

APR 25 2013

**Seller Financing** LAS Acquisition may, but is not required to, finance a portion of the purchase price for an Operating Restaurant that it believes is appropriate under the circumstances if you purchase an Operating Restaurant from LAS Acquisition under our current Asset Purchase Agreement (**Exhibit D**) and applicable attachments. LAS Acquisition's financing generally will be based upon a 2 to 10 year amortization, all due and payable within 30 months, with interest at a variable interest adjusted every 6 months after the closing date of your purchase of the Restaurant at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus 3%, or 10% per annum. You must pay LAS Acquisition a loan fee equal to 1/2 of 1% of the amount LAS Acquisition finances and LAS Acquisition's purchase and financing document preparation legal fees on the closing date. Currently, the maximum interest rate we charge to La Salsa franchisees in California is 9%. You must sign a Secured Promissory Note (in a form substantially similar to the Secured Promissory Note attached as Attachment E to the Asset Purchase Agreement) in LAS Acquisition's favor in the amount financed (the "Purchase Note") Monthly payments will vary depending upon interest rates, term of note, down payment, etc

Payment of the Purchase Note will be secured by a security interest that you will grant LAS Acquisition in the purchased assets in accordance with a Security Agreement (in a form substantially similar to the Security Agreement attached to the Asset Purchase Agreement as Attachment F) (the "Security Agreement") that you and LAS Acquisition will sign on the closing date. LAS Acquisition will file notice of its security interest with a UCC-1 financing statement. If you are a corporation, limited liability company, limited partnership or other business entity, LAS Acquisition may require your shareholders, managing members and limited partners to guarantee all of your obligations to LAS Acquisition under the Purchase Note and Security Agreement under our Guarantee (**Exhibit I**). If you default on any payment of principal or interest for more than 10 days, the Purchase Note will immediately become due at the option of LAS Acquisition. Failure to make the payments required by the Purchase Note may result in termination of the Franchise Agreement, and possibly any other agreement between you and us, LAS Acquisition or our affiliates, and LAS Acquisition's repossession of the Franchised Unit and the Franchised Location. If LAS Acquisition must pursue collection of the Purchase Note, LAS Acquisition may require you to pay for its legal fees and expenses.

**Initial Franchise Fee** The Initial Franchise Fee is generally paid in full when you sign our Franchise Agreement, however, we may, at our option, reduce, waive, defer or finance a portion of the Initial Franchise Fee if and when we determine, in our sole discretion, it is warranted by a unique or compelling situation. If we do provide financing, financing will generally, but not always, be based upon a 2 - 10 year amortization, all due and payable within 30 months, with interest at a variable interest adjusted every 6 months after the closing date of your purchase of the Franchise at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus 3%, or 11% per annum. Currently, the maximum interest rate we charge to La Salsa franchisees in California is 9%. You must sign a Secured Promissory Note (in a form substantially similar to the Secured Promissory Note attached as Attachment E to the Asset Purchase Agreement) in our favor in the amount financed. Monthly payments will vary depending upon interest rates, term of note, down payment, the amount financed, etc

Payment of the Promissory Note will be secured by a security interest that you will grant us in the assets of your Restaurant in accordance with a Security Agreement (in a form substantially similar to the Security Agreement attached to the Asset Purchase Agreement as Attachment F) that you and we will sign on the closing date. We will file notice of our security interest with a UCC-1 financing statement. If you are a corporation, limited liability company, limited partnership or other business entity, we may require your shareholders, members and limited partners to guarantee all of your obligations to us under the Promissory Note and Security Agreement under our Guarantee (**Exhibit I**). If you default on any payment of principal or interest for more than 10 days or if you are in default under your Franchise Agreement, the Promissory Note will immediately become due at our option. Failure to make the payments required by the Promissory Note may result in termination of the Franchise Agreement, and possibly any other agreement between you and us, LAS Acquisition or our affiliates, and our repossession of the Franchised Unit and the Franchised Location. If we are required to pursue collection of the Promissory Note, we may require you to pay for our legal fees and

APR 25 2013

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### FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1 Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, inventory, training and other items stated in the offering

Category	Costs
Real Estate	\$500
Improvements	\$250
Equipment	\$500
Inventory	\$100
Training	\$4,000
Other Items	\$0
Total	\$5,350

2 The source of these funds is the operating cash flow and working capital of the corporation

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**Leets, Theresa@CORP**

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**From:** Leets, Theresa@CORP  
**Sent:** Thursday, April 25, 2013 7:43 AM  
**To:** Peggy Karavanich (PKaravanich@KurtzFranchiseLaw.com)  
**Subject:** La Salsa Franchise LLC 993-5929

Hi Peggy,

I have the following 2 comments for the above referenced franchise renewal:

1. Provide a Supplemental Information form
2. In Item 10, clarify what the highest maximum interest rate is in California

Please just email your response with the marked copy of only those pages with changes, if any

Thank you,

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Theresa Leets  
Senior Corporations Counsel  
Securities Regulation Division  
California Department of Corporations  
(213) 576-7590

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