**Statements of Cash Flows**  
**Years Ended December 29, 2019 and December 30, 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net income	\$ 3,338,291	\$ 2,368,512
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization expense	236,711	162,538
Changes in operating assets and liabilities:		
Accounts receivable	332,462	229,139
Prepaid area representative expenses	195,000	192,500
Prepaid expenses and other current assets	1,612,120	(1,643,222)
Accounts payable, accrued and withheld items	492,833	(801,197)
Deferred revenue	<u>(319,959)</u>	<u>(2,174,912)</u>
Net cash provided (used) by operating activities	<u>5,887,458</u>	<u>(1,666,642)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,540,835)</u>	<u>(369,555)</u>
Net cash used by investing activities	<u>(1,540,835)</u>	<u>(369,555)</u>
Cash flows from financing activities:		
Members' distributions	<u>(3,500,000)</u>	<u>(2,250,000)</u>
Net cash used by financing activities	<u>(3,500,000)</u>	<u>(2,250,000)</u>
Net increase (decrease) in cash	846,623	(4,286,197)
Cash, beginning of year	<u>5,777,136</u>	<u>10,063,333</u>
Cash, end of year	<u>\$ 6,623,759</u>	<u>\$ 5,777,136</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Nature of Business and Summary of Significant Accounting Policies**

#### ***General***

Firehouse of America, LLC (“Company”), a wholly owned subsidiary of Firehouse Restaurant Group, Inc., was organized on November 16, 2004 as a limited liability company. The Company is a franchisor engaged in developing, marketing and supporting franchisees specializing in sub sandwich restaurants under the name of Firehouse Subs. On December 26, 2004, the Company entered into an assignment agreement with its parent company regarding franchise and related agreements owned by the parent company. At December 29, 2019, the Company supported operations of 1,127 franchise locations and seven licensed non-traditional locations (1,095 franchise locations and three licensed non-traditional locations as of December 30, 2018). The Company operates on a 52/53-week year-end, consistent with its parent company. There were 53 and 52 weeks in 2019 and 2018, respectively.

The Company grants franchise agreements that are for an initial term of ten years to restaurants at locations approved by the Company. In addition to initial franchise fees, the franchisees are obligated, among other things, to pay a continuing royalty fee based upon a fixed percentage of sales. These royalty fee percentages range from 3% to 6% of net sales as defined as charges for all products sold to customers for cash or credit excluding state and local authorities’ taxes, discounts and coupons. From time to time, incentives in the form of temporarily reduced royalty fee percentages may be offered.

The Company enters into contractual agreements with area representatives to manage territories. The area representative receives a portion of the franchise fees and royalties collected from the franchises in their territories.

Income from franchisees includes initial franchise fees, royalty fees, renewal fees and other fees. The Company recognizes initial franchise fees as revenue when substantial performance of franchisor obligations is complete. Royalty fees are based on a percentage of franchisee sales and are recognized as income when earned. Other license and transfer fees are also recognized as income when earned. Deferred revenue represents payments received in advance for franchise fees, area development fees and area representative fees.

#### ***Basis of accounting***

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting.

#### ***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

#### ***Adoption of new accounting standard***

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective December 31, 2018, the first day of the Company’s fiscal year using the modified retrospective approach.

**Firehouse of America, LLC**  
**Notes to Financial Statements**

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As part of the adoption of the ASU, the Company elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption did not result in a material difference in the nature, timing, or amount of revenue from the previous policy and therefore, the Company's beginning equity has not been adjusted to reflect any adjustments.

***Revenue recognition policy***

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The Company adopted ASC 606 as of December 31, 2018, the first day of the Company's fiscal year, using the modified retrospective method. The following explain the Company's major revenue streams, performance obligations, and revenue recognition timing:

Royalty fee revenue

Royalty fee revenues are comprised of fees collected as a percent of net sales at each franchised location. These represent the fees associated with an ongoing franchise agreement. Revenue is recognized each month as the franchisee is granted the right to run a franchised restaurant and earns income at that location.

Initial franchise fee revenue

Initial franchise fee revenue consists of the up-front cost paid by each franchisee upon entering into the franchise agreement. This fee grants the franchisee rights to initial training, right to initiate a franchise agreement, site selection assistance, and various administrative support around opening a restaurant. These fees are recognized at the time that the restaurant is opened. Amounts that have been received are recorded in deferred revenue until the time that the restaurant opens.

Area representative fee revenue

Area representative fee revenue consists of the fee paid by area representatives for each potential restaurant under their territory. This fee grants the area representative ongoing support in the managing of their area. These fees are recorded in deferred revenue at the time of payment and are recognized as revenue over the term of the area representative agreement as the Company completes their ongoing performance obligations.

The following table presents revenue disaggregated by revenue by the timing of satisfaction of performance obligations:

	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	\$ <b>\$54,010,943</b>	\$ 51,491,540
Performance obligations satisfied over time	<u><b>\$436,960</b></u>	<u>\$559,528</u>
Total	<u><b>\$ 54,447,903</b></u>	<u>\$ 52,051,068</u>

***Cash and cash equivalents***

The Company considers all highly liquid investments purchased with remaining maturity of three months or less to be cash equivalents. The Company maintains cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") limit from time to time.

***Property and equipment***

Property and equipment are recorded at cost. Depreciation is computed by the straight-line method based on estimated useful lives ranging from three to five years.

***Income taxes***

As a limited liability company, the Company's taxable income or loss is allocated to the members in accordance with the operating agreement and is reflected in their income taxes; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Accounting guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in an income tax return. Consideration is given to the recognition and measurement of tax positions that meet a "more-likely-than-not" threshold. A tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax and liabilities. Tax positions taken for various jurisdictions consider the amounts and probabilities of outcomes that could be realized upon settlement using the facts, circumstance, and information available at the reporting date. The Company has determined that it does not have any material uncertain tax positions as of December 29, 2019.

***New accounting pronouncements***

The FASB issued ASU 2016-02-Leases (Topic 842), which requires lessees to recognize assets and liabilities on the balance sheet for almost every lease and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The Company is evaluating the effect this amendment will have on its financial statements. The effective date of the amendment for the Company is for annual reporting periods beginning after December 15, 2020.

**2. Accounts Receivable**

Accounts receivable consist primarily of royalty receivables owed to the Company through franchisee obligations. Royalty receivables are typically collected within two weeks after period-end, as such there are no credit terms. The Company maintains an allowance for bad debts based upon an evaluation of the periodic aging of the accounts. Allowance for doubtful accounts was \$26,827 and \$1,191 at December 29, 2019 and December 30, 2018, respectively. Bad debt expense was \$201,431 and \$849,290 for the years ended December 29, 2019 and December 30, 2018, respectively.

**3. Related Party Transactions**

The Company also has agreements with its parent company and other related companies to receive training and administrative support for its operations and licensing for use of trademarks in exchange for various fees paid to these companies. Fees paid under these agreements totaled approximately \$13,600,000 and \$12,200,000 for the years ended December 29, 2019 and December 30, 2018, respectively. Amounts due under these agreements at December 29, 2019 and December 30, 2018 were \$1,075,697 and \$1,138,953, respectively.

**Firehouse of America, LLC**  
**Notes to Financial Statements**

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One of the Company's members and other related parties are stockholders of three of the Company's franchisees. Collectively, the percentage ownership ranges from 33% to 100%. Royalties from related parties totaled approximately \$102,000 and \$104,000 for the years ended December 29, 2019 and December 30, 2018, respectively.

In addition, the Company does not charge franchise fees and royalties to franchises owned by certain members. Had these franchises been charged, the franchise fees would have totaled approximately \$168,000 and \$164,000 for the years ended December 29, 2019 and December 30, 2018, respectively.

**4. Commitments and Contingencies**

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated, among other things, to supply to the franchisee logo types, lease negotiation assistance, manuals and certain training. The Company, in the normal course of business, is subject to claims and litigation. Management does not believe any such claims and litigation will have a material impact on the Company's financial position.

**5. Subsequent Events**

Subsequent to the balance sheet date, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

The Company has evaluated the effect subsequent events would have on the financial statements through April 7, 2020, which is the date the financial statements were available to be issued.

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

**Firehouse Of America, LLC**  
**Statement of Financial Position**  
as of August 22, 2021

	Current Year
<b>Assets</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	5,821,729
Accounts Receivable	2,795,560
Prepaid Expenses	703,489
<b>Total Current Assets</b>	<b>9,320,778</b>
<b>Property &amp; Equipment</b>	
Property & Equipment	2,648,836
Accum Depreciation	(1,034,893)
Goodwill	44,052,189
Accum Amortization	(13,820,310)
<b>Property &amp; Equipment ( Less Depreciation)</b>	<b>31,845,822</b>
<b>L/T Assets</b>	
<b>Total Assets</b>	<b>41,166,600</b>
 <b>Liabilities &amp; Stockholders' Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable	6,097,912
Other Accrued Payables	1,531,813
Deferred Revenue	3,957,532
<b>Total Current Liabilities</b>	<b>11,587,257</b>
<b>Total Liabilities</b>	<b>11,587,257</b>
 <b>Stockholders Equity</b>	
Retained Earnings -Prior	23,577,013
Retained Earnings -Current Year	(1,361,020)
Additional Paid in Capital	41,559,395
Non Dividend Distribution	(34,196,044)
<b>Total Stockholder's Equity</b>	<b>29,579,344</b>
<b>Total Liabilities &amp; Stockolders' Equity</b>	<b>41,166,600</b>



**Consolidated Actual vs. Budget - Per/YTD****Firehouse of America**

For the 8 months ending August 22, 2021

	YTD	
	Actual	
<b>Revenue</b>		
FRANCHISE FEES	217,500	0.5%
FOA FRANCHISE FEE INCOME	270,000	0.6%
TRANSFER FEE INCOME	277,500	0.7%
AREA FRANCHISE DEV FEE INCOME	120,000	0.3%
AREA REPRESENTATIVE FEE	132,428	0.3%
PROF FEES - FOA	1,584,378	3.7%
M.I.S. FEE INCOME	982,133	2.3%
ROYALTIES	18,073,208	42.6%
FOA ROYALTIES	20,808,744	49.0%
<b>Total Revenue</b>	<b>42,465,890</b>	<b>100.0%</b>
<b>Cost of Sales</b>		
A.R. - FRANCHISE FEE EXPENSE	66,250	0.2%
A.R. - AREA DEVELOPMENT FEE EXP	31,250	0.1%
A.R. - ROYALTY FEE EXPENSE	7,289,747	17.2%
A.R. - TRANSFER FEE EXPENSE	38,250	0.1%
LICENSE - INITIAL FRAN FEE EXP	121,875	0.3%
LICENSE - TRANSFER FEE EXP	66,875	0.2%
LICENSE - AREA FRAN DEV FEE EXP	30,000	0.1%
LICENSE - AREA REP FEE EXP	33,431	0.1%
LICENSE - ROYALTY FEE EXP	9,722,926	22.9%
<b>Total Cost Of Sales</b>	<b>17,400,605</b>	<b>41.0%</b>
<b>Gross Profit</b>	<b>25,065,286</b>	<b>59.0%</b>
<b>Operating Expenses</b>		
WAGES & BENEFITS	7,528,254	17.7%
TRAVEL & ENTERTAINMENT	361,275	0.9%
MARKETING EXPENSES	414,830	1.0%
TELEPHONE & UTILITIES	48,484	0.1%
PROFESSIONAL FEES	1,771,546	4.2%
RENT AND OCCUPANCY EXPENSES	1,241,188	2.9%
OTHER OPERATING EXPENSES	949,495	2.2%
BAD DEBT EXPENSE	88,512	0.2%
<b>Total Operating Expenses</b>	<b>12,403,585</b>	<b>29.2%</b>
<b>EBITDA From Operations</b>	<b>12,661,701</b>	<b>29.8%</b>
<b>Non Cash Expenses</b>		
DEPRECIATION EXPENSE	156,344	0.4%
AMORTIZATION	13,820,310	32.5%
<b>Total Non Cash Expenses</b>	<b>13,976,654</b>	<b>32.9%</b>
<b>Other Income &amp; Expense</b>		
MISC INCOME (EXPENSE)	36	0.0%
TAX EXPENSE	46,104	0.1%
<b>Total Misc Income (Expense)</b>	<b>(46,067)</b>	<b>0.1%</b>
<b>Net Income (Loss)</b>	<b>(1,361,020)</b>	<b>-3.0%</b>

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
AREA REPRESENTATIVE AGREEMENT**

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**AREA REPRESENTATIVE AGREEMENT**

**BETWEEN**

**FIREHOUSE OF AMERICA, LLC**

**AND**

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**Effective Date:** \_\_\_\_\_, 20\_\_

**Term Ending Date:** \_\_\_\_\_

**Franchisor:**

**FIREHOUSE OF AMERICA, LLC**  
12735 Gran Bay Parkway, Suite 150  
Jacksonville, Florida 32258

**Area Representative:**

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

**Territory:**

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

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**Exhibit**

- A: Development Schedule
- B: Renewal Addendum

## AREA REPRESENTATIVE AGREEMENT

THIS AREA REPRESENTATIVE AGREEMENT (this “Agreement”) is effective on \_\_\_\_\_, 20\_\_ (the (“Effective Date”) (regardless of the actual date of signature), by **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company (“we,” “us” or “our” or the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (collectively, “you,” “your” or the “Area Representative”) (you and we are sometimes collectively referred to as the “parties” and each are sometimes separately referred to as a “party”).

### BACKGROUND INFORMATION:

A. **FIREHOUSE SUBS® System.** We and our affiliates have expended considerable time and effort developing a sandwich restaurant system specializing in serving large portion hot submarine style sandwiches, in a unique fire-fighting atmosphere and decorum, at an economical price (a “**FIREHOUSE SUBS® Restaurant**”). FIREHOUSE SUBS® Restaurants operate under the service marks and trade name “**FIREHOUSE SUBS® Est. 1994 and design,**” “**FIREHOUSE SUBS® and design,**” “**FIREHOUSE SUBS**” and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”).

We use, promote and license in the operation of a FIREHOUSE SUBS® Restaurant certain trademarks, service marks and other commercial symbols, including the trade and service marks “**FIREHOUSE SUBS® Est. 1994 and design,**” “**FIREHOUSE SUBS® and design,**” “**FIREHOUSE SUBS**” and other associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of FIREHOUSE SUBS® Restaurants (collectively, the “**Marks**”). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a Franchise to own and operate a FIREHOUSE SUBS® Restaurant offering the products and services we authorize and approve and utilizing the Marks and the System. You have applied for a Franchise to own and operate a FIREHOUSE SUBS® Restaurant and to act as our **Area Representative** in the Territory. Your rights to own and operate a FIREHOUSE SUBS® Restaurant will be governed by a separate Franchise Agreement.

B. **Area Representatives.** We appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts (“**Area Representatives**”), the right to solicit and screen prospective franchisees for the right to own and operate FIREHOUSE SUBS® Restaurant franchises (“**Franchises**”), to assist us in rendering certain services to them, within a defined geographic territory (the “**Territory**”) and to perform certain other business activities and responsibilities that we require from time to time. Individuals or entities granted Franchises are referred to as “**Franchisees.**” You want to serve as one of our Area Representatives. The business you conduct pursuant to this Agreement is referred to as the “**Area Representative Business.**”

### OPERATIVE TERMS:

ACCORDINGLY, the parties agree as follows:

1. **Definitions.** The following terms have the following meanings in this Agreement:

(a) **Competitive Business:** The words “**Competitive Business**” mean any business activity involving the marketing, solicitation and/or sale of, or providing administrative, marketing and operational assistance or support to, franchisees or licensees of any restaurant, catering service or food

service facility that features sandwiches as 50% or more of the menu items (other than a FIREHOUSE SUBS® Restaurant under a Franchise Agreement with us). A Competitive Business also includes any business acting as an Area Representative, franchise broker, business broker, Area Representative or the like for any business franchising or licensing Competitive Businesses other than us. Nevertheless, involvement in a Competitive Business does not include ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

(b) **Development Schedule:** The words “**Development Schedule**” mean the minimum number of franchised FIREHOUSE SUBS® Restaurants to be open and in operation on the last day of any Development Year in the Territory.

(c) **Development Year:** The words “**Development Year**” mean the time periods during which your performance in meeting the Development Schedule are measured. The first Development Year begins on the earlier of the date your Training Store opens for business or 9 months following the Effective Date (the “**Development Commencement Date**”) and ends on the first December 31 to occur following the Development Commencement Date. Then, each Development Year is the calendar year beginning January 1 and ending December 31.

(d) **Franchise Agreement:** The words “**Franchise Agreement**” mean the form of Franchise Agreement we use from time to time (including all related exhibits, riders, addenda, amendments and guarantees), in granting Franchises.

(e) **Non-Traditional Location:** The words “**Non-Traditional Location**” mean a location within the Territory for which the majority of the persons entering the premises typically do so for purposes other than patronizing the FIREHOUSE SUBS® Restaurant. For the avoidance of doubt, Non-Traditional Locations include, but are not limited to, airports, military installations, hotels, railway stations and their direct surroundings, bus stations, service plazas established by governmental or quasi-governmental entities on motorways and highways, gas stations, convenience stores, universities and schools, amusement parks, cruise ships, hospitals and residences, sport centers and clubs, and similar locations.

(f) **Territory:** The word “**Territory**” means the geographic area consisting of \_\_\_\_\_  
\_\_\_\_\_, excluding Non-Traditional Locations therein.

## 2. **Material Inducements.**

(a) **Acknowledgments:** We are presenting this Agreement to you because you expressed the desire to own and operate an Area Representative Business. You understand that the terms of this Agreement are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Franchise and to protect and preserve the goodwill of the Marks. In signing this Agreement, you acknowledge:

- (i) The importance of operating your Area Representative Business in strict conformity with our standards.
- (ii) That you have conducted an independent investigation of the Area Representative Business and recognize that, like any other business, its nature may evolve and change over time.



- (iii) That an investment in an Area Representative Business involves business risks.
- (iv) That the success of this business venture is primarily dependent on your business abilities and efforts.
- (v) You will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”).
- (vi) Neither you nor any of your owners, employees, or agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws.

(b) **No Guarantees:** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Area Representative Businesses. You acknowledge that:

- (i) Any statements regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document, if any, delivered to you prior to signing this Agreement.
- (ii) Any statements regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Area Representative Business or any Franchise that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable, and should be reported to us immediately.
- (iii) Any information you obtained from other owners of Area Representative Businesses relating to revenues, sales, profits or otherwise does not constitute information obtained from us and we do not warrant or guarantee the accuracy of any such information.
- (iv) You have not received or relied on any representations about the Area Representative Business made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement.

(c) **Representations:** To induce us to enter into this Agreement with you, you represent and warrant that:

- (i) In all of your dealings with us, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity.

- (ii) This Agreement and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us.
- (iii) You have made no misrepresentations in obtaining your rights under this Agreement including in the application that you provided to us.
- (iv) You have read this Agreement and our Franchise Disclosure Document in their entirety.

### 3. **Fees, Term and Renewal.**

(a) **Management Information System Fees.** On or before 1<sup>st</sup> day of January of each year, you must pay us \$1,200 (the “**MIS Fee**”) for the use of our mandated management information system (“**MIS**”). Upon signing this Agreement, you must pay us a proportionate share of the MIS Fee to cover the period from the date of the Agreement through December 31 of that year and commence the annual MIS Fee on January 1 of the next year. For example, if the Agreement Date is August 1, then you must immediately pay us \$500 to cover the period August 1 through December 31 or 5/12 of \$1,200.

(b) **Term:** The Effective Date of this Agreement is shown on the cover, regardless of the actual date of signatures of the parties. This Agreement commences on its Effective Date and will continue until the end of the 10th Development Year, unless terminated, renewed or extended sooner in accordance with this Agreement (the “**Term**”). The word “**Term**” includes the time period of any renewal or extension of this Agreement.

(c) **Renewal:** At the expiration of the Term (or the successive renewal Term), if you are not then in breach of this Agreement, you may renew this Agreement for 2 renewal periods of 5 years if you fulfill all of the following conditions:

- (i) You have notified us 180 days prior to the end of the Term of your intent to renew.
- (ii) You and we enter into our then-current form of Area Representative Agreement.
- (iii) You and we mutually agree on a development schedule (if any) for FIREHOUSE SUBS® Restaurants in the Territory during the renewal term (the “**Successor Schedule**”).
- (iv) You pay us a renewal fee equal to the product of 5% of our then-current Franchise Fee times the number of Restaurants open and operating in the Territory at the time of renewal.

### 4. **Appointment.**

(a) **Appointment:** We appoint you as our Area Representative for the Term and you agree to the appointment. During the Term: (i) we grant you the right, and you accept the obligation, to actively and continually solicit prospective franchisees and assist us in rendering the services described in this Agreement to our Franchisees whose FIREHOUSE SUBS® Restaurants are physically located within the Territory (excluding Non-Traditional Locations) as long as you are in full compliance with this Agreement; and (ii) you agree to utilize your best efforts, to the operation of your Area

Representative Business, to enhance the sales and operations of FIREHOUSE SUBS® Restaurants within the Territory, to solicit prospective franchisees, and to fulfill this Agreement, other than the time you devote to the operation of FIREHOUSE SUBS® Restaurants owned by you or your affiliates.

(b) **Accounting System:** You must obtain your accounting services and any required hardware or software related to them. You must at all times maintain the records reasonably specified in the AR Manual, including, without limitation, sales, inventory and expense information. You must report gross sales and other business information to us using the format, reporting system and accounting system (the “**Accounting System**”) that we require from time to time. You must provide your own internet service provider. You must use the computer equipment and operating and accounting software (the “**Computer System**”) that we periodically specify. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the Term. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications), as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in FIREHOUSE SUBS® Restaurants that we or they own and operate. Within 30 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with the Accounting System provider so that we can review your results on a daily basis. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You must: (a) supply us with any and all codes, passwords, and information necessary to have access to your Computer System and not change any of them without first notifying us; and (b) not load or utilize any software on the Computer System that we have not specified or approved for use.

(c) **Your Training Store:** During the Term, you agree to own, operate and maintain at all times at least 1 franchised FIREHOUSE SUBS® Restaurant in the Territory (the “**Training Store(s)**”). The Training Store and any other franchises you may own with us, must be owned and operated by a separate, affiliated Business Entity. You must open at least 1 Training Store for business no later than 9 months after the Effective Date, and the others as you and we agree. Your Area Representative Business cannot start until your Training Store has been open at least 3 months, but we may extend this period to 6 months if we decide that you are not ready to commence those activities or we are not satisfied with the Training Store or its financial performance. You must maintain the Training Store as a certified training facility based on the standards we develop from time to time throughout the Term. You recognize that the Training Store must meet our requirements for a training facility and therefore may be more expensive to develop, construct, own and operate than a typical FIREHOUSE SUBS® Restaurant. If, at any time, your Training Store does not meet our certification as a training facility: (i) you will be in breach of this Agreement; and (ii) we may cancel, and you will then forfeit, any compensation that we otherwise owe you pursuant to subsection 9(a)-(b) of this Agreement for any Franchisee who you are not able to train at your Training Store.

(d) **Reservation of Rights:** On our behalf and our affiliates, we retain the right to do the following and without any compensation to you:

- (i) To solicit prospective franchisees and grant other persons Franchises, or other rights to operate FIREHOUSE SUBS® Restaurants: (x) through national or regional advertising, trade shows or conventions, or using or

through the Internet, Intranet or other forms of e-commerce or through similar means (but we will refer leads from within your Territory to you); and/or (y) anywhere outside of the Territory; and/or (z) if we have developed the prospects ourselves to own a Franchise in the Territory as long as we compensate you as otherwise required by this Agreement.

- (ii) To own and operate FIREHOUSE SUBS® Restaurants ourselves or through affiliates anywhere.
- (iii) To sell, solicit, recruit and provide services for FIREHOUSE SUBS® Restaurants or any franchised business not defined as a FIREHOUSE SUBS® Restaurant in this Agreement.
- (iv) To sell, and provide the goods and services authorized for sale by, FIREHOUSE SUBS® Restaurants under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of the Territory and pursuant to such terms and conditions as we consider appropriate.
- (v) To establish and operate FIREHOUSE SUBS® Restaurants and grant rights to others to establish and operate FIREHOUSE SUBS® Restaurants at Non-Traditional Locations in the Territory; we and our affiliates may have direct licensee relationships with companies to whom we grant such rights, without your involvement, and such companies may operate FIREHOUSE SUBS® Restaurants at Non-Traditional Locations in multiple regions both inside and outside of the Territory; we may, however, require you in some cases to provide Interim services at Non-Traditional Locations pursuant to Section 8 below; except as provided in Section 8, you will not be compensated with respect to Non-Traditional Locations, and your appointment as Area Representative does not include Non-Traditional Locations.
- (vi) To solicit prospective franchisees for, and own and operate, businesses and restaurants of any other kind or nature, anywhere.
- (vii) To own, operate, and develop other businesses (including other restaurant concepts) in your Territory.

(e) **Alternative Channels of Distribution:** To the extent we deem practicable, we may give you the opportunity to participate in the sale of other services through other distribution channels or to Franchises in the Territory; but we are not obligated to do so. However, you may not participate in other services or channels of distribution, including but not limited to vending machines, ATM's or telephones, without our prior written approval. You acknowledge that: (i) there may be Franchise Agreements or other agreements already in effect between us and Franchisees or distributors in the Territory; and (ii) the rights granted to you under this Agreement are subject to the rights of existing Franchisees and distributors in the Territory.

(f) **Referrals of Prospects:** We will refer to you, as we deem appropriate, all information that we obtain from prospective franchisees who want to operate Franchises within the Territory

regardless of the source. You must at your expense: (i) complete the solicitation and background investigation of such prospective franchisees; (ii) send to us all information that you obtain from prospective franchisees who want to operate outside of the Territory; and (iii) complete all character profiles and other procedures we direct from time to time.

(g) **Strict Conformance:** You must perform your obligations under this Agreement strictly in accordance with the terms and provisions of this Agreement, and our policies as they may be developed, modified and supplemented from time to time, and only within the Territory, unless we notify you that you may operate in a contiguous geographic area to your Territory.

(h) **Franchise Agreements:** You acknowledge that: (i) you are familiar with our current forms of Franchise Agreement; and (ii) we may modify or amend our forms of Franchise Agreement and all terms of granting franchises at any time. Terms not otherwise defined in this Agreement have meanings as defined in the Franchise Agreement.

5. **Performance Standards.** During the Term you must at all times faithfully, honestly and diligently perform your obligations and exert your best efforts to promote and enhance your Area Representative Business and the sale, development and servicing of Franchises and FIREHOUSE SUBS® Restaurants within the Territory.

(a) **Development Schedule:** You agree that your rights under this Agreement are contingent on your opening and maintaining the number of FIREHOUSE SUBS® Restaurants required by the Development Schedule. You must replace any Franchise that terminates or expires or any FIREHOUSE SUBS® Restaurant that closes, within the Territory in order to maintain the number of FIREHOUSE SUBS® Restaurants required in the Development Schedule.

(b) **System Standards:** You must use your best efforts to ensure that FIREHOUSE SUBS® Restaurants in the Territory meet our system standards for quality and performance (“**System Standards**”).

(c) **Effect of Failure:** If you do not meet or exceed the Development Schedule or any of the System Standards, we may either:

- (i) Reduce the Territory to an area that we believe you are able to adequately supervise (the “**Adjusted Territory**”) (which may result in ending your rights to service some Restaurants you have been servicing and assigning those servicing obligations and the related compensation to others or assuming them ourselves).
- (ii) Terminate this Agreement otherwise in accordance with its terms.

(d) **Adjusted Territory:** If we reduce the Territory to an Adjusted Territory, then:

- (i) You will continue to perform all of your duties and obligations under this Agreement with respect to Franchises for FIREHOUSE SUBS® Restaurants that opened in the Territory prior to adjustment until further notice from us.
- (ii) You will no longer market or solicit Franchisees for the purchase of FIREHOUSE SUBS® Restaurants or provide related services outside of the Adjusted Territory.

- (iii) You will not be paid any compensation relating to FIREHOUSE SUBS® Restaurants located outside of the Adjusted Territory after the date of adjustment.

(e) **Expiration/Effect:** If this Agreement expires or terminates, you will no longer provide any services whatsoever to, transact business with or engage in any transactions with, any Franchise or FIREHOUSE SUBS® Restaurant operating in the Territory, including any FIREHOUSE SUBS® Restaurant developed or in development or any of our other franchisees or area representatives. Any carryover of your activities as our Area Representative will not limit or restrict our rights under this Agreement in any way.

## 6. **Disclosure and Registration.**

(a) **Franchise Documentation:** We offer Franchises through a set of documents, including, franchise agreement, franchise disclosure documents and related or ancillary documents necessary to offer or sell Franchises, or register the Franchise in compliance with state and federal franchise or business opportunity laws (the “**Documentation**”). You will review the Documentation in detail so that you are fully familiar with them. You recognize that we may modify or amend the Documentation at any time without notice or obligation to you; however, we will promptly send you copies.

(b) **Registration:** If your activities as our Area Representative require the preparation, amendment, registration or filing of any Documentation or other documents under applicable franchise, business opportunity or related laws, then you must not solicit prospective franchisees until we have: (i) registered the Franchise in the applicable jurisdictions; (ii) provided you with the Documentation necessary for you to solicit prospective franchisees; and (iii) notified you that the registration is in effect. You must stop soliciting prospective franchisees immediately at any time that we notify you that the registration of the Franchise is not then in effect or the Documentation is not in compliance with applicable law. We will prepare the Documentation and file any materials to be registered with any state regulatory agency. We will bear the costs of the preparation of the Documentation as well as registration and filing.

(c) **Delays:** If we have not completed the annual update of the Franchise Disclosure Document or if we are required, but have not filed applications to offer and sell Franchises in any state in the Territory that requires franchise sales registration as of the effective date of this Agreement, for 90 or more consecutive days, then the Development Schedule will be modified to provide you with additional time (on a pro rata basis) for you to comply with the Development Schedule for that particular Franchise (for example, if we have not registered a Franchise in a particular state that requires it for 180 consecutive days, then the Development Schedule pertaining to that Franchise will be extended 90 days). If we, through no fault of yours, lose our rights to solicit and/or sell Franchises in any state in the Territory, we will modify the Development Schedule to accommodate you for the lost opportunity in that state. However, you understand that it is common for temporary lapses in the ability to offer and sell Franchises due to the need for periodic modifications, updates and regulatory approvals. Thus, lapses of consecutive time periods of 90 days or less will not require any modification of the schedule.

(d) **Information Requirements:** In connection with fulfilling legal and other franchise requirements, you must:

- (i) Provide to us all information reasonably required by us to prepare all Documentation, including requisite franchise disclosure documents and ancillary documents for the offering of Franchises in the Territory.

- (ii) Sign and return to us all Documentation reasonably required by us, or our designee, for the purpose of registering the offer of Franchises throughout the Territory.
- (iii) Review all Documentation materials we prepare on your behalf. We are not liable for any errors or omissions which may occur in the preparation of those materials, as long as you have approved them.

(e) **Broker Registration:** You (and, if necessary, your owners and officers, if any) will register and/or obtain licensure as a franchise broker, real estate broker, business broker or otherwise in any jurisdiction in which you are required to do so, and maintain such registrations or licenses throughout the Term, at your cost and expense. You must not solicit prospective franchisees until: (i) such registration or license, if necessary, is effective; and (ii) you have provided to us documentary proof of its effectiveness. You must not engage or utilize any franchise brokers for any reason without our prior written approval.

(f) **Disclosure Documents:** You must comply with all applicable federal and state laws, rules and regulations governing the offering of Franchises in your Territory. In this connection, you must:

- (i) Furnish to prospective franchisees only Documentation we designate, including the then-current form of franchise disclosure document we have authorized for use within your Territory, along with such promotional material that we have previously approved.
- (ii) Comply with all requirements for timing of delivery of the Documentation and obtaining and delivering to us the original signed acknowledgment of receipt for each franchise disclosure document you deliver to any prospective franchisee.
- (iii) Make no representations or other statements that conflict with any of the information contained in the franchise disclosure document delivered to the prospective franchisee and within our then-current Franchise Agreement.
- (iv) Make no earnings claims, financial performance representations, or projections, or provide any information with regard to sales, revenues, income, or profits relating to any Franchise or any individual FIREHOUSE SUBS® Restaurant unless in accordance with the provisions of the franchise disclosure document to be provided to prospective franchisees.
- (v) Promptly notify us of any material information or event which comes to your attention that may require disclosure in the franchise disclosure document.
- (vi) Use, display, publish and distribute for purposes of soliciting prospective franchisees, only advertising, marketing and promotional materials that we have previously approved as acceptable for use in your Territory.

(g) **Franchise Disclosure:** We will make reasonable efforts to provide you with copies of correspondence, reports and data issued by each Franchisee to us (the “**Reports**”) if: (i) we determine them to be useful to your operation of your Area Representative Business; and (ii) the Reports are the type of information which Franchisees provide to us under their Franchise Agreements. We will also

report to you sufficient data with each compensation payment to enable you to verify the amounts payable.

(h) **Franchise Agreements:** When providing information to prospective franchisees and in assisting in the closing of any sale of a Franchise, you must only provide our then-current form of Franchise Agreement and any ancillary Documentation that we have approved for use within your Territory. You have no authority to make any changes, additions or deletions of any kind to them. You must not make any financial projections to prospective franchisees or review or comment on any prepared or submitted by prospective franchisees. The only financial disclosures, if any, made to prospective franchisees are contained in the Documentation. You have no authority to, and agree not to, assist, advise, or solicit any Franchisee's efforts to operate Franchises in any method inconsistent with the System. You are not authorized to enter into Franchise Agreements on our behalf. Franchise Agreements and any ancillary agreements are not binding on us until we sign the Franchise Agreement and we can refuse to do so at any time.

## 7. **Franchise Solicitation.**

(a) **Recruiting and Screening:** You are responsible for advertising for, recruiting, soliciting and screening prospects for Franchises within the Territory according to the standards, policies and procedures we develop and announce from time to time which also may be specified in the AR Manual. You must only use the application forms and other documents we specify for each prospect that wants to purchase a Franchise (an "**Applicant**").

(b) **Application Process:** You must maintain written or electronic records of all contacts with all prospects for Franchises regardless whether such contact rises to the level of such prospect becoming an Applicant. You must provide written progress reports as we request from time to time. You must assist Applicants in completing the Application. We may inspect your records in this regard at any time, with or without notice. You must perform the due diligence, preliminary investigation and evaluation as we specify from time to time in the AR Manual or otherwise. You must promptly submit all Applications for Franchises that you receive to us along with all information we require regarding the Applicant and maintain a copy with your records.

(c) **Method of Approval:** We will approve or disapprove Applicants by delivering notice to you (which may be electronically delivered). We will use our best efforts to deliver such notices to you within 30 days after we receive the complete Application, financial statements, proof of day of discovery approval, Week of Discovery approval, Preliminary Business Plan, Application and Deposit Agreement, Credit and Background Investigation, Franchisee Profile, verified training certificate and other materials requested by us. We will condition approval by requiring an acceptable personal interview of an Applicant or its owners. We may require you to conduct initial interviews on our behalf, however, we retain the ultimate determination on whether to grant such Applicant a Franchise. If we determine that the Applicant possesses sufficient financial and managerial capability and meets the other criteria then utilized by us in the award of Franchises within the Territory, we will offer to award one to the Applicant. The award of the Franchise will be evidenced by our signing and delivery of the Franchise Agreement, after we have received it signed by the Applicant and payment of the appropriate fees.

8. **Temporary Additional Services.** We may require you to provide services outside (but within reasonable proximity) of your Territory, or at Non-Traditional Locations inside or outside (but within reasonable proximity) of your Territory, for temporary periods of time (an "**Interim**") and you agree to do so. During an Interim:



(1) we will compensate you for your services outside of the Territory (at locations that are not Non-Traditional Locations) pursuant to subsection 9(b) below – as applied to the geographic area we designate for you to provide services in the Interim (but we will not pay you any portion of Initial Franchise Fees, Transfer Fees or Renewal Fees (subsections 9(a), (c), (d) and (e) below) for such Interim services);

(2) we will compensate you for your services at Non-Traditional Locations using our then current rates sheet (which rates we may adjust from time to time), but we will not pay you any portion of Initial Franchise Fees, Royalties, Transfer Fees or Renewal Fees (subsections 9(a), (b), (c), (d) and (e) below) for such Interim services; these services may include initial training, Fire reports, restaurant compliance checks, new restaurant openings, new product roll-outs, and other services defined from time to time; if services are required by you, you will be given at least 30 days' notice of the assignment;

(3) we will also reimburse you for your reasonable travel expenses incurred in accordance with our policies in the course of your fulfilling your obligations in the Interim in areas outside of the Territory; and

(4) unless the parties agree in writing otherwise, this Agreement will govern the parties' relationship and obligations (except for Sections 3 and 5).

9. **Compensation.** During the Term, we will pay compensation to you based on the amounts we receive from the Franchises for FIREHOUSE SUBS® Restaurants (excluding Non-Traditional Locations) sold for operation in, and located in, the Territory as follows (collectively, "**Compensation**"):

(a) **Initial Franchise Fees:** We will pay you an amount equal to 12.5% of the Initial Franchise Fee paid to us for FIREHOUSE SUBS® Restaurants located in the Territory, for which you are responsible and the procuring cause for the sale and for which you provide training. This amount will be paid to you during the Month immediately following the opening of the Store. To the extent we refund any or all of the Initial Franchise Fee paid to us, you must reimburse us the compensation we paid to you pertaining to it.

(b) **Royalties:** We will pay you an amount equal to 33.33% of the monthly Royalties we receive from all FIREHOUSE SUB® Restaurants (excluding Non-Traditional Locations) located in the Territory. We will measure performance standards on roughly a quarterly basis of 13 weeks (a "**Period**"). Our minimum quality and performance score for Area Representative Businesses is currently 90%, but we may vary both the scoring and the evaluation criteria from time to time. If you do not meet 90% of our Area Representative performance standards during the immediately preceding Period, the amount due on the period Royalties for the proceeding Period will be reduced to 25%. For example, if you do not meet the performance standards during Period 3, you will be paid 25% of Royalties for Period 4 and subsequent periods until you meet a score of 90% or better.

(c) **Transfer Fees:** We will pay you an amount equal to 25% of the Transfer Fees paid to us for FIREHOUSE SUBS® Restaurants (excluding Non-Traditional Locations) located in the Territory.

(d) **Renewal Fees:** We will pay you an amount equal to 25% of the Renewal Fees paid to us for FIREHOUSE SUBS® Restaurants (excluding Non-Traditional Locations) located in the Territory.

(e) **Terms of Payment:** During the Term, we will pay such amounts to you on or before the 20<sup>th</sup> day of each month as follows: (i) based on the amounts we collect during the immediately preceding month for royalties, transfer fees and renewal fees; (ii) based on the openings of each

Restaurant we have approved in the Territory during the immediately preceding month; and (iii) based on the opening of the first Restaurant in the development schedule for Franchisees with development rights in the Territory during the immediately preceding month.

(f) **Setoffs:** We may setoff against any compensation we owe you, any amount that you owe us, including (without limitation) for any refunds we authorize (whether or not required by contract (i.e., a refunded initial franchise fee)), any advances and marketing contributions.

(g) **Incentive Programs:** From time to time, we may institute rebate or bonus programs to incentivize franchise development, Restaurant growth, Restaurant sales growth, sales increases for certain products or services, use of different service methods and offerings and/or other programs we consider beneficial (“**Incentive Programs**”). These Incentive Programs may result in fee reductions to franchisees and/or incentive payments, where we rebate or pay bonuses to franchisees based on amounts they have paid us, if objectives are met or to achieve goals we determine appropriate. You acknowledge and agree, notwithstanding any contrary provision of this Agreement, that we will reduce the Compensation otherwise due and payable to you proportionally by the amounts we utilize for payments to franchisees in your Territory attributable to such Incentive Programs. For example, if we agree to rebate any franchisees 1% of their Gross Sales for a particular time period for them to achieve a certain goal, then we will withhold 33.33% of such amount from your Compensation, and it will then be reduced upon our payment to the franchisees. If we do not pay the rebate, then we will pay the withheld amount to you once we determine the rebate has not been earned or achieved.

10. **Ancillary Activities.** You must disclose to us any and all income, fees, monies earned, and any other type of remuneration, compensation or consideration you or your affiliates receive by, directly or indirectly, selling, providing, brokering, or assisting in the sale of goods or services to Franchisees (an “**Ancillary Activity**”) in connection with your Area Representative Business, (including real estate commissions) but excluding anything we pay to you. You will not engage in any Ancillary Activities, or receive any consideration for doing so, unless and until you have notified us and we have approved such activity. You will not engage in any such Ancillary Activity that we have not approved in writing. You must also disclose to us on a quarterly basis the information we request concerning the earnings you or your affiliates receive from Ancillary Activities. You consent to our disclosure of such information as required by law.

11. **Training.** We will furnish initial training on the operation of an Area Representative Business (“**Area Representative Training**”) to you (or, if you are a Business Entity, up to 4 of your Principal Owners). You must satisfactorily complete the Area Representative Training.

(a) **Initial Franchisee Training:** You must attend and satisfactorily complete the initial training that we provide to Franchisees unless you have already done so.

(b) **Area Representative Training:** You must attend and satisfactorily complete any Area Representative Training that we deem advisable at such place and time as we may designate (the “**Additional Training**”). Neither you nor any of your employees or agents will solicit prospective franchisees until you have completed the Area Representative Training.

(c) **Supplemental Training:** Also, during the Term, you must attend supplemental and refresher training programs as we deem advisable. Furthermore, you must attend all meetings of Area Representatives, at your expense, at such locations as we designate.

(d) **Costs and Expenses:** You are solely responsible for your compensation, travel, lodging and living expenses incurred in connection with your attendance at any training program.

(e) **AR Manual:** We will give you access to (via electronic means or otherwise) 1 or more manuals to guide and assist you in fulfilling your duties and responsibilities under this Agreement and as our Area Representative (collectively, the “**AR Manual**”). We may periodically amend and supplement the AR Manual as we see fit. You will abide by such changes as you are notified.

(f) **Personnel:** Although your (or your principal owners) attendance and satisfactory completion of our training programs is mandatory, you are solely responsible for training your employees and personnel to perform their duties and responsibilities. Although we may provide training to your personnel, their attendance is not mandatory.

12. **Service Obligations.** You must perform the following services, in the manner and to the extent we designate from time to time, on our behalf with respect to Franchisees located or to be located in the Territory (or to the extent we designate outside the Territory during the Interim):

(1) Provide to Franchisees (i) training for the time period and covering the operations and procedures as we specify (in the AR Manual or otherwise) at your Training Store (which is in addition to the initial training we provide at our headquarters), and (ii) supplemental and refresher training at your Training Store; all in accordance with the timing, content and standards we periodically prescribe. If the Franchisee does not satisfactorily complete any of the training, the Franchise Agreement will be terminated immediately. Furthermore, if we determine that you have not trained a Franchisee to our satisfaction and we provide the training ourselves or arrange for someone else to do so, then we will charge you \$10,000 due on receipt of invoice and you forfeit any compensation otherwise due relating to initial franchise fees for such Franchisee.

(2) Schedule and coordinate all training of all Franchisees with the Franchisor. Other than the initial training for Franchisees at your Training Store at the opening of Franchises, you will provide training to the Franchisee and its owners, and not the Franchisee’s employees.

(3) Consult and advise Franchisees with site selection and lease negotiation of their FIREHOUSE SUBS® Restaurants. However, we will retain ultimate authority to approve or disapprove all real estate related decisions requiring our approval under the Franchise Agreement.

(4) Notify vendors and, if necessary, locate new vendors approved by us for the Franchises in the Territory and coordinate distribution and purchasing programs on a Territory basis under our direction and support.

(5) Provide grand opening support, including, but not limited to coordinating marketing with local radio, newspapers and trade publications.

(6) Develop relationships with landlords, contractors, equipment suppliers and service providers in the Territory (acceptable to and approved by us) and assist in supervision of the build-out for the FIREHOUSE SUBS® Restaurants in the Territory.

(7) Provide such pre-opening and post-opening assistance for each new FIREHOUSE SUBS® Restaurant that we prescribe from time to time.

(8) Be responsible for periodic but no less than monthly monitoring of the operation of FIREHOUSE SUBS® Restaurants established in your Territory and informing us whether those

FIREHOUSE SUBS® Restaurants meet with our system standards in design, construction, appearance and function as specified in our Manual, including but not limited to ensuring that all food is properly stored, inventory is properly rotated, all recipes are adhered to, all food products are sliced and weighed according to System Standards, the appearance of the presentation of the food to the customer meets our System Standards, all areas of the facility, inside and out, are cleaned and maintained according to System Standards, and all equipment is functioning properly.

(9) Actively and continuously market and promote through advertising (or otherwise as we direct) and solicit prospective franchisees in your Territory according to an annual plan and budget that you develop and submit for our approval no later than October 31 for the upcoming Development Year. You will bear all costs of soliciting prospective franchisees and developing prospective franchisees into FIREHOUSE SUBS® Restaurants operators including all phone, office, administrative, advertising, marketing, collateral and other recruiting costs and expenses according to the guidelines we specify in the AR Manual.

(10) Assist Franchisees by providing guidance, assistance and logistical support during transfers of their Franchises or FIREHOUSE SUBS® Restaurants, (including providing guidance, assistance and logistical support in connection with mergers, acquisitions, transfers, resales, asset sales, etc. by or among Franchisees and third parties) including referrals to preferred vendors we designate.

(11) Participate in our quality assurance programs and periodically evaluate them with us;

(12) Monitor and report the sales volume and other Key Performance Indicators, as we determine from time to time, for the FIREHOUSE SUBS® Restaurants located in the Territory;

(13) Conduct on our behalf, or assist us with, inspecting or auditing FIREHOUSE SUBS® Restaurants and their Franchise owners. You will visit every FIREHOUSE SUBS® Restaurant and each Franchisee in the Territory at least monthly. We may inspect any FIREHOUSE SUBS® Restaurant in the Territory at any time. Although you will visit them more frequently, you must provide an in-depth FIREHOUSE SUBS® Restaurant report at least quarterly following the standards, procedures and measurement criteria that we develop from time to time. Each visitation will also be combined with your following an evaluation protocol for each FIREHOUSE SUBS® Restaurant.

(14) Monitor the marketing efforts of each FIREHOUSE SUBS® Restaurant in your Territory to ensure compliance with our requirements.

(15) If local franchisee co-ops or other franchisee associations are formed that include Franchisees in your Territory, you must use your best efforts to participate in meetings of such associations. If applicable, and as permitted by the co-op or association governing documents, you will serve as, and fulfill the obligations of, the President.

(16) Provide Franchisees in the Territory with supervisory assistance and guidance in connection with the opening and initial operations of their FIREHOUSE SUBS® Restaurants as we may designate in a manner and at times we deem advisable.

(17) Maintain positive relationships, serve as our liaison and evaluate additional incentive programs and marketing programs from approved and preferred suppliers, vendors and others we designate.

(18) Participate in, and attend all meetings of, any Franchise owner associations (if any) and Franchisee advisory board (if any) conference calls (upon request) (or similar organizations we approve) in the Territory.

(19) Attend and participate in such industry trade shows, conventions and similar meetings as we designate, at your expense.

(20) Provide to Franchisees the continuing operating assistance described in the Franchise Agreement that we periodically delegate to you in accordance with our policies and instructions, and assist us in facilitating transfers and renewals of franchises.

(21) Pay to us an amount equal to our expenditures (including wages, travel and living), plus 25%, for work and expenses incurred by us in performing services to Franchisees located in the Territory which you are required to perform under this Agreement that you have failed to perform, if you have failed to cure such failure to perform to our satisfaction, within 30 days of our notice to you that you have failed to perform such services. You recognize your failure to so perform constitutes a breach of this Agreement.

(22) Visit with each FIREHOUSE SUBS® Restaurant in the Territory at least monthly, and file contact reports in our system electronically or as we determine following each visit.

(23) Report to and take direction from us or our designee and assist us or our designee in our efforts to satisfy all obligations that we have under the Franchise Agreements with the Franchisees.

(24) Assist us in the enforcement of all provisions of any Franchise Agreement, including collection of monies due us provided that you must require that monies owed to us are made payable only to us or in the manner we designate.

(25) Attend, at your expense, required company meetings, trade shows and conventions we designate during each calendar year, unless otherwise approved by us in writing to you. Furthermore, if you fail to do so, and we did not approve of your absence or you are not excused due to a death in your immediate family, or force majeure, we may charge, and you must pay us, an absentee fee of \$2,500 per meeting missed; due and payable on invoice.

(26) At all times during the term of this Agreement, you agree to maintain your primary residence and your business office within the boundaries of your Territory.

(27) Provide to us and to each Franchisee in your Territory your office address, telephone number, facsimile number, email address and hours of operation.

(28) At our option, establish approved vendor relationships for the purchase and sale of products and services to FIREHOUSE SUBS® Restaurants in accordance with our System Standards.

(29) Provide training to Franchisees in the Territory.

(30) Assist us with the roll-out programs that we establish from time to time, including but not limited to new products, new menus, new marketing programs, new promotions, new vendor programs, new logos, new equipment, and new computer hardware and software.

(31) Initiate, create and implement local marketing co-ops and consult with us regarding use of the local marketing fund.

(32) Comply with all applicable laws while operating your business and performing under this Agreement.

(33) As we may require from time to time, collect financial statements from Franchisees and provide such statements, together with your financial statements, to us within 20 days after the end of each period.

(34) Follow and use our communications tools and policies.

(35) Follow and implement our documentation, record keeping and filing system.

(36) Conduct a minimum of 1 private business consultation per month with each Franchisee on a per Restaurant basis in your Territory, to include a review of operational, sales, marketing, and profit and loss performance of each Franchisee on a per Restaurant basis; and

(37) Provide an annual business plan to us for your Area Representative business, and ensure the timely completion and submission of a business plan for each of the Franchisees in your Territory on a per Restaurant basis.

13. **Franchisee Inspections.** You must conduct inspections of FIREHOUSE SUBS® Restaurants at our request. In addition, you acknowledge that we have the sole right to: (a) grant Franchises; (b) terminate a Franchise Agreement for failure to cure defaults (if an opportunity to cure is granted); (c) approve site selection, leases, and real estate purchases of Franchisees; and (d) approve all floor plans and FIREHOUSE SUBS® Restaurant development (floor plans, construction, architectural plans, etc.) and (e) take any legal action with respect to any default or any violation of a Franchise Agreement. Franchisees are solely responsible for all employment and personnel matters relating to their employees. Accordingly, you are not authorized to mandate, direct, recommend or otherwise interfere with the terms and conditions of employment or the employment relationship between Franchisees and their employees.

#### 14. **Marks.**

(a) **Ownership and Goodwill:** Your right to use the Marks is derived solely from this Agreement. You may only use the Marks in connection with the operation of your Area Representative Business and only in accordance with this Agreement. Any unauthorized use of the Marks by you constitutes an infringement of our rights in and to the Marks. Your usage of the Marks, and any goodwill established by your use of the Marks, inures to our exclusive benefit. You must not, at any time, contest, or assist anyone else in contesting, the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks applies to any additional trademarks, service marks, logo forms, trade dress and commercial symbols that we authorize for use by, and license to, you in connection with this Agreement.

(b) **Limitations on Use:** You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. You must not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us in writing. You must display the Marks prominently and in the manner prescribed by us on signs and forms. You must give such notices of trademark and service mark registrations and copyrights as we specify and you must obtain such fictitious or assumed name registrations as may be required under applicable law. You will not employ the Marks in any way that we have determined may result in liability to us for any debts or obligations of yours.

(c) **Infringements and Claims:** You are responsible for researching and identifying unauthorized and infringing uses of our Marks in your Territory. You must notify us immediately in writing if you become aware of any apparent infringement of, or challenge to, your use of any Mark, or claim by any person of any rights in any of the Marks. You must not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We have sole right to take any action we deem appropriate and the right to exclusively control any litigation, administrative or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You will sign all documents, render such assistance and do such acts as we consider advisable to protect and maintain our interest in any such proceeding or to otherwise protect and maintain our interest in the Marks.

(d) **Discontinuance of Use:** If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after receiving notice. We will not be obligated to reimburse you for any costs, expenses, losses or damages whatsoever that you spend or suffer as a result.

#### 15. **Confidential Information.**

(a) **Nature of Information:** We possess certain proprietary and confidential information, which includes: trade secrets; methods; techniques; formats; management methods; specifications; procedures; information; systems; computer software; methods of business management; the System; and the know-how related to its use; any computer software programs we or our associates provide or recommend for use by FIREHOUSE SUBS® Restaurants or Area Representatives and the hardware specifications for running such software; terms and conditions of our agreements with preferred suppliers; training materials, programs and conference materials designed for Franchisees or Area Representatives of FIREHOUSE SUBS® Restaurants or Area Representatives; information contained in and contents of the AR Manual and Franchise manual; knowledge and operating results in financial performance of any Franchise, FIREHOUSE SUBS® Restaurants or Area Representative, including your Area Representative Business; sales and promotion techniques and knowledge of and experience in the operation and franchising of FIREHOUSE SUBS® Restaurants; and information obtained or acquired through or as the result of use of any web site, app, Internet, Intranet or other forms of e-commerce (including customer information, number of “hits” to web sites and the like) (collectively, the “**Confidential Information**”). We will disclose, to the extent we deem practicable, the Confidential Information to you in training sessions, the Franchise manual and in guidance that we furnish to you during the Term. You acknowledge that any unauthorized disclosure by you of the Confidential Information will cause irreparable harm to us.

(b) **Nondisclosure:** You agree that the Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree as follows:

- (i) That you will not use the Confidential Information in any other business or capacity.
- (ii) You will maintain the absolute confidentiality of the Confidential Information during and after the Term.
- (iii) You will not make unauthorized copies of any portion of the Confidential Information regardless of whether it is disclosed in electronic medium, written or other tangible or intangible form.

- (iv) You will adopt and implement all reasonable procedures prescribed by us from time to time to prevent unauthorized use or disclosure of the Confidential Information including restrictions on disclosure to your employees or agents and use of non-disclosure and non-competition agreements in form and substance approved by us which we may provide for your employees or agents who have or whom we or you deem likely to have access to the Confidential Information.

(c) **Use of Ideas:** We have the perpetual right to use, and authorize other Franchisees or Area Representatives to use, and you will fully and promptly disclose to us, all ideas, concepts, methods and techniques relating to your Area Representative Business and/or operation of any FIREHOUSE SUBS® Restaurants that you conceive or develop or are conceived or developed by any of your employees or any of the Franchisees within the Territory during the Term.

(d) **Exclusive Relationship:** We have entered into this Agreement with you on the condition that your other activities and/or those of your affiliates, if any, will not in any way interfere with your obligations and duties under this Agreement. Accordingly, you will not advise, assist, counsel, represent or perform any services in any way whatsoever, directly or indirectly, associated with or in connection with any other person or entity which directly or indirectly is in the business of owning, operating, counseling or offering franchises for a Competitive Business. You understand that we would be unable to protect our Confidential Information and would be unable to encourage a free exchange of ideas and information among Franchisees, our affiliates and us if Franchisees were permitted to hold interests in any Competitive Business. Accordingly, during the Term, neither you, nor your shareholders or partners nor any member of your or their immediate families will:

- (i) Engage in a Competitive Business or perform services for a Competitive Business directly or indirectly, as a: director; disclosed or beneficial owner; proprietor; officer; manager; employee; consultant; Area Representative; agent; independent contractor; or otherwise, except under this Agreement or a Franchise Agreement with us or our associates;
- (ii) Have any direct or indirect interest, as a disclosed or beneficial owner, in a Competitive Business or any entity which is awarded or is awarding franchises or licenses to others to operate any Competitive Business, except FIREHOUSE SUBS® Restaurants under Franchise Agreements with us or as an Area Representative under an Area Representative Agreement with us; or
- (iii) Directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, disclosed or beneficial owner, consultant, agent, contractor, employer, affiliate, partner officer, director or associate or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, trade or patronage of ours, our associates or any FIREHOUSE SUBS® Restaurant as such may exist prior to, after or throughout the term of this Agreement, except with our prior written consent.

## 16. **Image and Operating Standards.**

(a) **Standards of Service:** During the Term, you must: (i) at all times give prompt, courteous and efficient service to Franchisees consistent with the standards we specify in the AR



Manual or otherwise; (ii) adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with the Franchisees, prospective franchisees, us, and the public; (iii) not favor one or more Franchisees over other Franchisees within the Territory; and (iv) not enter into any relationships with Franchisees in the Territory or others that may result in a conflict of interest between your obligations as our Area Representative and your duties to provide services to a Franchisee.

(b) **Advertising:** All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. If required by the laws of your jurisdiction, all advertising and promotion relating to the solicitation of prospective franchisees must be approved by the appropriate regulatory authorities. You must not use any advertising or promotional material until approved by us and the appropriate regulatory authority. You will refrain from any business or advertising practice which may injure our business and/or the goodwill associated with the Marks and Franchises.

(c) **Promotional Materials:** Prior to their use by you, samples of all advertising, marketing and promotional materials not prepared or previously approved by us must be submitted for our approval. If you have not received notice of our approval within 15 days from the date of our receipt of the advertising materials, then we will be deemed to have not approved them. You must not use any advertising or promotional materials that we have not approved. We may furnish you with approved local marketing plans and materials on the same terms and conditions as such plans and materials are furnished to other Franchises.

(d) **Websites and Apps .** We have the right to control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin (“**e-names**”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, apps (on smartphone, tablet, computer and all related platforms) wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, “**e-commerce**”). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may require that you provide information to us via e-commerce. You agree to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other FIREHOUSE SUBS® Restaurants, suppliers and affiliates. We may require you to participate in any internet or intranet networks (the “**MIS System**”) we establish and obtain the services of and pay the then current fees for ISP and ASP services and the like. You recognize and agree that we own all rights, title and interest in and to any and all websites, apps and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You also recognize and agree that we own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information.

(e) **Judicial Actions:** You must notify us within 5 business days of your notice of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ,

injunction, award or decree, by any court, agency or other governmental instrumentality which may adversely affect your operations or financial condition, your Area Representative Business, or any Franchisee or FIREHOUSE SUBS® Restaurant in the Territory. You may not sue any of our Franchisees or approved vendor suppliers without our prior written permission.

(f) **Management of Business:** The Area Representative Business must at all times be under your direct supervision. You are solely responsible for evaluating, hiring, training and administering all of your personnel, whether employees or contractors. You are solely responsible for determining all terms and conditions of their employment, including hours worked, compensation, employment policies and working conditions. You are solely responsible for ensuring that your employment relationships comply with all applicable employment-related laws. You will solely determine the qualifications and standards for your personnel, assigning them tasks, setting priorities, determining shifts and otherwise setting standards for productivity and meeting your policies.

(g) **Facilities and Equipment:** You must obtain and maintain certain equipment in order to operate your Area Representative Business. You must obtain a computer and other personal communication devices that meet the specifications and standards we prescribe from time to time, a telephone with a separate business line, a facsimile machine with a separate phone number and line, high-speed internet connection with the minimum speed we designate from time to time. The computer system must contain, and you must be reasonably proficient with, such computer programs software that we designate for use from time to time. You are responsible for obtaining the necessary training for proficiency on those programs. These programs include database, spreadsheet, financial, word processing, communications, e-mail, calendaring and others. You may obtain the computer system and the software from anyone you choose.

(h) **Financial Reporting:** You will use the reporting and accounting system we require from time to time. You must deliver to us the financial and operating reports in the form, manner, content and time we specify from time to time, including via access to our Internet Accounting System (“**Accounting System**”). You will update all information in your Accounting System at least weekly, including but not limited to revenues, expenditures and other pertinent data. We may periodically change the Accounting System and the suppliers of accounting services. You will make available for our review and inspection during normal business hours all original books and records that we want to ascertain and verify financial statements or reports. You will maintain all of your books and records in accordance with generally accepted accounting principles. You will maintain and preserve such records during the entire term of this Agreement and for 3 years following expiration or termination of this Agreement. Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as we may require. We may use the information obtained as we deem appropriate, except that information you designate as confidential will not be disclosed to third parties in a manner that identifies you as the subject or source except: (i) with your permission, (ii) as may be required by law, (iii) in connection with audits or collections under this Agreement, or (iv) shared within the FIREHOUSE SUBS® Restaurant system (you understand that we disseminate operational and financial data throughout the system and to prospects). You must use computer hardware and software we designate in order to maintain the Accounting System and other communication processes.

## 17. **Insurance.**

(a) **Coverage Requirements:** During the term of this Agreement, you must at all times maintain in force, at your expense, comprehensive public and motor vehicle liability insurance against

claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the conduct of your Area Representative Business. You must maintain the coverage under one or more insurance policies containing the minimum insurance coverages we prescribe from time to time (including coverage for claims by Franchisees, or those they injure, while in your training program). All such policies must name us (and whatever affiliates we designate) as an additional insured. We may periodically increase or decrease the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

(b) **Verifications:** You must submit to us on an annual basis a copy of each new, renewal or replacement certificate evidencing the maintenance of your insurance coverage. The terms of each policy must be acceptable to us before you obtain them. If you do not maintain the required insurance coverage, or you do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance, coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

#### 18. **Transfer.**

(a) **By Us:** We may transfer this Agreement at any time and it will inure to the benefit of our transferee or other legal successor, but only if such transferee expressly assumes in writing, all obligations we have to you under this Agreement.

(b) **By You:** Your rights and duties under this Agreement are personal to you. We have entered into this Agreement in reliance upon our perceptions of your, your owners' or your principal owners' individual or collective character, skill, aptitude, attitude, relevant business experience, business ability and financial resources. Accordingly, you may not transfer this Agreement (or any interest in it), without our prior written consent. Any unauthorized transfer constitutes a breach of this Agreement and will be void and of no effect. The term "**transfer**" means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, encumbrance or other disposition by you of any interest in this Agreement, the Area Representative Business or the assets comprising it, and also includes:

- (i) The transfer of ownership of 25% or more of the capital stock or partnership interests or any other form of ownership in the Area Representative Business or you.
- (ii) Merger or consolidation, or issuance of additional securities representing a 25% or more ownership or voting interest in the Area Representative Business or you.
- (iii) Transfer of interest in you or the Area Representative Business in a divorce proceeding or otherwise by operation of law.
- (iv) Transfer of substantially all of your or the assets comprising your Area Representative Business.

- (v) Transfer of an interest in you or the Area Representative Business by will, declaration of or transfer in trust or under the laws of intestate succession of any person owning more than a 25% interest in you or the Area Representative Business.

**(c) Conditions for Approval of Transfer:** If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer except that if, based on our or our advisors' personal experience in dealing with a proposed transferee, we do not desire to enter into an Area Representative Business relationship with the transferee or if any one or more of the conditions set forth below are not met, we may in our sole discretion withhold our approval::

- (i) You must provide us with a minimum of 60 days prior notice of any proposed transfer with all of the information pertaining to the proposed transfer and thereafter provide us promptly with all additional information relating to the transfer or the transferee that we reasonably request.
- (ii) A transfer of ownership in you or the Area Representative Business may only be made in conjunction with a transfer of this Agreement.
- (iii) The transferee and/or its owner(s) must, in our judgment, have sufficient character, skill, aptitude, attitude, relevant business experience, business ability and financial resources to operate an Area Representative Business and must either acquire the Training Store from you or already own a FIREHOUSE SUBS® Restaurant that we consider worthy of serving as its Training Store.
- (iv) All your or the Area Representative Business' obligations incurred in connection with this Agreement must be assumed by the transferee.
- (v) You must submit all required reports, financial statements and other documents due us up to the effective date of the transfer.
- (vi) The transferee and/or its owner(s) must, in our judgment, have satisfactorily completed our training program at the transferee's expense.
- (vii) You or the transferee must pay us a transfer fee equal to \$20,000.
- (viii) You (and your owners) must execute a general release, in form satisfactory to us, of any and all known and unknown claims against us, our affiliates, and our officers, directors, employees, and agents.
- (ix) We must approve the material terms and conditions of such transfer (which approval will not be given if we decide the price and terms of payment are so burdensome as to adversely affect the future operations of the Area Representative Business by the transferee).
- (x) You and your transferring owners must sign and deliver to us a written agreement in favor of us and the transferee, agreeing that for a period of not less than 2 years, commencing on the effective date of the transfer, to comply with the post-term competitive restrictions described in this Agreement.

(xi) The transfer must be approved by all necessary regulatory authorities.

(d) **Transfer to a Controlled Entity:** This Agreement and the assets and liabilities of your Area Representative Business may be assigned to a business organization on the following conditions:

- (i) it conducts no business other than your Area Representative Business;
- (ii) you actively manage the Business Entity and you own, control and have the right to vote more than 75% of its voting and equity interests;
- (iii) the organizational documents of such entity recite that the issuance and assignment of any ownership interest in it are restricted by the terms of this Agreement, and all instruments evidencing issued and outstanding ownership interests of such entity bear a legend reciting or referring to the restrictions of this Agreement on the issuance and transfer of those interests;
- (iv) the proposed owners execute an agreement, in a form we provide or approve, agreeing to be bound jointly and severally by, to comply with, and to guaranty the performance of, all of your obligations under this Agreement; and
- (v) your death or permanent disability of any owner of 50% or more of its equity and/or voting interests will continue to apply for purposes of terminating this Agreement.

(e) **Effect of Consent to Transfer:** Our consent to a proposed transfer will not constitute a waiver of: (a) any claims we may have against you, or your owners for anything happening up to and through the date of transfer (excluding indemnification claims which survive); or (b) our right to demand exact compliance with any of the terms or conditions of this Agreement by any transferee.

(f) **Compliance with Laws:** You will comply with any laws and regulations that apply to the transfer, including state and federal laws and regulations governing the offer, sale, and transfer of franchises. You must indemnify and hold us and our affiliates and our and their officers, directors, shareholders, and employees harmless against any and all claims arising, and expense incurred (including attorneys' fees), directly or indirectly, from, as a result of, or in connection with, any alleged failure on your part to comply with any franchise law or other applicable law in connection with the transfer.

(g) **Right of First Refusal:** If you or your owners want to engage in a transfer, you must obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser and submit an exact copy of that offer to us. The offer must completely disclose the purchase price, payment terms, terms of assumption of liabilities and all other material terms of the transfer (including all exhibits and other information so that we may readily determine the foregoing). Within 30 days from the date we receive the copy of such offer, we may purchase your rights under this Agreement and your Area Representative Business on the terms and conditions contained in the offer provided to us, except that:

- (i) We may substitute cash for any form of payment proposed in the offer.
- (ii) Our credit will be deemed equal to the credit of any proposed purchaser.
- (iii) We will have no less than 90 days to prepare for closing.

The 30-day period will not commence until you have delivered to us full and complete documentation, including all information reasonably requested by us, to enable us to fully evaluate the offer. If we do not exercise our right of first refusal, you or your owners may complete the transfer on the terms contained in the offer, subject to our approval of the transferee as described in this Section of this Agreement. If the transfer as described in the offer is not completed within 135 days after delivery of the offer to us, or if there is a material change in the terms of the transfer, we will again have the right of first refusal described in this Agreement.

19. **Termination.**

(a) **By Us / With Cause:** We may terminate this Agreement by delivering notice to you stating that we elect to terminate this Agreement as a result of any of the breaches described below and your failure to cure such breach to our satisfaction within 30 days after delivery of our notice. It is a material breach of this Agreement if you (or any of your Principal Owners, as applicable):

- (i) Fail to satisfactorily complete the Area Representative Training Program and/or any additional, supplemental or refresher training programs;
- (ii) Fail to meet the total minimum and cumulative Development Schedule;
- (iii) Fail to meet your service obligations, including but not limited to your training obligation and meeting performance standards;
- (iv) Make an unauthorized transfer of this Agreement;
- (v) Make any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information;
- (vi) Make any material misrepresentation or omission to us or any Franchisee;
- (vii) Make earnings claims, financial performance representations or projections, or provide any information with regard to sales, revenues, income, costs or expenses relating to any Franchisee or any individual FIREHOUSE SUBS® Restaurant unless in accordance with the provisions of the franchise disclosure document to be provided to prospective franchisees;
- (viii) Make it impossible, economically impractical or excessively risky in terms of our potential liability, to solicit Franchisees on our behalf due to the applicable laws, rules or regulations concerning franchise sales in the Territory;
- (ix) Breach any provision of this Agreement or any other agreement between you and us or if we terminate any Franchise Agreement with you due to your violation of it;
- (x) Abandon, surrender, transfer control of or fail to actively operate the Area Representative Business;
- (xi) Are convicted of or plead no contest to a felony or convicted of or plead no contest to any crime or offense that may adversely affect our reputation or our business;

- (xii) Engage in any dishonest or unethical conduct which may adversely affect our reputation or our Franchisee's reputation or the goodwill associated with the Marks;
- (xiii) Violate any applicable franchise laws in the Territory that are not cured with the appropriate regulatory authority or otherwise conduct yourself in a manner that makes it impossible or unlawful to solicit or sell franchises as contemplated by this Agreement in accordance with applicable laws, rules or regulations;
- (xiv) Make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator; all or a substantial part of your property is attached, seized, subjected to a writ or distress warrant or is levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or an order appointing a receiver, trustee or liquidator of you or substantially all of your assets is issued and is not vacated within 30 days following the entry of such order;
- (xv) Make preferential treatment of any Franchisee or prospective franchisee in your Territory;
- (xvi) Solicit or accept any rebates or other preference from any vendor;
- (xvii) Accept payments from Franchisees or prospective franchisees that are not made payable to us;
- (xviii) If 25% or more of the FIREHOUSE SUBS® Restaurants in your Territory are not in substantial compliance with our System Standards and Specifications;
- (xix) Do not attend 3 or more meetings, trade shows and/or conventions for which we require your attendance during any 36-month period;
- (xx) Allow a Franchisee to sign a lease without our approval;
- (xxi) Fail to implement to our satisfaction our marketing, operating, training or other programs;
- (xxii) Fail to timely complete to our satisfaction construction reports, final inspections and punch list;
- (xxiii) Fail to consistently communicate with us or the Franchisees in your Territory, and to provide copies of all correspondence for our files;
- (xxiv) Violate any service obligation;
- (xxv) Make any changes, additions, or deletions to our then-current form of franchise agreement and ancillary documents that we have approved for use within your Territory;

- (xxvi) Fail to conduct a minimum of 1 private business consultation per month (on a per Restaurant basis) with each Franchisee in your Territory, to include a review of operational, sales, marketing and profit and loss performance of each Restaurant in your Territory; or
- (xxvii) Fail to provide an annual business plan to us for your Area Representative business, and ensure the timely completion and submission of a business plan for each of the Franchisees on a per Restaurant basis in your Territory.

(b) **Death or Disability:** We may terminate this Agreement if you die, become permanently disabled or suffer any other disability that we consider substantially interferes with or materially impairs your ability to perform your obligations under this Agreement.

## 20. **Rights and Obligations On Termination or Expiration.**

(a) **Ours:** If we terminate this Agreement pursuant to its terms and you comply with all of your post-termination obligations, we will pay you all amounts accrued up to the termination date.

(b) **Disassociation:** On the termination or expiration of this Agreement, your right to operate the Area Representative Business will terminate and you must immediately in any manner we may designate:

- (i) Not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Area Representative of us or our affiliates.
- (ii) Return to us all advertising materials, forms and other materials containing any Mark or otherwise identifying or relating to the sale or service of the Franchises and FIREHOUSE SUBS® Restaurants.
- (iii) Cease the use of any aspect of the System and any of the Marks and any other trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with us, other than under a Franchise Agreement with us.
- (iv) Take such actions as may be required to cancel any and all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks, associated with your status as an Area Representative.
- (v) Return all access disks and return or destroy the software furnished you by us, if any.
- (vi) Terminate all use of e-names, web sites, apps, web pages or any other aspect of e-commerce relating to us, Franchisees, the System and the Marks, in the manner we designate.

(c) **Confidential Information:** On termination or expiration of this Agreement, you must immediately cease to use any Confidential Information in any business or otherwise (except in connection with the operation of a FIREHOUSE SUBS® Restaurant pursuant to a Franchise Agreement or other agreement with us) and return to us all copies of the Franchise manual and any other Confidential Information that we have loaned or otherwise provided to you.



(d) **Noncompetition:** On termination or expiration of this Agreement for any reason, including transfer of your Area Representative Business, you agree that, for a period of 2 years commencing on the effective date of termination, expiration or transfer, you must not (1) have any direct or indirect interest (through a member of any immediate family of you or your shareholders or partners or otherwise) as a disclosed or beneficial owner, investor, partner, proprietor, contractor, associate, director, officer, employee, consultant, member, manager, owner, area representative or agent or engage in any other capacity in any: (i) Competitive Business located or operating within the Territory; (ii) Competitive Business located or operating in a territory we have awarded to another area representative; (iii) business offering or selling franchises for a Competitive Business; or (iv) Competitive Business located or operating within 10 miles of any other FIREHOUSE SUBS® Restaurant; nor (2) engage in any business transactions with our Franchisees or other area representatives. Enforcement of these provisions will not deprive you of your personal goodwill or ability to earn a living because you acknowledge that you possess the skills and abilities of a general nature and have other opportunities for exploiting such skills. The time period of the competitive restriction will be automatically extended by the time period of any breach of this provision.

## 21. **Relationship of the Parties.**

(a) **Independent Contractors:** Neither this Agreement nor any aspect of your relationship with us creates a fiduciary relationship between you and us. You and we are independent contractors. Nothing in this Agreement is intended to make either you or us a general agent, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. Since you are an independent contractor, we will not, unless otherwise required by law, withhold from your compensation any amounts for your income taxes or other withholding taxes and you are solely responsible for payment of all taxes on your income or business of whatever nature. Since you are an independent contractor, you will not be entitled to workers' compensation, unemployment compensation or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. You will file all federal income tax forms required of an independent contractor. We will not provide you with any employment or fringe benefits that we may provide to our employees.

(b) **Business Expenses:** You must pay all of your own business expenses in connection with your performance of your obligations pursuant to this Agreement. You are responsible for paying for all supplies, equipment, wages and other expenses of your Area Representative Business, and we are not responsible for reimbursing you for any of such items. You are solely responsible for complying with federal, state and local laws that are applicable to your business activities under this Agreement. Accordingly, if required by applicable law, you must obtain any federal, state or local licenses, permits or other approvals required in order to perform your obligations. We do not set or direct any fixed or minimum number of hours devoted to your activities, nor require you to follow prescribed itineraries. You are responsible for establishing your own business premises and your work will be conducted from either those premises or in the field, and not from our offices.

(c) **Identification:** You must conspicuously identify yourself at your premises and in all dealings with Franchisees, prospective franchisees, lessors, contractors, suppliers, public officials and others as the owner of your own business under an agreement with us. You must place notices of independent ownership on such signs, forms, stationery, advertising and other materials as we may require from time to time. You must not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any other manner without our prior written consent. You must not employ any Mark in a manner that is likely to result in our liability for any of your debts or obligations.

(d) **Liabilities:** Neither you nor we will make any express or implied agreements, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than as franchisor and an independently owned and operated by the Area Representative. Neither you nor we will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized under this Agreement. Neither we nor our associates, our or their, officers, directors, agents, employees, affiliates, subsidiaries, stockholders, successors or assignees (collectively, the “**FRG Entities**”) will be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Area Representative Business, whether or not caused by our or your negligent or willful action or failure to act.

(e) **Indemnification by You:** You must indemnify, defend and hold us and the FRG Entities harmless against and reimburse us and them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against us or any of them or any action in which we or any of them is named as a party (including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which we or any of them may suffer, sustain or incur by reason of, arising from or in connection with your activities, unless caused solely by our or their negligence, willful or reckless act or by our violation of this Agreement. We have the right to defend any claim against us. This indemnity continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

(f) **Indemnification by Us:** We must indemnify, defend and hold you and your subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against and reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with our activities, unless caused, at whole or in part, by your negligence, willful or reckless act or by your violation of this Agreement. You have the right to defend any claim against you. This indemnity continues in full force and effect subsequent to any expiration or termination of this Agreement for any reason.

(g) **Contribution:** You must reimburse us for a portion (your “**Contribution,**” as further defined below) of any and all payments that we make to (i) franchisees that operate in your Territory by way of settlement or compromise of a claim or potential claim against us; (ii) franchisees that operate in your Territory due to a judgment or arbitration award against us; and (iii) attorneys, courts, arbitration or mediation companies or other professionals or vendors for attorney’s fees and all other costs that we incur in connection with the foregoing and otherwise in negotiating and memorializing settlements, engaging in mediation, or enforcing franchise agreements or defending claims against us in arbitration or court cases that relate to franchisees in your Territory. We may settle or compromise any claims or potential claims, to enforce any franchise agreements, or to defend any court or arbitration action, as we deem appropriate in our sole business judgment. Your Contribution to the cost of such settlement, compromise, enforcement, award or judgment will be equal to (1) the product of: the amount of the payments we make to the individuals and entities described above, times (2) as the percentage of the monthly Royalties that we are then required to pay you from the monthly Royalties that we receive from FIREHOUSE SUB® Restaurants located in the Territory. For example, if we settle a claim for \$8,000 and incur attorney’s fees of \$1,000, and at the time of such settlement we are required to pay you 33.33% of Royalties, then your Contribution would be \$3,000 (i.e. 33.33% times \$9,000). You must pay any amounts you owe us under this subsection within 30 days of receipt

of our invoice. In addition, we may setoff any amount that you owe us under this subsection against any compensation we owe you.

## 22. **Buyout Option.**

(a) **Triggering Event:** We, or our designee, may purchase all of the rights and interests you have under this Agreement, at our option, if we experience a Triggering Event. A “**Triggering Event**” means the sale of all or substantially all of our assets to an unaffiliated third party, the sale or exchange of more than 50% of our total issued and outstanding equity securities to an unaffiliated third party, a merger or consolidation of us with or into an unaffiliated third party in which neither we nor our affiliates obtain or maintain a controlling voting interest, or the effectiveness of a registration statement for the initial public offering of our equity securities.

(b) **Purchase Price Form:** If we exercise our option pursuant to a Triggering Event other than an initial public offering, the purchase price will be paid to you in the same form or type of consideration, and upon the same terms, as we or our shareholders receive in the Triggering Event transaction. If the Triggering Event is an initial public offering, at our option the purchase price will be paid to you either in cash or stock valued at the initial public offering price.

(c) **Purchase Price Amount:** The amount of the purchase price will be based on a multiple of your AR/EBITDA.

Your “**AR/EBITDA**” means revenues from your Area Representative Business (without regard, however, to any revenues obtained in your capacity as a Franchisee, but including your share of franchise fees and royalties from any franchise owned or controlled by you or your affiliates) and from any franchises operating more than 3 months included in the purchase, *less* all expenses (other than interest, income taxes, depreciation and amortization) properly attributable to such revenues in accordance with generally accepted accounting principles applied in the same manner as applied in our own financial statements with respect to our franchising business during our fiscal year last ended before the Triggering Event. The multiple of your AR/EBITDA you will receive will be equal to 2/3 of the multiple our FRG/EBITDA represented by the purchase price received or to be received by us as a result of the Triggering Event. Our “**FRG/EBITDA**” means our total consolidated earnings before interest, income taxes, depreciation and amortization determined in accordance with generally accepted accounting principles. We will calculate both your AR/EBITDA and our FRG/EBITDA for the same twelve-month period which will not be earlier than our fiscal year last ended before we enter into the definitive purchase and sale agreement or underwriting agreement regarding the Triggering Event.

(d) **Examples of Purchase Price Calculations:** For example, if our shareholders sell 60% of our capital stock to an unaffiliated third party for \$1,200 in cash, when our latest fiscal year FRG/EBITDA was \$200 and your AR/EBITDA for the same year was \$50 you would receive a purchase price of \$333.33 payable in cash. We calculated that purchase price as follows: First, we calculated the value (\$2,000) of 100% of our capital stock by dividing \$1,200 by 0.60. We then divided that number by \$200 to arrive at a 10 multiple for our company. We then multiplied your AR/EBITDA by 2/3 of that multiple ( $10 \times \frac{2}{3} = 6.67 \times \$50 = \$333.33$ ). If, rather than all cash, our shareholders received 1/3 of the purchase price in cash with the balance in the form of an installment note, you would receive \$111.11 in cash with the balance in the same form of installment note from the same note issuer.

As another example, if rather than a sale of stock by our shareholders the Triggering Event involves an initial public offering by us of 1,000 shares of capital stock, comprising 60% of the outstanding shares immediately following the offering, for a total offering price of \$3,000 (\$3 per

share) for all 1,000 shares issued in the offering, when our latest fiscal year FRG/EBITDA was the same \$200 and your related AR/EBITDA was the same \$50, you would receive a purchase price of \$333.33 payable, at our option, either in cash or 111.11 shares of capital stock. We calculated that purchase price as follows: First, we calculated the value (\$2,000) of 100% of our outstanding capital stock immediately before the initial public offering, based on the public offering price (value of company stock pre initial public offering = 40% of company value immediately after offering = 40% of (\$3,000 divided by 0.60) = 0.40 x \$5,000 = \$2,000). The rest of the calculation is the same as the calculation in the first example, above.

(e) **Procedural Aspects:** We must notify you of our intention to exercise our purchase option not later than 60 days following our entering into the definitive purchase and sale agreement or the underwriting agreement relating to the Triggering Event. Unless the Triggering Event is not completed or closed, in which case our notice and election to exercise our purchase option will not be effective, the closing for such acquisition will take place at the completion or closing of the Triggering Event or, at our option, within 180 days thereafter. You will have all of your rights and benefits, and all of your obligations, under this Agreement until we (or our designee) have consummated the acquisition pursuant to our purchase option. The acquisition will be in the form of an assignment and relinquishment of your rights under this Agreement and we will not assume any of your obligations or liabilities whatsoever. Moreover, your rights must be transferred to us free and clear of all liens, pledges, security interests and encumbrances. We will be entitled to all customary representations and warranties in that regard, in such form and content as we reasonably require. You will cooperate with us in preparing for the sale of such rights, any transition in ownership, and to accurately calculate the purchase price. You will not, however, be required to transfer any assets other than your contract rights in this Agreement, unless we elect, as provided in subsection (f) immediately following this subsection, to acquire as part of the transaction any or all of the franchises owned or controlled by you or your affiliates.

(f) **Option to Include Franchises:** If we exercise our option pursuant to a Triggering Event to acquire your rights under this Agreement, we may also at the time we notify you of our election also elect to include as part of the acquisition any or all franchise(s) owned or controlled by you or your affiliates, including all of your or their rights and obligations under any related Franchise Agreement and property lease and including all assets used in connection with the operation of the FIREHOUSE SUBS® Restaurant covered by the Franchise Agreement. If we do so, your AR/EBITDA used in the calculation of the purchase price will be adjusted to include (without duplication) the revenues and expenses of each franchise operation included that has been open 18 months or more at the time we make the election. For FIREHOUSE SUBS® Restaurants open more than three months and less than 18 months, rather than including in your AR/EBITDA the revenues and expenses for the 12 month period we use to calculate our FRG/EBITDA we will include 4 x the Restaurant's revenues and expenses (again without duplication) for the last three months of the 12-month period. For FIREHOUSE SUBS® Restaurants under development or not open more than three months, rather than reflecting the FIREHOUSE SUBS® Restaurants' revenues and expenses in your AR/EBITDA, we will add to the purchase price an amount equal to your, or your affiliates', invested capital in each such FIREHOUSE SUBS® Restaurant and related franchise that we elect to acquire.

23. **Business Organization.** If you are at any time a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

(1) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(3) the Principal Owners Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Disclosure Document;

(4) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);

(5) each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner's Guaranty is attached to the Franchise Disclosure Document; and

(6) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

24. **Notices.** All notices permitted or required to be delivered by this Agreement must be in writing and will be deemed delivered at the time delivered by hand, one business day after sending by facsimile or comparable electronic system, 2 business days after sending through a reliable airborne courier for next day delivery, or 3 business days after being placed in the U.S. mail for delivery via registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. We may also deliver notices to you electronically (e-mail) and they will be deemed delivered one business day after sending.

25. **Miscellaneous.**

(a) **Severability; Substitution of Valid Provisions:** Except as expressly provided to the contrary, any provision of this Agreement, and any portion of this Agreement, which is invalid, illegal or unenforceable is severable, without affecting in any way the remainder of the Agreement.

(b) **No Waiver:** If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between us and anyone else will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments which are due to us under this Agreement. Actions permitted under this Agreement may be taken at any time and from time to time in the actor's sole discretion.

(c) **Binding Nature, Assignments:** Except as otherwise stated, this Agreement will be binding upon and will inure to the benefit of the parties and their respective heirs, guardians, personal representatives, successors and assigns. No amendment, modification, termination or waiver of any provision of this Agreement will be effective unless the same is in writing and signed by all the parties.

(d) **Headings:** The headings of the various Sections herein are for convenience of reference only and will not define or limit any of the terms or provisions of this Agreement.

(e) **Construction:** The headings of Sections are for convenience only and do not define, limit or construe the contents of such Sections. In computing periods from a specified date to a later specified date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to**,” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean Jacksonville, Florida time. “**A or B**” means “**A or B or both**.” “**Including**” means “**including, but not limited to**.”

(f) **Further Instruments and Actions:** The parties will execute and deliver such other documents and instruments as may be reasonably necessary and will take such further action as may be necessary or appropriate, to carry out the terms and purposes of this Agreement.

(g) **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it and all ancillary agreements executed contemporaneously with this Agreement, constitutes the entire agreement between you and us with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Area Representative or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement.** There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

(h) **Execution and Counterparts:** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which will represent one agreement.

(i) **Understanding of Agreement:** You and we acknowledge and agree that each has read and understood this entire Agreement, and that this Agreement was entered into voluntarily and after having had all opportunities to seek such advice as each may have wished to receive.

(j) **Cumulative Remedies:** The rights and remedies specifically granted by this Agreement to either party will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

(k) **Costs and Attorneys’ Fees:** The party prevailing in any judicial proceeding between you and us (and either party’s affiliates), will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys’ fees. Attorneys’ fees include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, proceeding.

(l) **Certain Definitions:** The term “**affiliate**” is applicable to any company that, directly or indirectly, owns or controls, is owned or controlled by or under common control with another person. The terms “**you**” and “**your**” are applicable to one or more persons, a Business Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time the Area Representative, whether or not as partners or joint

venturers, their obligations and liabilities to us are joint and several. The term “**person**” includes individuals and all Business Entities.

(m) **Continuing Obligations:** All obligations which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied or by their nature expire.

(n) **Governing Law:** This Agreement and our relationship with you are governed by Florida law without regard to its conflict of laws provisions. 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.

(o) **Jurisdiction:** You and we consent and irrevocably submit to the exclusive jurisdiction and venue of any state or federal court of competent jurisdiction located in Duval County, Florida. You and we waive any objection to the jurisdiction and venue of such courts.

(p) **Arbitration Proceedings:** You agree that you must participate in any arbitration proceedings between or involving you and any of our franchisees, and to the extent we require, us and any of our franchisees. You further agree that you will be bound by any arbitration award in connection with any such arbitration proceedings. In connection with any such arbitration proceeding, you will execute an appropriate confidentiality agreement, excepting only such disclosures and filings as are required by law.

(q) **Force Majeure.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (i) Compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or department or agency thereof.
- (ii) Acts of God, war or terror.
- (iii) Acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

This Agreement may be signed with full legal force and effect using electronic signatures and records.

Intending to be bound, the parties to this Agreement now sign and deliver this Agreement in multiple counterparts:

**WE:**

**FIREHOUSE OF AMERICA, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**YOU:**

\_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT "A"**  
**TO AREA REPRESENTATIVE AGREEMENT**  
**BETWEEN**  
**FIREHOUSE OF AMERICA, LLC**  
**AND**

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**DATED \_\_\_\_\_, 20\_\_**

(a) **Number of Restaurants to be Developed.** You must develop a total of \_\_\_\_\_ FIREHOUSE SUBS® Restaurants during the Term.

(b) **Development Schedule.** You must open and maintain in operation the following cumulative minimum number of FIREHOUSE SUBS® Restaurants operating in the Territory as of the last day of each Development Year.

**DEVELOPMENT SCHEDULE**

Development Year	Number of Restaurants
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Year 1: (a) begins on the earlier of (i) the date your Training Store opens for business; and (ii) 9 months from the Effective Date (“the **Development Commencement Date**”); and (b) ends on the first December 31 to occur after the Development Commencement Date. Then, each Development Year begins on January 1 and ends on December 31.

No Applicants that are included in the sales process prior to the Effective Date of this Agreement will count towards your meeting the requirements of the Development Schedule.

**FIREHOUSE OF AMERICA, LLC**

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By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT “B”**  
**TO AREA REPRESENTATIVE AGREEMENT**  
**BETWEEN**  
**FIREHOUSE OF AMERICA, LLC**  
**AND**

---

**DATED \_\_\_\_\_, 20\_\_**

**FIREHOUSE OF AMERICA, LLC**  
**AREA REPRESENTATIVE AGREEMENT**  
**RENEWAL ADDENDUM**

This **RENEWAL ADDENDUM** (this “Addendum”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) regardless of the actual date of signature, between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or the “**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (collectively, “**you,**” “**your**” or the “**Area Representative**”) (you and we are sometimes collectively referred to as “**parties**” and each are sometimes separately referred to as a “**party**”) and amends the Area Representative Agreement between the parties dated effective as of \_\_\_\_\_ (the “**Agreement**”).

**Incorporation and Precedence.** This Addendum: (a) is an integral part of, and is incorporated into the Agreement; and (b) governs, controls and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement. Any references to the Agreement also include this Addendum, unless the context expressly provides otherwise.

**Status.** You have been operating a FIREHOUSE SUBS® Area Representative Business under the Area Representative Agreement with us dated \_\_\_\_\_, as amended (the “**Prior Agreement**”). The Prior Agreement expired \_\_\_\_\_, and you want to renew it in accordance with its terms. Consistent with the Prior Agreement, the parties are renewing by signing the Agreement (our current form) and modifying it pursuant to this Addendum.

**Renewal Fee.** There are currently \_\_\_ FIREHOUSE SUBS® Restaurants open and operating in your Territory (the “**Open Restaurants**”). Simultaneous with the Effective Date, you will pay us by wire transfer the renewal fee of \$ \_\_\_\_\_ (calculated according to the terms in the Prior Agreement; \_\_\_\_\_ x 5%).

**Renewal Term.** The Agreement is renewed as of the Effective Date and will continue for 5 years until the day before the 5<sup>th</sup> anniversary of the Effective Date (or \_\_\_\_\_, 20\_\_). All references to Term will mean the foregoing 5-year period. At the expiration of the Term, if you are not then in breach of the Agreement and satisfy all other conditions for renewal, then you may renew the Agreement for 1 subsequent renewal period of 5 years.

**Successor Schedule.** Exhibit A to the Agreement contains the mutually agreed upon Successor Schedule for the Term.

**Training Store.** During the Term, you must continue to own, operate and maintain at least 1 Training Store. You are not required to open any additional Training Stores except to replace one that is closed or sold.

**Training.** We will not be required to provide, and you will not be required to attend, Area Representative Training or the initial training that we provide to franchisees.

**Conditions.** This Addendum will not be effective and the Agreement will not be renewed unless, simultaneous with signing this Addendum:

**Releases:** you must sign and deliver to us a release in the form attached as Exhibit “A”;

**Guarantees:** Your principal owners must complete, sign and deliver to us our standard form of Principal Owner’s Guaranty and Principal Owner’s Statement and deliver to us true and complete copies of all your governing and organization documents; and

**Renewal Fee:** We have received payment in full of the renewal fee.

**Remaining Terms Unaffected:** The remaining terms of the Agreement are unaffected by this Addendum and remaining binding on the parties.

Intending to be bound, the parties to this Addendum now sign and deliver this Addendum in multiple counterparts.

**WE:**

**YOU:**

**FIREHOUSE OF AMERICA, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT "A"**  
**FORM OF RELEASE**

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**RELEASE**

**THIS RELEASE** is given by \_\_\_\_\_ and \_\_\_\_\_ and its predecessors, agents, affiliates, legal representatives, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the "**Area Representative**"), to **FIREHOUSE OF AMERICA, LLC** and all of its predecessors, directors, officers, shareholders, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the "**Franchisor**," "**we**," "**us**" or "**our**").

Effective on the date of this Release, the Area Representative forever releases and discharges us from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Area Representative now has or ever had against us, including without limitation, anything arising out of those certain Area Representative Agreement dated \_\_\_\_\_ (the "**Original Agreement**"), the area representative relationship between the Area Representative and us, and any other relationships between the Area Representative and us; except our continuing obligations under the Original Agreement accruing after the date of this Release. This Release is effective for: (a) any and all claims and obligations, including those of which the Area Representative is not now aware; and (b) all claims the Area Representative has from anything which has happened up to now.

The Area Representative is bound by this Release. The Area Representative freely and voluntarily gives this Release to us for good and valuable consideration and we acknowledge its receipt and sufficiency.

The Area Representative represents and warrants to us that it has not assigned or transferred to any other person any claim or right it had or now has relating to or against us.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, notwithstanding the actual date of signatures.

**IN WITNESS WHEREOF**, the undersigned executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 201\_\_,  
by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_, who is personally known to me or has produced  
\_\_\_\_\_ (type of identification) as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_

**EXHIBIT B-1 TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
FORM OF  
RENEWAL ADDENDUM**

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**FIREHOUSE OF AMERICA, LLC**  
**AREA REPRESENTATIVE AGREEMENT**  
**RENEWAL ADDENDUM**

This **RENEWAL ADDENDUM** (this “**Addendum**”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) regardless of the actual date of signature, between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or the “**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (collectively, “**you,**” “**your**” or the “**Area Representative**”) (you and we are sometimes collectively referred to as “**parties**” and each are sometimes separately referred to as a “**party**”) and amends the Area Representative Agreement between the parties dated effective as of \_\_\_\_\_ (the “**Agreement**”).

1. **Incorporation and Precedence.** This Addendum: (a) is an integral part of, and is incorporated into the Agreement; and (b) governs, controls and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement. Any references to the Agreement also include this Addendum, unless the context expressly provides otherwise.

2. **Status.** You have been operating a FIREHOUSE SUBS® Area Representative Business under the Area Representative Agreement with us dated \_\_\_\_\_, as amended (the “**Prior Agreement**”). The Prior Agreement expired \_\_\_\_\_, and you want to renew it in accordance with its terms. Consistent with the Prior Agreement, the parties are renewing by signing the Agreement (our current form) and modifying it pursuant to this Addendum.

3. **Renewal Fee.** There are currently \_\_\_ FIREHOUSE SUBS® Restaurants open and operating in your Territory (the “**Open Restaurants**”). Simultaneous with the Effective Date, you will pay us by wire transfer the renewal fee of \$\_\_\_\_\_ (calculated according to the terms in the Prior Agreement; \_\_\_\_\_ x 5%).

4. **Renewal Term.** The Agreement is renewed as of the Effective Date. It will continue for 5 years until it expires the day before the 5<sup>th</sup> anniversary of the Effective Date (or \_\_\_\_\_, 20\_\_). All references to Term will mean the foregoing 5-year period. At the expiration of the Term, if you are not then in breach of the Agreement and satisfy all other conditions for renewal, then: (a) if this is your first renewal, then you may renew the Agreement for 1 subsequent renewal period of 5 years; or (b) if this is not your first renewal, any renewal will be by mutual agreement.

5. **Successor Schedule.** Exhibit A to the Agreement contains the mutually agreed upon Successor Schedule for the Term.

6. **Training Store.** During the Term, you must continue to own, operate and maintain at least 1 Training Store. You are not required to open any additional Training Stores except to replace one that is closed or sold.

7. **Training.** We will not be required to provide, and you will not be required to attend, Area Representative Training or the initial training that we provide to franchisees.

8. **Conditions.** This Addendum will not be effective and the Agreement will not be renewed unless, simultaneous with signing this Addendum:

(a) **Releases:** you must sign and deliver to us a release in the form attached as Exhibit “A”;

(b) **Guarantees:** Your principal owners must complete, sign and deliver to us our standard form of Principal Owner’s Guaranty and Principal Owner’s Statement and deliver to us true and complete copies of all your governing and organization documents; and

(c) **Renewal Fee:** We have received payment in full of the renewal fee.

(9) **Remaining Terms Unaffected:** The remaining terms of the Agreement are unaffected by this Addendum and remaining binding on the parties.

Intending to be bound, the parties to this Addendum now sign and deliver this Addendum in multiple counterparts.

**WE:**

**YOU:**

**FIREHOUSE OF AMERICA, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT "A"**  
**TO RENEWAL ADDENDUM**  
**FORM OF RELEASE**

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**RELEASE**

**THIS RELEASE** is given by \_\_\_\_\_ and \_\_\_\_\_ and its predecessors, agents, affiliates, legal representatives, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the “**Area Representative**”), to **FIREHOUSE OF AMERICA, LLC** and all of its predecessors, directors, officers, shareholders, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the “**Franchisor**,” “**we**,” “**us**” or “**our**”).

Effective on the date of this Release, the Area Representative forever releases and discharges us from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Area Representative now has or ever had against us, including without limitation, anything arising out of those certain Area Representative Agreement dated \_\_\_\_\_ (the “**Prior Agreement**”), the area representative relationship between the Area Representative and us, and any other relationships between the Area Representative and us; except our continuing obligations under the Area Representative Agreement signed simultaneous with this Release accruing after the date of this Release. This Release is effective for: (a) any and all claims and obligations, including those of which the Area Representative is not now aware; and (b) all claims the Area Representative has from anything which has happened up to now.

The Area Representative is bound by this Release. The Area Representative freely and voluntarily gives this Release to us for good and valuable consideration and we acknowledge its receipt and sufficiency.

The Area Representative represents and warrants to us that it has not assigned or transferred to any other person any claim or right it had or now has relating to or against us.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, notwithstanding the actual date of signatures.

**IN WITNESS WHEREOF**, the undersigned executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 201\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_, who is personally known to me or has produced \_\_\_\_\_ (type of identification) as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
TRAINING PROGRAM WAIVER AND RELEASE**

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**FIREHOUSE SUBS®  
TRAINING PROGRAM  
WAIVER AND RELEASE**

I, \_\_\_\_\_, want to attend the initial training program offered by Firehouse of America, LLC (“FOA”) in order to be qualified to own, operate and/or manage a Firehouse Subs® Restaurant, pursuant to a franchise agreement between FOA and either me, my employer, or a company with which I am affiliated. To induce FOA to allow me to attend and participate in the initial training program, I agree, attest and acknowledge the following:

1. During the training program, I will receive hands-on training at a Firehouse Subs® Restaurant and through other training facilities during which I will operate food service equipment and supplies and, therefore, there is a risk of injury and harm.

2. I understand and acknowledge that I am not an employee of FOA or its affiliates for any purpose whatsoever.

3. Since I am not an employee of FOA, I will not be entitled to any workers compensation coverage from FOA or any of its affiliates (although I may be entitled to such coverage from my own employer).

4. I waive any right to sue for damages or other relief, and release any claim I may have against FOA and/or any of its affiliates, agents, officers and directors, for any claims, losses, damages, liabilities or obligations that arise out of any injury I suffer during and as a result of my undergoing the initial training program with FOA.

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

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**TABLE OF CONTENTS**

**AR MANUAL**

**MANUAL TABLE OF CONTENTS**

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**TOTAL PAGES IN MANUAL:** \_\_\_\_\_

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**PRINCIPAL OWNER'S GUARANTY**



**PRINCIPAL OWNER'S GUARANTY**

This Guaranty must be signed by the principal owners (referred to as “you” for purposes of this Guaranty only) of (the “**Business Entity**”) under the Area Representative Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Representative Agreement**”) with **FIREHOUSE OF AMERICA, LLC** (“us,” or “our” or “we”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Area Representative Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Representative Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Area Representative Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Area Representative Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Area Representative Agreement and, if required by the Area Representative Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Area Representative Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Area Representative Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Duval County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts and agrees to be bound by the arbitration provisions of the Agreement.

Each of you now sign and deliver this Guaranty effective as of the date of the Area Representative Agreement regardless of the actual date of signature.

**PERCENTAGE OF OWNERSHIP  
INTEREST IN BUSINESS ENTITY**

**GUARANTORS**

\_\_\_\_\_  
\_\_\_\_\_  
DATE \_\_\_\_\_

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

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**FORM OF  
PRINCIPAL OWNER'S STATEMENT**

## PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Area Representative Entity (“**Area Representative**”) if Area Representative has multiple owners or if Area Representative is owned by another/other business organization (such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Area Representative Agreement to Area Representative.

1. **Form of Owner.** Area Representative is a (check one):

- (a) General Partnership
  - (b) Corporation
  - (c) Limited Partnership
  - (d) Limited Liability Company
  - (e) Other
- Specify: \_\_\_\_\_

2. **Business Entity.** Area Representative was incorporated or form on \_\_\_\_\_, \_\_\_\_\_ (date), under the laws of the State of \_\_\_\_\_. Area Representative has not conducted business under any name other than this corporation, limited liability company or partnership name and \_\_\_\_\_ (Entity Name) . The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) relative to Area Representative and their positions are listed below:

Name of Person	Position(s) Held

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

Owner’s Name and Address	Description of Interest	% of Ownership

3. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization of Area Representative (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Owner's Statement is current and complete as of \_\_\_\_\_, 20\_\_.

**AREA REPRESENTATIVE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OWNERS:**

**Individuals:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

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

**Corporation, Limited Liability Company or Partnership:**

\_\_\_\_\_  
(Name of Entity)

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

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

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

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

\_\_\_\_\_  
(Name of Entity)

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

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

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

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

\_\_\_\_\_  
(Name of Entity)

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

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

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

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

\_\_\_\_\_  
(Name of Entity)

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

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

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

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**LIST OF  
AREA REPRESENTATIVES  
AS OF DECEMBER 27, 2020**

**LIST OF AREA REPRESENTATIVES AS OF DECEMBER 27, 2020**

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
ARIZONA	Arizona Leadership Group, LLC Scott Friedman	6100 South Maple Avenue, Suite 117	Tempe	AZ 85283	(480) 236-1542 SFriedman@firehousesubs.com
CALIFORNIA	JASS Of Northern California Development Group, LLC Scott Kinner	41804 Mission Cielo Court	Fremont	CA 94539	(510) 673-4785 Scott.Kinner@firehousesubs.com
CALIFORNIA	P & F Development Group, LLC Jeff Press Jim Fick Jennifer Press Julie Fick	24518 Wayman Street	Newhall	CA 91321	(661) 755-0711 Jeff.Press@firehousesubs.com Jim.Fick@firehousesubs.com Jennifer.Press@firehousesubs.com Julie.Fick@firehousesubs.com
COLORADO	G&G Associates, LLC Bruce Gerstein Gary Gonzalez	9472 Winding Hill Way	Lone Tree	CO 80124	(850) 556-2590 (803) 479-6175 BGerstein@firehousesubs.com GGonzalez@firehousesubs.com
DISTRICT OF COLUMBIA	Lowe Area Management, Inc. Daniel Lowe Lindsay Lowe (See Listing Under Virginia)				
FLORIDA	One Fired Up Group, LLC Ted Tallman	9562 Campi Drive	Lake Worth	FL 33467	(561) 714-7260 TTallman@firehousesubs.com
FLORIDA (Territory WI)	Badger Development Group, LLC	200 First Street, Suite 204	Neptune Beach	FL 32266	(231) 633-2788 Eric.Erwin@firehousesubs.com Bobbie.Erwin@firehousesubs.com

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
	Eric Erwin Barbara Erwin				
IDAHO	The Incendia Group, LLC Randy Judd (See Listing Under Utah)				
ILLINOIS	LaddAr Works, Inc. Samuel Stanovich Carmia Stanovich	356 Shenstone Road	Riverside	IL 60546	(708) 359-1911 Sam.Stanovich@firehousesubs.com Carmia.Stanovich@firehousesubs.com
INDIANA	LaddAr Works, Inc. Samuel Stanovich Carmia Stanovich (See Listing Under Illinois)				
INDIANA	Boiler Brothers Too, Inc. Mark Adams Jerry Adams	3726 White Cliff Way	Whitestown	IN 46075	(317) 517-7339 Madams@firehousesubs.com JAdams@firehousesubs.com
IOWA	Top Line Restaurant Management, Inc. Thomas Davis Zachary Davis Brian Blair Kelly Davis (See Listing under Nebraska)				
KANSAS	GregWhitney's Enterprises, Inc David Johnson Jean Ann Johnson (See Listing Under Missouri)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
LOUISIANA	Bayou Skid Unit, LLC Lewis Shawn McWaters Annette McWaters	18324 Esterbrook Road	Ponchatoula	LA 70454	(985) 662-9183 SMcWaters@firehousesubs.com AMcWaters@firehousesubs.com
MAINE	Cousins AR, LLC Robert Baldacci Elizabeth Baldacci	5 Pine Lane	Cumberland Foreside	ME 04110	(207) 756-2063 Robert.Baldacci@firehousesubs.com Elizabeth.Baldacci@firehousesubs.com
MARYLAND	K&N Liggett, LLC Matthew Liggett Kelly Liggett (See Listing Under Ohio)				
MARYLAND	Lowe Area Management, Inc. Daniel Lowe Lindsay Lowe (See Listing Under Virginia)				
MASSACHUSETTS	Cousins AR, LLC Robert Baldacci Elizabeth Baldacci (See Listing Under Maine)				
MICHIGAN	Spark Developments, Inc. John Kupiec	9221 Creekwood Lake Trail	Grand Blanc	MI 48439	(810) 240-0443 John.Kupiec@firehousesubs.com
MINNESOTA	TRM Business Ventures, Inc. Ronald Harris	4747 Fremont Avenue North	Minneapolis	MN 55430	(847) 863-1414 Ron.Harris@firehousesubs.com
MISSOURI	GregWhitney's Enterprises, Inc David Johnson Jean Ann Johnson	14209 Northeast 154th Street	Kearney	MO 64060	(816) 682-9469 DJohnson@firehousesubs.com JeanAnn.Johnson@firehousesubs.com



<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
MISSOURI	LBF2, LLC Michael Domico	647 Spyglass Summit	Chesterfield	MO 60317	(618) 305-9639 MDomico@firehousesubs.com
NEBRASKA	G&G Associates, LLC Bruce Gerstein Gary Gonzalez (See Listing under Colorado)				
NEBRASKA	Top Line Restaurant Management, Inc. Thomas Davis Zachary Davis Brian Bair Kelly Davis	18431 Thayer Street	Bennington	NE 68007	(402) 650-8610 Tom.Davis@firehousesubs.com Zachary.Davis@firehousesubs.com Brian.Bair@firehousesubs.com
NEW MEXICO	G&G Associates NM, LLC Bruce Gerstein Gary Gonzalez Rina Vieweg	9472 Winding Hill Way	Lone Tree	CO 80124	(850) 556-2590 (803) 479-6175 (720) 480-3998 BGerstein@firehousesubs.com GGonzalez@firehousesubs.com Rina.Vieweg@firehousesubs.com
NEW YORK	K&N Liggett, LLC Matthew Liggett Kelly Liggett (See Listing under Ohio)				
OHIO	Smokey One, Inc. Charles Fryman	5139 Chukker Point Lane	Cincinnati	OH 45244	(317) 694-2005 CFryman@firehousesubs.com
OHIO	K&N Liggett, LLC Matthew Liggett Kelly Liggett	13940 Mystic Rock Road	Columbiana	OH 44408	(724) 822-2244 Matt.Liggett@firehousesubs.com Kelly.Liggett@firehousesubs.com

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
OHIO	Belle Restaurant Group, Inc. Paul D. Belle Sheryl Belle	8177 Dolman Drive	Powell	OH 43065	(703) 728-5669 PDBelle@firehousesubs.com Sheryl.Belle@firehousesubs.com
OREGON	Pacific Northwest Development Group, LLC Maryellen Mech (See Listing Under Washington)				
PENNSYLVANIA	K&N Liggett, LLC Matthew Liggett Kelly Liggett (See Listing Under Ohio)				
PENNSYLVANIA	R&R Area Development of Philadelphia, Inc. Robert Lowe	2003 West Street Road	West Chester	PA 19382	(302) 332-0020 Bob.Lowe@firehousesubs.com
PUERTO RICO	Latin America Subs, LLC Aniceto Solares Josue Hernandez	Carr. 5, Catano, Puerto Rico 00962	Catano	PR 00962	(787) 474-7913 Aniceto.Solares@firehousesubs.com Josue.Hernandez@firehousesubs.com
TEXAS	Grayjack Development, LLC Ollie Wilkins	4507 103rd Street	Lubbock	TX 79424	(806) 786-9031 OWilkins@firehousesubs.com
TEXAS	Houston Restaurant Group, LLC Michael McCown	17207 Sky Haven	Tomball	TX 77377	<a href="tel:(832)877-6538">(832) 877-6538</a> <a href="mailto:MMcCown@firehousesubs.com">MMcCown@firehousesubs.com</a>
TEXAS	Franklin Restaurant Group, LLC Ryan Franklin	987 Lehigh Lane	Allen	TX 75013	(214) 843-5096 <a href="mailto:Ryan.Franklin@firehousesubs.com">Ryan.Franklin@firehousesubs.com</a> \

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
UTAH	The Incendia Group, LLC Randy Judd	3411 West Sapporo Circle	Taylorville	UT 84129	<a href="tel:8012015811">(801) 201-5811</a> <a href="mailto:RJudd@firehousesubs.com">RJudd@firehousesubs.com</a>
VIRGINIA	Lowe Area Management, Inc. Daniel Lowe Lindsay Lowe	44368 Stone Roses Circle	Ashburn	VA 20147	(703) 731-6013 DLowe@firehousesubs.com LLowe@firehousesubs.com
WASHINGTON	Pacific Northwest Development Group, LLC Maryellen Mech	3605 NW 26th Avenue	Camas	WA 98607	(360) 823-9752 Maryellen.Mech@firehousesubs.com
WEST VIRGINIA	K&N Liggett, LLC Matthew Liggett Kelly Liggett (See Listing under Ohio)				
WISCONSIN	Badger Development Group, LLC Eric Erwin Barbara Erwin (See Listing Under Florida)				
WISCONSIN	TRM Business Ventures, Inc. Ronald Harris (See Listing Under Minnesota)				

## **EXHIBIT H TO THE DISCLOSURE DOCUMENT**

### **AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM**

The following is a list of name, city and state, and telephone number of the Area Representatives who had an area representative business terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending December 29, 2019, or who have not communicated with us within 10 weeks of October 15, 2021.

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>ALABAMA</b>	CLH Development, Inc. Christopher C. Holmes Lisa Holmes (See Listing Under Florida)				
<b>ALABAMA</b>	JCCP Incorporated James Broscius Cheryl Broscius (See Listing Under Florida)				
<b>ALABAMA</b>	Brushfire Holdings, LLC David Conklin	2542 Blackridge Cover	Hoover	AL 35244	(863) 528-4824 DConklin@firehousesubs.com
<b>ARIZONA</b>	G&G Associates, LLC Bruce Gerstein Gary Gonzalez (See Listing Under Colorado)				
<b>ARIZONA</b>	P & F Development Group, LLC Jeff Press Jim Fick Jennifer Press Julie Fick (See Listing Under California)				
<b>ARKANSAS</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell	506 Little Creek Cutoff	Sheridan	AR 72150	(501) 412-1334 JMaxwell@firehousesubs.com
<b>CONNECTICUT</b>	Heritage Restaurant Development, Inc. Ever Santana (see Listing Under New Jersey)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>FLORIDA</b>	Brymar Holdings, LLC Bryan Paquin Maria Paquin Bryan Paquin, Jr.	1867 Indian River Drive	Fleming Island	FL 32003	(904) 591-7581 (843) 685-5656 BPaquin@firehousesubs.com MPaquin@firehousesubs.com BJPaquinJr@firehousesubs.com
<b>FLORIDA</b>	Gulf Restaurant Holdings, LLC Richard Taylor Michael T. Kelly	3100 Crieghton Landing Road	Fleming Island	FL 32002	(904) 813-8436 RTaylor@firehousesubs.com MKelly@firehousesubs.com
<b>FLORIDA</b>	Wildfire Development Group LLC Richard Taylor Michael T. Kelly	3100 Crieghton Landing Road	Fleming Island	FL 32002	(407) 948-7928 (904) 813-8436 RTaylor@firehousesubs.com MKelly@firehousesubs.com
<b>FLORIDA</b>	JCCP Incorporated James Broschious Cheryl Broschious	284 Plantation Hill	Gulf Breeze	FL 32561	(850) 982-0323 JBroschious@firehousesubs.com
<b>FLORIDA</b>	Coastal Restaurant Development, LLC Richard Taylor Michael T. Kelly Denise Miller	8153 Cypress Hollow Court	Sanford	FL 32771	(407) 948-7928 RTaylor@firehousesubs.com MKelly@firehousesubs.com DMiller@firehousesubs.com
<b>FLORIDA</b>	CLH Development, Inc. Christopher C. Holmes Lisa Holmes	3018 Kimmer Rowe Drive	Tallahassee	FL 32309	(850) 567-5171 (850) 567-5172 CHolmes@firehousesubs.com Lisa.Holmes@firehousesubs.com
<b>GEORGIA</b>	Brymar Holdings, LLC Bryan Paquin Maria Paquin Bryan Paquin, Jr. (See Listing Under Florida)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>GEORGIA</b>	CLH Development, Inc. Christopher C. Holmes Lisa Holmes (See Listing Under Florida)				
<b>GEORGIA</b>	Southeastern Interstate Group, LLC Timothy K. Goss Shawn Hooks William Mitchell (See Listing Under North Carolina)				
<b>GEORGIA</b>	Get Toasted, Inc. Shawn Hooks	411 Ridgewater Drive	Marietta	GA 30068	(904) 626-5922 SHooks@firehousesubs.com
<b>IDAHO</b>	The Incendia Group, LLC Randy Judd (See Listing Under Utah)				
<b>ILLINOIS</b>	Boiler Brothers Too, Inc. Mark Adams Jerry Adams (See Listing Under Indiana)				
<b>IOWA</b>	Boiler Brothers Too, Inc. Mark Adams Jerry Adams (See Listing Under Indiana)				
<b>KANSAS</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>KANSAS</b>	RBH Firehouse Enterprises, LLC James Costello (See Listing under Oklahoma)				
<b>KANSAS</b>	Top Line Restaurant Management, Inc. Thomas Davis Brian Bair Kelly Davis (See Listing under Nebraska)				
<b>KENTUCKY</b>	Boiler Brothers Too, Inc. Mark Adams Jerry Adams (See Listing Under Indiana)				
<b>KENTUCKY</b>	Fire Hydrant Management, LLC Michael Pietrzyk Christopher M. Pietrzyk (See Listing under Virginia)				
<b>LOUISIANA</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing Under Arkansas)				
<b>LOUISIANA</b>	Bayou Skid Unit, LLC Lewis Shawn McWaters Annette McWaters	18324 Esterbrook Road	Ponchatoula	LA 70454	(985) 662-9183 SMcWaters@firehousesubs.com AMcWaters@firehousesubs.com



<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>MICHIGAN</b>	Boiler Brothers Too, Inc. Mark Adams Jerry Adams (See Listing Under Indiana)				
<b>MISSISSIPPI</b>	3-M Skid Unit, LLC Lewis Shawn McWaters Annette McWaters (See Listing Under Louisiana for Bayou Skid Unit, LLC)				
<b>MISSISSIPPI</b>	Brushfire Holdings, LLC David Conklin (See Listing under Alabama)				
<b>MISSISSIPPI</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				
<b>MISSISSIPPI</b>	JCCP Incorporated James Broschious Cheryl Broschious (See Listing under Florida)				
<b>MISSOURI</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>MISSOURI</b>	Top Line Restaurant Management, Inc. Thomas Davis Zachary David Brian Bair Kelly Davis (See Listing Under Nebraska)				
<b>NEBRASKA</b>	RBH Firehouse Enterprises, LLC James Costello (See Listing Under Oklahoma)				
<b>NEW JERSEY</b>	Heritage Restaurant Development, Inc. Ever Santana	360 US Highway Route 46 East, Suite 1	Totowa	NJ 07512	(937) 237-1320 Ever.Santana@firehousesubs.com
<b>NEW YORK</b>	Heritage Restaurant Development, Inc. Ever Santana (See Listing under New Jersey)				
<b>NORTH CAROLINA</b>	Brymar Holdings, LLC Bryan Paquin Maria Paquin Bryan Paquin, Jr. (See Listing Under Florida)				
<b>NORTH CAROLINA</b>	Fire Hydrant Management, LLC Michael Pietrzyk Christopher M. Pietrzyk (See Listing under Virginia)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>NORTH CAROLINA</b>	Get Toasted, Inc. Shawn Hooks (See Listing Under Georgia)				
<b>NORTH CAROLINA</b>	Progressive Restaurant Group, Inc. Timothy K. Goss	903 Carisbrooke Lane	Waxhaw	NC 28173	(704) 576-6919 TGoss@firehousesubs.com
<b>NORTH CAROLINA</b>	Southeastern Interstate Group, LLC Timothy K. Goss Shawn Hooks William Mitchell	903 Carisbrooke Lane	Waxhaw	NC 28173	(704) 576-6919 TGoss@firehousesubs.com SHooks@firehousesubs.com BMitchell@firehousesubs.com
<b>NORTH DAKOTA</b>	Top Line Restaurant Management, Inc. Thomas Davis Zachary Davis Brian Bair Kelly Davis	18431 Thayer Street	Bennington	NE 68007	(402) 650-8610 Tom.Davis@firehousesubs.com Zachary.Davis@firehousesubs.com Brian.Bair@firehousesubs.com
<b>OHIO</b>	Boiler Brothers Too, Inc. Mark Adams Jerry Adams (See Listing Under Indiana)				
<b>OHIO</b>	Fire Hydrant Management, LLC Michael Pietrzyk Christopher M. Pietrzyk (See Listing Under Virginia)				
<b>OKLAHOMA</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>OKLAHOMA</b>	RBH Firehouse Enterprises, LLC James Costello	2309 Forest Road Circle	Norman	OK 73026	(405) 206-7127 Jim.Costello@firehousesubs.com
<b>SOUTH CAROLINA</b>	Brymar Holdings, LLC Bryan Paquin Maria Paquin Bryan Paquin, Jr. (See Listing Under Florida)				
<b>SOUTH CAROLINA</b>	Southeastern Interstate Group, LLC Timothy K. Goss Shawn Hooks William Mitchell (See Listing under North Carolina)				
<b>SOUTH CAROLINA</b>	Carolina Sub House, LLC William Mitchell	174 East Main Street, Suite 501	Spartanburg	SC 29306	(864) 706-3441 <a href="mailto:BMitchell@firehousesubs.com">BMitchell@firehousesubs.com</a>
<b>SOUTH CAROLINA</b>	Progressive Restaurant Group, Inc. Timothy K. Goss (See Listing Under North Carolina)				
<b>SOUTH DAKOTA</b>	Top Line Restaurant Management, Inc. Thomas Davis Zachary Davis Brian Bair Kelly Davis	18431 Thayer Street	Bennington	NE 68007	(402) 650-8610 Tom.Davis@firehousesubs.com Zachary.Davis@firehousesubs.com Brian.Bair@firehousesubs.com
<b>TENNESSEE</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				

<b>PRINCIPAL BUSINESS STATE</b>	<b>AREA REPRESENTATIVE NAME</b>	<b>MAILING STREET ADDRESS</b>	<b>MAILING CITY ADDRESS</b>	<b>MAILING ADDRESS STATE AND ZIP</b>	<b>TELEPHONE NUMBER AND EMAIL ADDRESS</b>
<b>TENNESSEE</b>	Southeastern Interstate Group, LLC Timothy K. Goss Shawn Hooks William Mitchell (See Listing under North Carolina)				
<b>TEXAS</b>	CMJ Restaurants of Arkansas, Inc. Jim Maxwell (See Listing under Arkansas)				
<b>TEXAS</b>	Austin on Fire, LLC William Krassner	1540 Cypress Creek Road, Suite 104	Cedar Park	TX 78613	(512) 577-0075 BKrassner@firehousesubs.com
<b>VIRGINIA</b>	Fire Hydrant Manager, Inc. Michael Pietrzyk Christopher M. Pietrzyk	2450 Mountain View Road	Vinton	VA 24179	(540) 353-7829 MPietrzyk@firehousesubs.com CPietrzyk@firehousesubs.com
<b>WEST VIRGINIA</b>	Fire Hydrant Management, LLC Michael Pietrzyk Christopher M. Pietrzyk (See Listing under Virginia)				
<b>WYOMING</b>	G&G Associates, LLC Bruce Gerstein Gary Gonzalez (See Listing under Colorado)				
<b>WYOMING</b>	The Incendia Group, LLC Randy Judd (See Listing Under Utah)				

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**AREA REPRESENTATIVE COMPLIANCE CERTIFICATION**

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**FORM OF AREA REPRESENTATIVE COMPLIANCE CERTIFICATION**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Area Representative Agreement, Development Agreement and/or Franchise Agreement.** Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. You had your first face-to-face meeting with our representative on: \_\_\_\_\_, 20\_\_.
2. Have you received and personally reviewed our Area Representative Agreement, Franchise Agreement and/or Development Agreement, and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Did you receive the Area Representative Agreement, Franchise Agreement and/or Development Agreement, and each related agreement, containing all material terms, at least 7 days before signing any binding agreement (other than any deposit agreement) with us or an affiliate?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

\* This does not include changes to any agreement arising out of negotiations you initiated with us.

4. Do you understand all of the information contained in the Area Representative Agreement, Franchise Agreement and/or Development Agreement, and each Addendum (if any) and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Area Representative Agreement, Franchise Agreement, Development Agreement, Addendum (if any) and/or related agreements do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”) that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you receive the FDD at least 14 days before signing the Area Representative Agreement, Franchise Agreement, Development Agreement, this document or any related agreement, or before paying any funds to us or an affiliate?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

9. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Have you discussed the benefits and risks of purchasing a FIREHOUSE SUBS® franchise with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Do you understand that the success or failure of your FIREHOUSE SUBS® franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a FIREHOUSE SUBS® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a FIREHOUSE SUBS® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_



14. 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 FIREHOUSE SUBS® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. 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 the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. If you have answered “Yes” to any one of questions 12-15, please provide a full explanation of each “Yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

17. Do you understand that the Area Representative Agreement, Franchise Agreement, Development Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the FIREHOUSE SUBS® franchise, meaning that any prior oral or written statements not set out in the Area Representative Agreement, Franchise Agreement, Development Agreement, Addendum (if any) or related agreements will not be binding?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

\* Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

18. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Area Representative Agreement, Franchise Agreement, Development Agreement, Addendum (if any) and related agreements can be relied upon?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. You signed the Area Representative Agreement, Franchise Agreement and/or Development Agreement, and Addendum (if any) and related agreements on \_\_\_\_\_, 20\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by us.

*[Signature Page Follows]*

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the “**Area Representative Applicant**” constitute all of the executive officers, partners, shareholders, investors and/or principals of the Area Representative Applicant, or constitute the duly authorized representatives or agents of the foregoing.

AREA REPRESENTATIVE APPLICANT:

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Date \_\_\_\_\_, 200\_\_

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Date \_\_\_\_\_, 200\_\_

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Date \_\_\_\_\_, 200\_\_

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Date \_\_\_\_\_, 200\_\_

*[Signature Page to FIREHOUSE SUBS® Franchise Compliance Certification]*

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

**STATE SPECIFIC  
RIDERS AND ADDENDA**

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
FIREHOUSE OF AMERICA, LLC  
STATE OF CALIFORNIA**

The following paragraphs are added to the Disclosure Document:

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 BUSINESS OVERSIGHT at [www.dbo.ca.gov](http://www.dbo.ca.gov).

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under Franchise Investment Law (California Corporations 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).

Neither the franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration is to occur at the office of the American Arbitration Association in Jacksonville, Florida with costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Prospective area representatives 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.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that associate or exchange.

You must sign a general release if you renew or transfer your area representative business. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations 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).

No California prospective area representative will be required to complete and sign our Franchise Compliance Certificate as set forth in Exhibit "I,"

No California prospective franchisee will be provided with the Receipt of Franchise-Related Documents as set forth in Exhibit "L."

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

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**ILLINOIS**

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
FIREHOUSE OF AMERICA, LLC  
STATE OF ILLINOIS**

The following is added to Item 17:

Franchisees' rights upon termination and non-renewal of this area representative agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

**ILLINOIS**

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (referred to in this Rider as “**you**” or “**your**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Buyout Option.** Section 22 of the Area Representative Agreement is deleted in its entirety.

3. **Termination.** The following is added to Section 19 of the Agreement:

The conditions under which this franchise can be terminated and your rights upon non-renewal of this agreement are set forth in Illinois law at 815 ILCS 705/19 and 20.

4. **Governing Law and Jurisdiction.** Sections 25(n) and (o) of the Agreement is amended by adding the following:

Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that a franchise agreement may provide for arbitration in a forum outside of Illinois.

5. **Waiver.** Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Act or any other law of Illinois is void.

Intending to be bound, the parties sign this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“**US**”  
**FIREHOUSE OF AMERICA, LLC**

“**YOU**”

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider is entered into this \_\_\_\_\_, 201\_\_\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (referred to in this Rider as “**you**” or “**your**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 7 of the Agreement:

The conditions under which this franchise can be terminated and the parties’ rights on termination may be affected by Illinois law, 815 ILCS 705/1-44.

3. **Limitation of Claims.** The following is added to Section 93.6 of the Agreement:

No action can be maintained to enforce any liability created by the Illinois Franchise Disclosure Law (the “**Illinois Act**”) unless brought before the earlier of (i) the expiration of 3 years from the act or transaction constituting the violation upon which such action is based; (ii) the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Illinois Act; or (iii) 90 days after delivery to you of a written notice disclosing the violation.

4. **Governing Law and Jurisdiction.** Sections 9.7 and 9.8 of the Agreement are amended by adding the following:

All matters coming under the Illinois Act will be governed by the Illinois Act. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois for all matters coming under the Illinois Act.

5. **Waiver of Jury Trial.** Section 9.9 of the Agreement is deleted in its entirety.

6. **No Waiver.** Be advised that nay condition, stipulation, or provision purporting to bind any person requiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Law or any other law of Illinois is void.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“**US**”  
**FIREHOUSE OF AMERICA, LLC**

“**YOU**”

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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



**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
MARYLAND DISCLOSURE DOCUMENT**

1. Item 17 is amended by adding the following language after the table:
  - (a) You may sue in Maryland for claims arising under the Maryland franchise registration and disclosure law (the “**Maryland Law**”). Any claims arising under the Maryland law must be brought within 3 years after the grant of the franchise.
  - (b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)
  - (c) Pursuant to COMAR 02.02.08.16L, any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland law.
2. Our Standard Form of Release is attached to this Addendum.

**FORM OF RELEASE**

The following is our current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

THIS RELEASE is given by \_\_\_\_\_ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the “**Franchisee**”), to FIREHOUSE OF AMERICA, LLC and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the “**Franchisor**”).

Effective on the date of this Release, the Franchisee forever releases and discharges the Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Franchisee now has or ever had against the Franchisor, including without limitation, anything arising out of that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor; except the Franchisor’s obligations under the \_\_\_\_\_ Agreement dated effective \_\_\_\_\_. This Release is effective for: (a) any and all claims and obligations, including those of which the Franchisee is not now aware; and (b) all claims the Franchisee has from anything which has happened up to now.

The Franchisee is bound by this Release. The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency.

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

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

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this , 200 \_\_. , by \_\_\_\_\_, who is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
My Commission Expires: \_\_\_\_\_

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN MARYLAND**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**we**,” “**us**” or “**our**”), and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law (“**Maryland Law**”).

3. **Jurisdiction.** Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

4. **Limitation on Claims.** Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Maryland Law. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

5. **General Release.** No general release required as a condition of renewal, sale and/or assignment or transfer will apply to any liability arising under Maryland Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“**US**”  
**FIREHOUSE OF AMERICA, LLC**

“**YOU**”

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE COMPLIANCE CERTIFICATION  
FOR USE IN MARYLAND**

The following is added to the Area Representative Compliance Certification:

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.

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
MINNESOTA DISCLOSURE DOCUMENT**

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 (any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or 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 requires (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 a 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.

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

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN MINNESOTA**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. 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 94 (2) franchisee’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which requires (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.

4. 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.

5. Minnesota considers it unfair to not protect a franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

6. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

7. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

9. The Limitation of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“US”**

**“YOU”**

**FIREHOUSE OF AMERICA, LLC**

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

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

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

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

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

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

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
NEW YORK DISCLOSURE DOCUMENT**

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 FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
NORTH DAKOTA DISCLOSURE DOCUMENT**

1. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

“Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements and sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).”

2. The Summary column of Item 17 paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location.

4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in Duval County, Florida.

5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, the law of Florida (subject to state law).\*

6. The Franchisee is not required to waive jury trial for any matters coming under ND Law.

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN NORTH DAKOTA**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Covenants Not to Compete.** Covenants not to compete, such as those mentioned in 17.4, are generally unenforceable in the State of North Dakota.

3. **Governing Law.** All matters coming under ND Law will be governed by North Dakota law and brought in courts of competent jurisdiction in North Dakota.

4. **Agreements/Releases.** You will not be required to sign a General Release for any matter which may arise under ND Law.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“**US**”  
**FIREHOUSE OF AMERICA, LLC**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
RHODE ISLAND DISCLOSURE DOCUMENT**

The following sentence is added to Item 17 (v) and (w): A provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
VIRGINIA DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Act, the following is added to Item 17.h:

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

Item 17(o) is amended to include the following:

Section 22, Buyout Option, of the Area Representative Agreement is in violation of Section 13.1-564 of the Virginia Retail Franchising Act, and is not enforceable.

**ADDENDUM TO THE  
FIREHOUSE OF AMERICA, LLC  
WASHINGTON DISCLOSURE DOCUMENT**

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.

Like most franchise companies, our standard franchise and area representative agreements (the "**Agreements**") contain a restriction on franchise owners hiring employees from us, our affiliates, or another franchisee (the "**Hiring Restriction**"). This limited Hiring Restriction was intended to promote franchisee investment in training their employees and bolstering the promotion of franchisee employees,

among other reasons. Unfortunately, after allegations of misuse of similar provisions by some other franchise chains resulting in negative publicity and class-action lawsuits, and despite contrary legal authority, these types of provisions have created uncertain legal risk. Although we believe that the limited Hiring Restriction in the Agreements is both lawful and beneficial, we have agreed to adopt a policy to no longer enforce it. In doing so, even though no lawsuit or legal proceeding was filed or pending, we also entered into an Assurance of Discontinuance (the “**AOD**”) with the Attorney General of the State of Washington. *In Re: Franchise No Poaching Provisions (Firehouse of America, LLC)*, No. 18-2-25828-6 SEA (Wash. King County Superior Court Oct. 16, 2018). In the AOD, we agreed to remove the Hiring Restriction in our Agreements going forward; not enforce it nationwide; and provide formal amendments to remove it from our existing Agreements in the State of Washington. In the AOD, we expressly denied that there was any violation of law and entered into the AOD to avoid protracted and expensive litigation. Furthermore, in accordance with Washington law, neither the AOD nor its terms are construed as an admission of law, fact, liability, misconduct or wrongdoing on our part or of any of our current or former franchisees.

**RIDER TO  
FIREHOUSE OF AMERICA, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN WASHINGTON**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **FIREHOUSE OF AMERICA, LLC**, a Florida limited liability company, with its principal business address at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act.** 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“US”**

**FIREHOUSE OF AMERICA, LLC**

**“YOU”**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**EXHIBIT K TO THE DISCLOSURE DOCUMENT**

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

Our registered agent in the State of Florida is:

Cogency Global Inc.  
115 North Calhoun Street, Suite 4  
Tallahassee, Florida 32301

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	Commissioner of Department of Financial Protection and Innovation
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 1000 (212) 416-8236	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219

<b>STATE</b>	<b>STATE REGULATORY AGENCY</b>	<b>AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY</b>
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

**EXHIBIT L TO THE DISCLOSURE DOCUMENT**

**RECEIPT FOR FRANCHISE-RELATED DOCUMENTS**

**RECEIPT OF FRANCHISE-RELATED DOCUMENTS**

The undersigned, personally and/or as an officer or partner of the proposed Area Representative, does hereby acknowledge receipt of the following documents, in form for execution, relating to the franchise as an Area Representative of Firehouse of America, LLC:

- (1) Area Representative Agreement.
- (2) Renewal Addendum
- (3) Training Program Waiver and Release
- (4) Principal Owner's Guaranty.
- (5) Principal Owner's Statement.
- (6) Area Representative Compliance Certificate
- (7) State Specific Rider (check if applies):
- (8) Other (specify):

(Proposed Area Representative must initial the box adjacent to the applicable document.)

I further acknowledge my understanding that it is my responsibility, individually and/or as an officer or partner of the proposed Area Representative, to review all such documents so that I am fully familiar with the transaction contemplated thereby prior to the execution thereof.

DATED: \_\_\_\_\_

A FEDERAL TRADE COMMISSION RULE REQUIRES THAT WE PROVIDE YOU WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST 7 DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL 7 DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

\_\_\_\_\_  
\_\_\_\_\_ individually  
and/or as an officer or partner of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ a ( corporation)  
( \_\_\_\_\_ partnership)  
NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_ individually  
and/or as an officer or partner of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ a ( corporation)  
( \_\_\_\_\_ partnership)  
NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT M TO THE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**



### **State Effective Dates**

The following states have franchise laws that require 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:

<b>State</b>	<b>Effective Date</b>
California	Effective _____, 2021
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	Effective _____, 2021
Minnesota	Effective _____, 2021
New York	Effective _____, 2021
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	Effective _____, 2021

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 N TO THE DISCLOSURE DOCUMENT**

**RECEIPTS**



**RECEIPT**

This Disclosure Document summarizes certain provisions of the Area Representative Agreement, Franchise Agreement and the Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If FIREHOUSE OF AMERICA, LLC offer you a franchise, we 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. 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 any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If FIREHOUSE OF AMERICA, LLC, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit "K" to this disclosure document).

The franchisor is Firehouse of America, LLC, 3410 located at 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258. Its telephone number is (904) 886-8300.

We authorize the respective state agencies identified on Exhibit "K" to receive service of process for us if we are registered in the particular state.

Issuance Date: October 15, 2021

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Gregory P. Delks	12735 Gran Bay Parkway, Suite 150 Jacksonville, Florida 32258	(904) 886-8300

I received a disclosure document dated October 15, 2021 (the state effective dates are listed on the pages preceding the table of contents). The disclosure document included the following Exhibits:

- A. Financial Statements
- B. Form of Area Representative Agreement
- B-1 Form of Renewal Addendum
- C. Form of Training Program Waiver And Release
- D. Manuals Table of Contents
- E. Form of Principal Owner's Guaranty
- F. Form of Principal Owner's Statement
- G. List of Area Representatives
- H. List of Area Representatives Who Have Left the System
- I. Form of Area Representative Compliance Certificate
- J. State Specific Riders and Addenda
- K. State Agencies and Agents to Receive Service of Process
- L. Receipt for Franchise-Related Documents
- M. State Effective Dates
- N. Receipts

Dated: \_\_\_\_\_

\_\_\_\_\_  
Individually and as an Officer

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

Of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Partnership)  
(a \_\_\_\_\_ Limited Liability Company)

(Keep this page for your records)



**RECEIPT**

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Dated: \_\_\_\_\_

\_\_\_\_\_  
Individually and as an Officer

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

Of \_\_\_\_\_  
(a) \_\_\_\_\_ Corporation)  
(a) \_\_\_\_\_ Partnership)  
(a) \_\_\_\_\_ Limited Liability Company)

(Sign and return this Page)