

EXHIBIT L

AREA DEVELOPMENT AGREEMENT AND EXHIBITS

**IAG COFFEE FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT**

This It's A Grind Area Development Agreement (the "Agreement") is entered into as of the _____ day of _____, 200__ between IAG Coffee Franchise, LLC, a California limited liability company (the "Franchisor") and (the "Developer"), upon the following terms, conditions, covenants and agreements:

INTRODUCTION

- A. Franchisor has developed retail specialty coffee stores that feature fresh roasted specialty whole bean coffees, traditional and espresso based coffee drinks, iced and blended coffee drinks, teas and tea-based drinks, fruit smoothies, bagels, muffins, scones and assorted bakery products (the "It's A Grind Stores").
- B. Franchisor is the master licensee of the trade name, service mark and trademark "It's A Grind," which is registered with the United States Patent and Trademark Office, and other marks authorized for use in the It's A Grind franchise system (collectively the "Proprietary Marks").
- C. The It's A Grind franchise system (the "System") includes the proprietary marks and Franchisor's trade secrets and procedures for the operation of It's A Grind Stores, including, without limitation, recipes, menu specifications, marketing, advertising and sales promotion, signs, furnishing and decor, equipment, and accounting and training methods.
- D. Franchisor grants to qualified persons, who meet certain qualifications and are willing to undertake the required investment and effort, the right to develop and operate multiple It's A Grind Stores in a defined geographic area for a specific period. Developer has applied for the right to develop and operate multiple It's A Grind Stores in a defined geographic area for a specific period.
- E. Franchisor is entering into this Agreement in reliance upon the representations of Developer as to itself and to the person(s) who will participate in the ownership and management of the franchise business.
- F. Developer has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time, that an investment in It's A Grind Stores involves business risks and that the venture's success depends primarily upon Developer's business abilities and efforts.
- G. Developer acknowledges having received a copy of Franchisor's Uniform Franchise Offering Circular and having had an adequate opportunity to investigate the business contemplated by this Agreement and to discuss the terms and conditions of this Agreement with financial and legal advisors of Developer's choosing at least ten (10) days, excluding weekends and holidays, prior to signing. Developer confirms that it is not relying upon any representation as to profits and/or sales volume that Developer may achieve or upon any representations or promises by Franchisor that are not contained in this Agreement.

Agreement

The parties agree as follows:

1. DEFINITIONS

1.1 **Affiliate of Developer or Affiliate of Franchisor.** "Affiliate of Developer" or "Affiliate of Franchisor" means an individual or entity, directly or indirectly, controlling, controlled by, or under common control with a party. Control means the ability to direct management decisions and sufficient voting power to authorize a transfer of substantially all of the assets of the entity.

1.2 **Franchise Agreement.** "Franchise Agreement" means the then-current form of agreement (including all exhibits, addenda, riders and instruments used in connection with such agreement) used by Franchisor to grant franchises to own and operate It's A Grind Stores in the state or states where the Development Area is located. Franchisor reserves the right to change the form of the Franchise Agreement from time to time, including changes to the fee obligations of the franchisee, but Franchisor may not change the rate of the Initial Franchise Fees that Developer is required to pay under each Franchise Agreement. As Developer develops and opens additional It's A Grind Stores, Developer shall sign the form of the then-current It's A Grind Franchise Agreement for each new It's A Grind Store that Developer opens. A copy of the current form of Franchise Agreement is attached to this Agreement as Exhibit ADA-I.

1.3 **Development Area.** "Development Area" means the geographic area described in Exhibit ADA-II attached to this Agreement.

1.4 **Development Schedule.** "Development Schedule" means the number of It's A Grind Stores to be opened and operated by Developer and the time frame for doing so, as set forth on Exhibit ADA-III attached to this Agreement.

2. GRANT OF RIGHTS

2.1 Subject to any pre-existing rights of It's A Grind, Inc. and subject to the rights reserved by Franchisor in this Agreement and in each Franchise Agreement between Franchisor and Developer to distribute any products and services through "Alternative Channels of Distribution" (as defined in the Franchise Agreement), and provided that Developer fully complies with this Agreement, including, without limitation, the Development Schedule, with each Franchise Agreement between Franchisor and Developer or and an Affiliate of Developer, and with all other agreements between Developer and Franchisor and its affiliates and subject to this Agreement's provisions, Franchisor grants to Developer, the right to own, operate and develop as a minimum the number of It's A Grind Stores set forth in the Development Schedule, Exhibit ADA-III, only in the Development Area set forth on Exhibit ADA-II, and except as set forth below in Paragraph 4.2.D.(3), Franchisor shall not own and/or operate or grant to any person other than Developer a franchise to own and/or operate an It's A Grind Store in the Development Area during the term of this Agreement. Developer may open and operate greater than the minimum number of It's A Grind Stores in any development period, upon the approval of Franchisor. Franchisor and Developer acknowledge and agree that the specified geographic restriction of the Development Area and the timing of the Development Schedule are both mutually beneficial and essential to this Agreement. For purposes of this Agreement, an It's A Grind Store will be considered to have been "developed" on the day it is opened for regular, continuous business as an It's A Grind Store within the It's A Grind System. The rights to use the Proprietary Marks and the System are only as set forth in the individual Franchise Agreements. Developer is not granted the right to subfranchise or to license others to use the Proprietary Marks or the System within or outside the Development Area. Franchisor and its affiliates reserve the right, without limitation, to (i) own and

operate and/or grant to others the right to own and operate It's A Grind Stores at locations outside the Development Area and on terms and conditions that Franchisor deems appropriate; and to (ii) sell the proprietary products of the System to wholesale and retail businesses and to distribute any products or services through "alternative channels of distribution" inside or outside the Development Area. For each store to be developed pursuant to this Agreement, Developer shall execute a Franchise Agreement in the form then being used by Franchisor. Said Franchise Agreement shall govern the parties' relationship for each store, except to the extent modified by this Agreement.

3. TERM

3.1 Term. The term of this Agreement shall commence on the date this Agreement is signed by the last party to sign and shall expire on the last day of the Development Schedule, unless sooner terminated in accordance with the terms of this Agreement (the "Term").

4. CONDITIONS FOR GRANTS OF FRANCHISES

4.1 Covenant to Franchise. Developer understands and agrees that this Agreement does not confer upon Developer a right to obtain a franchise for any It's A Grind Store, but is intended by the parties to set forth the terms and conditions which, if fully satisfied, will entitle Developer to obtain such a franchise. Based upon that understanding and agreement by Developer, Franchisor hereby conditionally covenants to grant to Developer a franchise to use Franchisor's service marks and trademarks, Franchisor's operating system and other confidential and proprietary trade secrets and information, in connection with the operation of each It's a Grind Store developed pursuant to this Agreement. The aforesaid covenant to franchise is contingent upon Developer's continuous performance of all the terms and conditions of this Agreement, as well as, all terms and conditions of any Franchise Agreements between Franchisor and Developer. Developer's default under, or material breach of, either this Agreement or any such Franchise Agreement, or Developer's failure to satisfy fully the requirements which are described in Article 4.2 hereto, shall release Franchisor from any obligation to developer (or successor thereof) to execute additional Franchise Agreements for It's A Grind Stores.

4.2 Conditions for Grant of Franchise. Franchisor's obligation to grant any of the franchises described in Article 2 hereto shall be subject in each case to all the following conditions:

A. Operational Approval shall be granted if Franchisor has determined, in its sole discretion, that Developer is conducting the operation of each of its It's A Grind Stores, and is capable of conducting the operation of the proposed It's A Grind Store, including physical aspects thereof, (1) in accordance with the terms and conditions of this Agreement, (2) in accordance with the provisions of the respective Franchise Agreements, and (3) in accordance with the standards, specifications and procedures set forth and communicated to Developer by way of the Operations Manual or other writings, as these may be amended from time to time. Developer understands that changes in said standards, specifications and procedures may become necessary from time to time. Developer agrees to accept said changes, and further agrees that it is within the sole discretion of Franchisor to make said changes.

B. Financial Approval shall be granted if (1) Developer has furnished Franchisor with financial information about the development and operation of the proposed It's A Grind Store requested by Franchisor, such as pro forma statements and investment and financing plans (the "Developer Information") (Franchisor shall have the right to refuse to grant Developer a franchise for a proposed location if Developer fails to demonstrate to Franchisor's satisfaction sufficient financial capability properly to develop and operate the proposed It's A Grind Store); (2) Developer and every Affiliate of Developer is not in default of any financial obligations owed to

Franchisor or all Affiliates of Franchisor; and (3) Developer and every Affiliate of Developer is not in material default of any financial obligations owed to lenders, landlords and suppliers. Developer acknowledges and agrees that it is vital to Franchisor's interests that each of its franchisees be financially sound to avoid failure of a franchised It's a Grind Store (which would adversely affect the reputation and good name of Franchisor and the System). Developer acknowledges and agrees that it is vital to Franchisor's interests and to the interests of the System that Developer (in its capacity as franchisee) remain current in satisfying its financial obligations to its lenders, landlords and suppliers; as a condition precedent to financial approval, Developer shall not be in material default of any financial obligations to any of its lenders, landlords and suppliers, and shall so represent and warrant to Franchisor.

C. Legal approval shall be granted if i) Franchisor has determined, in its sole discretion, that Developer has submitted to Franchisor, in a timely manner, all information and documents, including, but not limited to Franchisor's then current form General Release of All Claims, excepting only (where such releases are expressly prohibited by applicable law) those claims solely related to the offer and sale of the new Franchise, which must be executed by Developer and all of its shareholders, members and partners, requested by Franchisor prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement between Developer and Franchisor, and ii) Developer has taken such additional actions in connection therewith as may be requested by Franchisor from time to time.

D. (1) Each proposed location shall be subject to Franchisor's written approval of that proposed location, which Franchisor shall not unreasonably withhold. In approving or disapproving a proposed location, Franchisor shall have the right to consider any factors that Franchisor deems material, including, without limitation, demographic characteristics of the proposed location, traffic patterns, parking, accessibility, the predominant character of the neighborhood, the proximity to other businesses and to other It's A Grind Stores, purchase price, lease terms for the proposed location, the size and appearance of premises and other physical and commercial characteristics. Before Franchisor shall be obligated to consider approving a proposed location, Developer shall submit to Franchisor a report concerning the proposed location. The report must contain all information that Franchisor requests pertaining to the proposed location (the "Location Report"). Franchisor shall send to Developer written notice of approval or disapproval of each proposed location within thirty (30) days after Franchisor receives the complete Location Report.

(2) Upon approval of a proposed location, Franchisor shall offer Developer a franchise for an It's A Grind Store at the location by delivering to Developer a Franchise Agreement for execution by Developer. If required by applicable law, Franchisor shall deliver to Developer, together with the Franchise Agreement, the applicable Uniform Franchise Offering Circular, or equivalent disclosure document. Within fifteen (15) days after receipt by Developer, Developer shall execute the Franchise Agreement and return it to Franchisor with payment of the applicable initial franchise fee. If Developer fails to execute and return the Franchise Agreement with payment within the fifteen (15) day period, Franchisor shall have the right to revoke its offer to grant to Developer a franchise to operate an It's A Grind Store at the proposed location and to withdraw its approval of the proposed location.

(3) Notwithstanding any other provision in this Agreement to the contrary and subject to Developer's rights, if any, to any "Protected Area," as may be described in any related It's A Grind franchise agreement between Franchisor and Developer, if Developer refuses to accept a site in the Development Area that Franchisor, in its sole discretion, deems acceptable, Franchisor shall have the option to secure said site to operate a company-owned It's A Grind Store or to offer and sell an It's A Grind franchise opportunity to another party.

4.3 Lease Comply with Franchise Agreement Terms. Any lease for a proposed location shall conform to the requirements of the Franchise Agreement.

4.4 Franchise for Specific Location. Any franchise that may be hereafter granted pursuant to a duly executed Franchise Agreement between Franchisor and Developer shall be applicable only to the It's A Grind Store location described therein and not elsewhere. Developer agrees to comply fully with each and every provision of the Franchise Agreement between Developer and Franchisor for each It's A Grind Store location. Developer agrees that as a condition to Franchisor hereafter granting Developer a franchise, Developer, including all of its shareholders, members and partners, must execute and deliver to Franchisor Franchisor's then current standard form general release of all claims against Franchisor and its affiliates, officers, directors, shareholders, employees and representatives in their corporate and individual capacities, prior to executing the Franchise Agreement.

4.5 Identity of Franchise Owner. Developer may execute a Franchise Agreement in Developer's name or in the name of an Affiliate of Developer that meets Franchisor's then current standards and requirements to become a franchisee.

4.6 Notwithstanding anything in this Agreement to the contrary, Franchisor may refuse to develop or permit Developer to develop any specific location for any reason whatsoever.

5. DEVELOPMENT OBLIGATIONS

5.1 Rate. Developer shall open It's A Grind Stores according to the Development Schedule, and each It's A Grind Store shall remain open and operating for the term specified in the respective Franchise Agreement.

5.2 Consequence of Failure to Satisfy Development Schedule. Unless Developer is prevented from fulfilling Developer's obligations by force majeure or by other cause not reasonably within the control of Developer (as further referenced in Section 5.2.13 below), or unless the Development Schedule is waived or extended in writing by Franchisor in its sole discretion, if Developer fails to open and thereafter continuously operate the minimum number of It's A Grind franchised stores, as required in the Development Schedule, Developer shall be in material default under this Agreement, and Franchisor shall have the right to terminate this Agreement as provided in Article 10, unless immediately after receipt of a notice of default from Franchisor, Developer shall pay Franchisor minimum development fees as follows:

A. Within thirty (30) days of the date Developer receives the notice of default from Franchisor, Developer shall pay Franchisor a nonrefundable, nonassignable amount equal to the initial franchise fee(s) that would have been paid if the It's A Grind Store(s) necessary to satisfy the Development Schedule had been opened; this amount will be applied towards the payment of the initial franchise fees payable in connection with the next It's A Grind Franchise Agreement(s) Developer signs within the ninety (90) days following the date Developer receives the notice of default from Franchisor; plus

B. Within thirty (30) days of the date Developer receives the notice of default from Franchisor, Developer shall commence to pay Franchisor a monthly royalty fee of Two Thousand Dollars (\$2,000) on or before the first day of each month for each It's A Grind franchised store that Developer has not opened in accordance with the Development Schedule, and Developer shall continue to pay this monthly royalty amount until Developer opens the requisite number of It's A Grind franchised stores to be in compliance with the Development Schedule. This monthly royalty is nonrefundable and nonassignable, and it may not be applied towards the payment of any other obligations of Developer.

Franchisor may immediately terminate this Agreement if Developer fails to timely make the payments under Sections 5.2.A and 5.2.B. If Developer fails to fulfill the Development Schedule in any two consecutive Development Periods, this Agreement shall terminate at the option of Franchisor, with no right of Developer to retain the rights granted by payment of the amounts described in Sections 5.2.A and 5.2.B. Provided that Developer has used Developer's best efforts and due diligence in all respects to satisfy the Development Schedule, the Development Schedule may be extended by time lost due to delays solely caused by acts of God, strikes, civil disturbances, material or labor shortages or restrictions, enforcement of government regulations or requirements and other similar causes beyond Developer's reasonable control; provided, however, that the inability to pay an obligation or acquire a location shall not be deemed to be a cause beyond Developer's control. Developer must request in writing any extension in the Development Schedule not less than thirty (30) days prior to any deadline for which Developer seeks an extension. In any case in which an extension is sought, Developer shall have the burden of proving by written documentation to the reasonable satisfaction of Franchisor that Developer has used Developer's best efforts and due diligence and that the delays have been caused solely by factors beyond the reasonable control of Developer.

5.3 Application. Amounts paid under Section 5.2 (A) shall be credited toward the initial franchise fee for the next It's A Grind Store(s) opened by Developer during the term of this Agreement, and the applicable Franchise Agreement(s) shall be modified to reflect credit for Developer's payment pursuant to Section 5.2 (A).

5.4 Records. Developer agrees, at its expense, to maintain and preserve at its principal office full, complete and accurate records pertaining to the development and operation of It's A Grind Stores within the Development Area, and Developer's performance of its obligations under this Agreement, including, without limitation, records and information of the following: site reports, leases for It's A Grind Stores, supervisory reports on the operation of It's A Grind Stores, records reflecting Developer's financial condition and such other records and reports as Franchisor may prescribe from time to time.

5.5. Financial Statements.

A. Developer shall deliver to Franchisor in the form Franchisor prescribes from time to time:

(1) Within forty-five (45) days after the end of each quarter of Developer's fiscal year, a quarterly balance sheet for Developer and an income statement for such quarter;

(2) Within sixty (60) days after the end of Developer's fiscal year, a fiscal year end balance sheet for Developer and an income statement for such fiscal year (which Franchisor may require to be "reviewed" by a certified public accountant at Developer's expense); and

(3) Upon Franchisor's request, such other data, reports, information and supporting records.

B. Each such report and financial statement submitted by Developer shall be verified as correct and signed by Developer. Developer shall immediately report to Franchisor any events or developments that may have a material adverse impact on the operation of any It's A Grind Store or Developer's performance under this Agreement.

6. FEES

6.1 Development Fee. Upon execution of this Agreement, Developer shall pay Franchisor a Development Fee of _____ Dollars (\$_____). The Development Fee shall be fully earned by Franchisor when paid and shall be non-refundable.

6.2 Initial Franchise Fee. Notwithstanding any standard initial franchise fee provision contained in any It's A Grind Franchise Agreement to which Developer is a party, Developer shall pay an initial franchise fee for each Franchise Agreement executed by Developer and Franchisor pursuant to this Agreement according to the following schedule:

A. If pursuant to the Development Schedule attached to this Agreement as Exhibit ADA-III Developer is obligated to develop and operate two or less It's A Grind Stores, then the initial franchise fee under the Franchise Agreement for each such It's A Grind Store shall be \$30,000;

B. If pursuant to the Development Schedule attached to this Agreement as Exhibit ADA-III Developer is obligated to develop and operate three or four It's A Grind Stores, then the initial franchise fee under the Franchise Agreement for each such It's A Grind Store shall be \$27,500; and

C. If pursuant to the Development Schedule attached to this Agreement as Exhibit ADA-III Developer is obligated to develop and operate five or more It's A Grind Stores, then the initial franchise fee under the Franchise Agreement for each such It's A Grind Store shall be \$25,000.

Ten Thousand Dollars (\$10,000) of the Development Fee described in Section 6.1, shall apply against each of the Franchise Agreements executed pursuant to this Agreement. Upon the execution of this Agreement, Developer shall pay to Franchisor the initial franchise fee for the first It's A Grind Store to be opened pursuant to this Agreement. The initial franchise fee for each additional It's A Grind Store to be opened pursuant to this Agreement shall be due and payable at the earlier of: (1) the execution of the lease for such It's A Grind Store or (2) six months prior to the latest date such It's A Grind Store is required to be opened as outlined in the Development Schedule.

6.3 Continuing Royalty Fees. Notwithstanding the percentage rate for "Continuing Royalty Fees" payable under each It's A Grind Franchise Agreement executed pursuant to this Agreement, so long as Developer remains in full compliance with this Agreement and each It's A Grind Franchise Agreement executed by Developer, Developer shall pay Franchisor Continuing Royalty Fees equal to the lesser of the rate specified in each It's A Grind Franchise Agreement, respectively, or as modified by this Agreement, as set forth on Exhibit ADA-IV attached to this Agreement. However, during any time period in which Developer or any Affiliate of Developer is in default under this Agreement or any It's A Grind Franchise Agreement, the Continuing Royalty Fee for each It's A Grind Store developed by Developer under this Agreement shall revert back to the Continuing Royalty Fee rate specified in each It's A Grind Franchise Agreement developed under this Agreement. Except as expressly modified by this Agreement, all other fees and payments under each It's A Grind Franchise Agreement shall be as specified under each such It's A Grind Franchise Agreement.

7. TRADE SECRETS

7.1 Disclosure. Franchisor possesses confidential information consisting of methods of operation, product specifications, purchase and sales statistics and other methods, techniques, formats, specifications, procedures, information, systems, knowledge of and experience in operating and franchising It's A Grind Stores (collectively the "Trade Secrets"). Franchisor will disclose some or all of the Trade Secrets in the Operating Manual(s) for It's A Grind Stores, the

initial training program, and in providing guidance and assistance pursuant to this Agreement and the Franchise Agreements.

7.2 Interest and Use.

A. Developer shall acquire no interest in the Trade Secrets other than the right to use them in developing and operating It's A Grind Stores pursuant to the individual Franchise Agreements granted pursuant to this Agreement. Developer acknowledges that it would be an unfair method of competition to use or duplicate any Trade Secrets other than in connection with the operation of It's A Grind Stores.

B. Developer shall:

(1) Not use the Trade Secrets for any purpose other than the operation of It's A Grind Stores pursuant to Franchise Agreements granted by Franchisor;

(2) Maintain absolute confidentiality of the Trade Secrets during and after the term of this Agreement

(3) Not make unauthorized copies of any portion of the Trade Secrets disclosed in written form; and

(4) Adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets, including, without limitation, restrictions on disclosure to employees of Developer and the use of nondisclosure and non-competition clauses in employment agreements with employees who have access to the Trade Secrets.

7.3 Non-Competition.

A. Developer shall exert substantially full time efforts to the venture that this Agreement contemplates and shall deal exclusively with Franchisor. Because of the difficulty in proving unauthorized use of the Trade Secrets and because Developer will have access to the Trade Secrets during the term of this Agreement and any extension or renewal, Developer (or any shareholder, officer, director or key management personnel if Developer is a corporation, or any partner if Developer is a partnership, or any member if Developer is a limited liability company) shall not, during the term of this Agreement or any extension or renewal, directly or indirectly, engage in any business offering products of a similar nature to those of It's A Grind Stores or in any business in competition with It's A Grind Stores, either as a disclosed or beneficial owner, proprietor, partner, shareholder, director, officer, manager, employee, principal, agent, representative, lender or consultant. If Developer is or becomes a corporation, Developer shall prohibit its shareholders, directors, officers and employees from engaging in such activities during this Agreement and any extension or renewal. This provision shall preclude not only direct competition, but also all forms of indirect competition, such as consultation for competitive businesses or any assistance or transmission of information of any kind or nature that would assist a business competitor of the It's A Grind System. However, this section shall not prevent any person from owning for investment purposes, five percent (5%) or less of the shares of capital stock of a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

B. Developer agrees not to hire, approach to hire, use, attempt to use, whether for pay or otherwise, without the prior written consent of Franchisor, any employee, manager, or any other personnel currently employed, or employed within the previous four (4) months, on either a full-time, part-time, temporary, volunteer or any other basis, by Franchisor or another It's A Grind

franchisee. Developer acknowledges that Franchisor has the right to sell or offer to sell an It's A Grind franchise to any employee, manager or any other personnel currently employed by or formerly employed by, Developer.

7.4 Covenant Not to Compete. During a period of two (2) years, commencing upon termination, expiration, or non-renewal of this Agreement for any reason, neither Developer, any shareholder (if Developer is a corporation), partner (if Developer is a partnership), or member (if Developer is a limited liability company), nor any member of Developer's immediate family, shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, lender, director, officer, employee, manager, consultant, representative or agent or in any other capacity in, or perform services for:

A. Any business within the Development Area or if outside the Development Area, within a ten (10) mile radius of any It's A Grind Store, which business is the same as or similar to an It's A Grind Store or which offers items or services that are the same as or similar to those offered by It's A Grind Stores; or

B. Any person, firm or entity that grants or has granted franchises or licenses to others to operate a business that is the same as or similar to an It's A Grind Store within the Development Area or within a ten (10) mile radius of an It's A Grind Store that is not within the Development Area that (1) serves coffee beverages, (2) serves food and beverages of a similar nature to those served by It's A Grind Stores, or (3) utilizes a similar menu mix to that used It's A Grind Stores.

7.5 Exceptions. The restrictions of Section 7.4 shall not prevent any person from owning for investment five percent (5%) or less of the total number of shares of capital stock of a publicly held corporation whose stock is listed and traded on a national or regional stock exchange; or It's A Grind Stores solely operated under Franchise Agreements or other agreements with Franchisor.

8. PROPRIETARY MARKS

Developer acknowledges that Franchisor owns or has exclusive rights to the Proprietary Marks and that Developer's right to use the Proprietary Marks shall derive solely from Franchise Agreements executed pursuant to this Agreement. Developer shall use the Proprietary Marks only in strict conformity with the terms of each applicable Franchise Agreement. All usage of the Proprietary Marks by Developer, and all goodwill resulting from such use, shall inure to Franchisor's exclusive benefit.

9. TERMINATION

Franchisor shall have the right, but not the obligation, to terminate this Agreement effective upon delivery to Developer of written notice of termination, if:

A. Developer, or a controlling shareholder if Developer is a corporation, or a partner if Developer is a partnership or a member if Developer is a limited liability company, seeks any type of relief under any bankruptcy or insolvency law, or if an involuntary petition in bankruptcy is filed against Developer (or a controlling shareholder if Developer is a corporation, a partner if Developer is a partnership, or a member of Developer is a limited liability company), and not dismissed within thirty (30) days of filing, or Developer admits in writing its inability to pay its debts as they come due or makes an assignment for the benefit of creditors, or the appointment of a receiver (permanent or temporary) for any part of Developer's property. Developer expressly and knowingly waives any rights that Developer may have under the United States Bankruptcy Code to assume this Agreement or any Franchise Agreement, and this Agreement shall be

deemed rejected upon the occurrence of this event of default. Developer agrees not to seek any injunctive order from any court in any insolvency proceeding which would have the effect of staying or enjoining this provision and agrees not to oppose any relief which may be sought in a complaint by Franchisor to lift the provisions of the automatic stay of the Bankruptcy Rules.

B. Developer fails at any time to satisfy the Development Schedule or fails to make any of the payments set forth in Section 5.2.

C. Developer, or any shareholder, partner or member, if Developer is a corporation, partnership or limited liability company, attempts to make an unauthorized assignment or transfer of this Agreement or an ownership interest in Developer.

D. Developer, or any shareholder, partner or member, if Developer is a corporation, partnership or limited liability company, has made any material misrepresentation or omission in Developer's application for the development rights under this Agreement.

E. Developer, or any shareholder, partner or member, if Developer is a corporation, partnership or limited liability company, is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Proprietary Marks.

F. Developer, or any shareholder, partner or member, if Developer is a corporation, partnership or limited liability company, makes any unauthorized use of the Proprietary Marks or unauthorized use or disclosure of the Trade Secrets.

G. A final judgment against Developer remains unsatisfied for a period of thirty (30) days, or a levy of execution is granted against the development rights granted by this Agreement or any It's A Grind Store developed pursuant to this Agreement.

H. Developer fails to comply with any other provision of this Agreement and does not correct such failure within thirty (30) days after Franchisor sends written notice.

I. Developer, after curing a default pursuant to Section 9 of this Agreement, commits the same act of default again within any twelve (12) consecutive month period, whether or not such default is cured after notice thereof is delivered to Developer, or if Developer, during the term of this Agreement, fails on three (3) or more separate occasions to comply with this Agreement, regardless of whether such failures to comply are corrected after notice.

J. Any Franchise Agreement is terminated because of a default by Developer or an Affiliate of Developer.

K. Developer abandons the development relationship without the prior consent of Franchisor.

If no notice period is set forth, then termination shall be effective upon delivery of notice.

10. EFFECT OF TERMINATION OR EXPIRATION

10.1 **Continuing Obligations.** All obligations of Franchisor and Developer under this Agreement that expressly or by their nature survive the expiration, termination or non-renewal of this Agreement shall continue in full force and effect subsequent to and regardless of expiration, termination or non-renewal until they are satisfied in full or by their nature expire.

10.2 **Reservations of Rights.** Upon expiration, termination or non-renewal of this Agreement, Franchisor shall have the right, without limitation, to own and operate itself or to offer and grant franchises or licenses to others for the operation of It's A Grind Stores in the Development Area.

10.3 **No Refund.** Developer shall not be entitled to a refund or credit for any uncredited portion of the Development Fee upon the termination or expiration of this Agreement.

10.4 **Rights Under Franchise Agreements.** Expiration of this Agreement does not affect the rights of Developer under any Franchise Agreements executed during the term of this Agreement.

11. ASSIGNMENT

11.1 **By Franchisor.** Franchisor shall have the right unconditionally to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means and shall inure to the benefit of any assignee or other legal successor to the interest of Franchisor.

11.2 **Developer and its Owners May Not Assign Without Franchisor's Approval.** Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer (and its partners if Developer is a partnership, its shareholders if Developer is a corporation and its members if Developer is a limited liability company). Franchisor is entering into this Agreement in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Developer (and its partners if Developer is a partnership, its shareholders if Developer is a corporation or its members if Developer is a limited liability company). Therefore, neither this Agreement nor any interest in this Agreement nor any or all of the ownership interests of Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised or otherwise transferred by Developer, including without limitation, by incorporation, consolidation, merger, issuance of securities representing an ownership or beneficial interest in Developer, testamentary instrument, declaration of or transfer in trust or the laws of intestate succession, without Franchisor's prior written approval. An assignment shall include the following events: (i) an assignment of this Agreement or the sale of any of the development rights granted under this Agreement; (ii) transfer of ownership of stock of a corporate Developer, or of a partnership interest if the Developer is a partnership or of a membership interest if Developer is a limited liability company; (iii) transfer of an interest in Developer or this Agreement in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) merger or consolidation or issuance of additional securities representing an ownership interest in Developer (or convertible into ownership interest); or (vi) transfer or an interest in Developer or this Agreement in the event of the death of Developer or an owner of Developer by will, declaration of transfer in trust or under the laws of intestate succession. Developer may not pledge this Agreement as collateral or otherwise encumber this Agreement or any rights under this Agreement. Any attempt at such an assignment or transfer without prior approval shall constitute a breach of this Agreement, and shall be grounds for immediate termination of this Agreement.

11.3 **Assignment Requirements/Procedures.** Developer shall notify Franchisor at least thirty (30) days prior to the date any proposed transfer is to take place, and shall provide all information and documentation that Franchisor may reasonably request. Developer agrees that any transfer is subject to Franchisor's Right of First Refusal as described in Article 12 of this Agreement, and the qualification of the proposed transferee under Franchisor's then current developer selection standards. Any assignment or transfer shall be subject to the conditions required by Franchisor in addition to the prior written consent of Franchisor. Developer understands that the conditions that Franchisor may impose upon an assignment, sale or transfer shall include, without limitation, the following:

A. Satisfaction of all existing obligations of Developer and Affiliates of Developer to Franchisor; and its affiliates under this Agreement, under each Franchise Agreement and under each other agreement then outstanding;

B. Assignee must agree to assume and discharge all such obligations of Developer to Franchisor;

C. Assignee must satisfactorily demonstrate to Franchisor that it meets the financial, managerial and character criteria required of developers dealing directly with Franchisor;

D. Developer and the Assignee shall not create a security interest in the Area Development Agreement to be executed by the Assignee;

E. Assignee, or a controlling shareholder and the It's A Grind Store manager if the Assignee is a corporation, or the managing partner if the Assignee is a partnership or the manager if the Assignee is a limited liability company, must attend and satisfactorily complete Franchisor's initial training program at a time and place designated by Franchisor, at the Assignee's sole cost and expense;

F. ~~Execution by Developer, and its Assignee, and all their respective shareholders if Developer is a corporation, its members or partners if Developer is a partnership or its members if Developer is a limited liability company, of shall execute and deliver to Franchisor a general release of all claims against Franchisor and its affiliates, officers, directors, shareholders, employees and representatives in their corporate and individual capacities in a form approved by Franchisor;~~

G. Execution by the Assignee of the then current form of Area Development Agreement and all other documents customarily required by Franchisor (except that the Development Schedule and initial franchise fee calculation shall be as set forth in this Agreement);

H. Payment to Franchisor of a transfer fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500); and

I. Delivery by Franchisor to Assignee, as required by the rules and regulations of the Federal Trade Commission or any applicable state requirement, of all information required to be delivered at least 10 business days or any longer applicable time period prior to consummation of the proposed assignment or the payment of any consideration by the Assignee to Franchisor.

11.4 No Transfer. Developer has represented to Franchisor that it is entering into this Agreement with the intention of complying with its terms and conditions itself and not for the purpose of resale of the development rights granted under this Agreement or the individual Franchise Agreements granted pursuant to this Agreement. Therefore, notwithstanding the above conditions, Developer agrees that this Agreement may not be assigned prior to the time that at least fifty percent (50%) of the It's A Grind Stores to be developed under this Agreement are opened or under construction in accordance with the Development Schedule. and unless Developer shall execute all then current form documents required by Franchisor to complete the transfer, including but not limited to, an area development assignment, guaranty, general release and indemnity agreement and an area development termination agreement.

11.5 Developer's Death and Incapacity. Upon the death or physical/mental incompetency of Developer or, if Developer is a corporation, partnership or limited liability company, the owner of a

controlling interest in Developer, the executor, administrator or personal representative of such person may transfer Developer's interest in this Agreement or such person's interest in Developer to a third party approved by Franchisor within one (1) year after death or incompetency. All transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer.

12. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Developer or its owner(s) shall at any time determine to sell, assign or transfer this Agreement or any Franchise Agreement or any ownership interest in Developer, then Developer or its owner(s) shall obtain a bona fide, executed written offer from a responsible and fully disclosed proposed purchaser and submit an exact copy of the offer to Franchisor. Franchisor shall have the right, exercisable by written notice delivered to Developer or its owner(s) within 30 days after receipt of the offer to notify Developer that Franchisor or its designee will purchase the interest for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash for any non-cash form of payment proposed in the offer and that Franchisor shall have at least sixty (60) days to prepare for closing. If Franchisor does not exercise this right of first refusal, for a period of 120 days, Developer or its owners may complete the sale to the proposed purchaser pursuant to and on the terms of the offer, subject to Franchisor's approval as provided in Article 11. If the sale to the proposed purchaser is not completed within 120 days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, then Franchisor shall again have the right of first refusal.

13. CORPORATE/PARTNERSHIP/LIMITED LIABILITY COMPANY DEVELOPER

13.1 Limitations on Activities. If Developer is a corporation, partnership or limited liability company, or if this Agreement is assigned to a corporation, partnership or limited liability company, the corporation, partnership or limited liability company shall conduct no business other than the business contemplated under this Agreement and under the Franchise Agreements. All shareholders, partners or members of any corporation, partnership or limited liability company shall be bound jointly and severally to perform Developer's obligations under this Agreement and each Franchise Agreement grant pursuant to this Agreement, and shall represent and warrant their percentage ownership interest and that they are all the persons having an interest in this Agreement. The articles of partnership, partnership agreement, articles of incorporation, articles of organization, by-laws and other organizational documents of the partnership, corporation or limited liability company shall recite that the issuance and transfer of any interest in the entity is subject to the restriction of this Agreement. All issued and outstanding stock certificates or membership certificates of a corporation or limited liability company shall bear a legend referring to the restrictions in this Agreement.

13.2 Offerings by Developer. Securities or partnership interests ("securities") in the Developer may be offered to the public, by public or private offering, only with the prior written consent of Franchisor in Franchisor's discretion. All materials required for an offering by federal or state law shall be submitted to Franchisor for review prior to being filed with any government agency, or if the materials are to be used in any exempt offering, they shall be submitted to Franchisor for review prior to use. No offering by Developer shall imply (by use of the trademarks, trade names or service marks of Franchisor or otherwise) that Franchisor is participating in an underwriting, issuance or offering of the Developer's securities. Developer agrees to fully indemnify Franchisor in connection with any offering and must require other participants in the offering to also indemnify fully Franchisor. For each proposed offering, Developer shall pay to Franchisor a non-refundable minimum fee of Two Thousand Dollars (\$2,000) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and

accounting fees. Developer shall give Franchisor at least sixty (60) days' written notice prior to the effective date of any offering or other transaction covered by this Section.

13.3 Personal Guaranty. If Developer is a corporation, LLC or other business entity, each person who owns or at anytime during the term acquires, either legally or beneficially, any equity or voting interest in Developer, shall furnish any financial information reasonably required by Franchisor and execute Franchisor's form of personal guaranty attached to this Agreement as Exhibit ADA-VII. An event of default under this Agreement shall occur if any guarantor fails or refuses to deliver to Franchisor, within 10 days after Franchisor's written request: (i) evidence of the due execution of the personal guaranty, and (ii) current financial statements of guarantor as may from time to time be requested by Franchisor.

14. ASSIGNMENT AND GUARANTY

Developer may, with the written approval of an officer of Franchisor, assign this Agreement to a single purpose corporation organized for the sole purpose of operating It's A Grind Stores in which only Developer has an ownership interest. Developer agrees not to use any name confusingly similar to the Proprietary Marks in the corporation's name. However, if Developer assigns this Agreement to a corporation, Developer shall guarantee the corporation's performance under this Agreement and each Franchise Agreement granted pursuant to this Agreement by executing the Assignment of Development Agreement and Guaranty attached as Exhibit ADA-V, and Developer shall also execute a General Release in favor of Franchisor, a copy of which is attached as Exhibit ADA-VI. Franchisor reserves the right to revise and update these agreements from time to time.

15. ENFORCEMENT

15.1 Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement, each provision of this Agreement, and any portion of the provision, shall be severable. If any provision or portion of a provision of this Agreement is held invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling by any court or arbitrator with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement which shall continue to be given full force and effect and bind the parties. To the extent that Section 7.3 or 7.4, or any clause of these Sections, is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but could be enforceable by reducing any or all of the terms, the provision shall be enforced to the fullest extent permissible under the laws and public policies in the jurisdiction where enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires greater prior notice of termination or refusal to renew this Agreement than is required under this Agreement, or some other action not required under this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provision of this Agreement, and Franchisor shall have the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or arbitrator may hold to be unreasonable and

unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court or arbitration order.

15.2 Specific Performance/Injunctive Relief. Nothing in this Agreement shall bar Franchisor's or Developer's right to obtain specific performance of this Agreement and injunctive relief against threatened conduct that will cause it losses or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that Franchisor may have injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Developer's sole remedy in the event of the entry of an injunction shall be the dissolution of the injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

15.3 Rights of Parties are Cumulative. The rights of Franchisor and Developer under this Agreement are cumulative. No exercise or enforcement by Franchisor or Developer of any right or remedy under this Agreement shall preclude the exercise or enforcement by Franchisor or Developer of any other right or remedy under this Agreement or which Franchisor or Developer is entitled by law to enforce.

15.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California; however, if this Agreement requires development of an It's A Grind Store located in a state other than California and the laws of that state require terms other than those or in addition to those contained in this Agreement, then this Agreement shall be deemed modified so as to comply with the appropriate laws of such state, but only to the extent necessary to prevent the invalidity of this Agreement or any provision of this Agreement, the imposition of fines or penalties, or the creation of civil or criminal liability. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability, without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. Developer agrees that sole and exclusive venue and jurisdiction shall be in Los Angeles County, California, in any action brought by either Franchisor or Developer. To the extent permitted by applicable law, Developer waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

15.5 Waiver of Punitive Damages. Franchisor and Developer (and its owners and guarantors, if applicable) waive to the fullest extent permitted by law, any right to or claim for punitive or exemplary damages against the other, and agree that, in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it.

15.6 Costs and Attorney's Fees. If Franchisor has to retain legal counsel to enforce this Agreement, Developer agrees to reimburse Franchisor for the reasonable attorneys' fees, whether or not suit is filed, and for all court costs and litigation expenses incurred by Franchisor.

15.7 Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.

15.8 Construction. The preambles and exhibit(s) are a part of this Agreement, which constitutes the entire agreement of the parties. There are no other oral or written understandings or agreements between Franchisor and Developer relating to the subject matter of this Agreement. Nothing in this Agreement is intended, or shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this

Agreement expressly obligates Franchisor to reasonably approve or not unreasonably withhold its approval of any action or request by Developer, Franchisor has the absolute right to refuse any request by Developer or to withhold its approval of any action or request by Developers. Headings and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "Developer" as used in this Agreement is applicable to one or more persons, a corporation, partnership or limited liability company, as the case may be. 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 Developer, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer," "owner" and "transferee," which are applicable to any individual or individuals, shall mean, ~~unless expressly made applicable to all shareholders, partners and members, principal and owners of Developer (any person owning of record or beneficially ten percent (10%) or more of the any equity or control of other ownership interest in Developer)),~~ if Developer or the transferee is a corporation, partnership or limited liability company. This Agreement may be executed in multiple copies, each of which shall be deemed an original.

15.9 Force Majeure. Except as to Developer's obligations under Paragraph 15.10 and Article 5 (Development Obligations) to develop, open and operate It's A Grind Stores, neither Franchisor nor Developer shall be liable for loss or damage or deemed to be in breach of this Agreement if their failure to perform their obligation(s) results from: (a) transportation shortages, strikes, inadequate supply of equipment, merchandise, supplies, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state, or municipal government or any governmental or quasi-governmental agency; (b) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any governmental or quasi-governmental department or agency (other than an order, requirement or instruction arising out of a violation of law by Developer); (c) acts of God or the public enemy; or (d) acts or omissions of the other party. Any delay resulting from any of these causes shall extend performances accordingly or excuse performance, in whole or in part, as may be reasonable, except that such causes shall not excuse payments of amounts owed at the time of such occurrence nor extend the term of this Agreement.

15.10 Indemnification. Developer agrees to defend at its own cost and to indemnify and hold harmless Franchisor, its affiliates, shareholders, directors, officers, employees and agents, from and against any and all losses, costs, expenses (including attorney's fees at all levels), damages and liabilities arising out of Developer's negligence, breach of contract or other civil or criminal wrong, or resulting, directly or indirectly, from or pertaining to the conduct of Developer's business.

15.11 Waiver. Failure by either party to require compliance with any of the provisions of this Agreement or enforce any rights under this Agreement shall not be construed as the waiver of such rights. Any waiver, including waiver of default, in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by Franchisor from Developer shall not constitute a waiver of any default, except as to the payment of the particular payment or performance so received. If Franchisor at any time agrees to reduce Developer's development obligations for any period, such reduction shall not constitute a waiver of Developer's obligations for any subsequent period(s). No custom or practice of the parties shall constitute a waiver of any provisions of this Agreement, and no delay or failure of Franchisor to exercise any right under this Agreement shall constitute a waiver of Franchisor's right to enforce and demand strict compliance within the terms of this Agreement.

15.12 Arbitration. Except as provided in Paragraph 15.2 hereof, any dispute concerning, under or in connection with this Agreement or the business conducted hereunder shall be

determined solely and exclusively by binding arbitration under the auspices of the American Arbitration Association. Arbitration shall take place in Long Beach, California or at such other place as shall be designated by Franchisor. Judgment upon the award rendered by the arbitrator shall be entered in any Court having jurisdiction thereof. Franchisor and Franchisee agree that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a class wide basis. This arbitration provision shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear. In no event shall Franchisor be liable to Franchisee for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

15.13 Limitation of Actions. Franchisor and the Developer agree that no arbitration, action or suit (whether for arbitration, by way of claim, counter-claim, raised as an affirmative defense, offset or otherwise) whether for damages, injunctive, equitable or other relief, including, without limitation, rescission) will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless brought before the expiration of the earlier of one (1) year after the date of discovery of the facts resulting in such alleged liability or obligation, or should reasonably have been discovered or have come to the attention of such party or ~~two (2) year~~ ~~eighteen (18) months~~ after the date of the first act or omission giving rise to such alleged liability or obligation, except that where State or Federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

16. ENTIRE AGREEMENT

DEVELOPER ACKNOWLEDGES HAVING READ THIS AGREEMENT IN FULL; BEING COGNIZANT OF EACH AND EVERY ONE OF THE TERMS AND PROVISIONS OF THIS AGREEMENT AND BEING AGREEABLE TO THEM; THAT THIS AGREEMENT CONTAINS THE ENTIRE AND ONLY AGREEMENT BETWEEN THE PARTIES CONCERNING THE GRANTING TO DEVELOPER OF THE RIGHT TO DEVELOP AND OPERATE MULTIPLE IT'S A GRIND STORES IN THE DEVELOPMENT AREA; THAT ALL PRIOR AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES, WHETHER ORAL OR WRITTEN, ARE AUTOMATICALLY CANCELED BY THE EXECUTION OF THIS AGREEMENT, AND DEVELOPER RELEASES FRANCHISOR AND ITS AGENTS AND EMPLOYEES FROM ALL CLAIMS, DEMANDS, AGREEMENTS AND LIABILITIES OF EVERY DESCRIPTION WHATSOEVER, WHICH DEVELOPER EVER HAD, NOW HAS OR MAY HAVE, AGAINST BY REASON OF ANY MATTER, CAUSE OR THING OCCURRING PRIOR TO THE DATE OF THIS AGREEMENT; THAT THE SIGNATURES AFFIXED TO THIS AGREEMENT WERE AFFIXED AS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS AGREEMENT; AND THAT THE TERMS AND PROVISIONS OF THIS AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY AN AUTHORIZED CORPORATE OFFICER OF FRANCHISOR; THAT DEVELOPER REALIZES THAT THERE CAN BE NO GUARANTY OF SUCCESS, SINCE DEVELOPER'S BUSINESS ABILITY, APTITUDE AND INDUSTRIOUS DISPOSITION ARE PRIMARY IN DEVELOPER'S SUCCESS.

17. NOTICES AND PAYMENTS. All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by

hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at IAG Coffee Franchise, LLC, 6272 East Pacific Coast Highway, Suite E, Long Beach, California 90803 (or our then-current headquarters), to the attention of the President, and to you, at your It's A Grind Store. Until your It's A Grind Store has opened for business, we may send you notices at any address appearing in your application for a franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee, shall be deemed effective as to all Franchisees under this Agreement and all owners of the Franchisee(s). Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

17.1 Writing.

Either party may change such party's address by giving notice of such change of address to the other party.

17.2 Notice by Facsimile. In the case of any notice required to be given by Franchisor to Developer, facsimile transmission, with delivery verified, shall be sufficient notice under this Agreement.

17.3 Mailed Notice. Notices sent by overnight courier shall be deemed communicated the following day (if deposited with the courier by that courier's overnight deposit deadline). Mailed notices shall be deemed communicated three (3) days from the time of mailing if mailed as provided in Paragraph 17.1, regardless if delivery shall be refused by addressee.

17.4 Franchisor Discretion. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the It's A Grind franchise network and may not be in the best interest of Franchisee as an individual franchise owner.

18. ACKNOWLEDGMENTS

18.1 DEVELOPER ACKNOWLEDGES THAT DEVELOPER HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE IT'S A GRIND STORE FRANCHISE AND THE DEVELOPMENT AREA IN WHICH DEVELOPER WILL DEVELOP AND OPERATE STORES, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT THE VENTURE'S SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF DEVELOPER AS AN INDEPENDENT BUSINESS PERSON.

18.2 DEVELOPER ACKNOWLEDGES THAT DEVELOPER HAS NO KNOWLEDGE OF ANY REPRESENTATIONS, EITHER WRITTEN OR ORAL, BY FRANCHISOR OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR REPRESENTATIVES, ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE OFFERING CIRCULAR FURNISHED BY FRANCHISOR. DEVELOPER REPRESENTS, AS AN INDUCEMENT TO FRANCHISOR ENTERING INTO THIS AGREEMENT, THAT DEVELOPER HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

18.3 DEVELOPER ACKNOWLEDGES THAT FRANCHISOR HAS PROVIDED DEVELOPER WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO DEVELOPER'S EXECUTION OF THIS AGREEMENT.

18.4 DEVELOPER ACKNOWLEDGES HAVING READ AND UNDERSTOOD THIS AGREEMENT, INCLUDING EXHIBITS AND ADDENDUM, IF ANY, AND THE FRANCHISE OFFERING CIRCULAR; THAT FRANCHISOR HAS ACCORDED DEVELOPER AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF DEVELOPER'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT; THAT THE ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED DEVELOPER WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT; AND THAT FRANCHISOR HAS EXPRESSLY ADVISED DEVELOPER THAT IT IS FRANCHISOR'S POLICY NOT TO PROVIDE PROJECTIONS OR PREDICTIONS AS TO SALES, COSTS, INCOME OR PROFITS THAT DEVELOPER MIGHT DERIVE FROM THE OPERATION OF IT'S A GRIND STORES.

18.5 DEVELOPER ACKNOWLEDGES THAT DEVELOPER, TOGETHER WITH DEVELOPER'S ADVISERS, HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE AREA DEVELOPER'S RIGHTS.

18.6 DEVELOPER ACKNOWLEDGES THAT THE SIGNATURES AFFIXED TO THIS AGREEMENT WERE AFFIXED AS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS AGREEMENT.

18.7 DEVELOPER ACKNOWLEDGES THAT THE TERMS AND PROVISIONS OF THIS AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY AN AUTHORIZED CORPORATE OFFICER OF FRANCHISOR.

18.8 DEVELOPER ACKNOWLEDGES THAT DEVELOPER IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE DEVELOPERS OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

The parties have executed and delivered this Agreement as of the day and year first written above.

"FRANCHISOR"

IAG COFFEE FRANCHISE, LLC

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

"DEVELOPER"

If Developer is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity:
[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

**EXHIBIT ADA-I
CURRENT FORM OF THE
IT'S A GRIND FRANCHISE AGREEMENT**

**EXHIBIT ADA-II
DEVELOPMENT AREA**

The development area referred to in Section 1.3 shall be:

"FRANCHISOR"

IAG COFFEE FRANCHISE , LLC

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

"DEVELOPER"

If Developer is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity:

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

**EXHIBIT ADA-III
DEVELOPMENT SCHEDULE**

Developer is obligated to develop a minimum of _____ It's A Grind Stores within the Territory in accordance with the following development schedule:

Development Period	Cumulative Number of Stores to be Opened	Date Each Cumulative Number of Stores Must Be Opened
_____	_____	_____ (___ months from date hereof)
_____	_____	_____ (___ months from date hereof)
_____	_____	_____ (___ months from date hereof)
_____	_____	_____ (___ months from date hereof)
_____	_____	_____ (___ months from date hereof)

The Term of the Area Development Agreement shall expire _____ months from the date this Agreement was executed.

"FRANCHISOR"

IAG COFFEE FRANCHISE , LLC

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

"DEVELOPER"

If Developer is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity:

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

**EXHIBIT ADA-IV
ADJUSTED, CONTINUING ROYALTY FEES**

The Continuing Royalty Fee set forth herein shall govern and supersede the applicable royalty specified in the Franchise Agreement executed for each It's A Grind Store developed under this Agreement, provided Developer remains in full compliance with this Agreement and each It's A Grind Franchise Agreement.

For each It's A Grind Store developed under the Agreement, the Continuing Royalty Fee shall be six percent (6%) of Gross Sales.

If, at any time, Developer or any Affiliate of Developer is in default under this Agreement or any It's A Grind Franchise Agreement, the Continuing Royalty Fee for all It's A Grind Stores developed under this Agreement shall revert back to the royalty fee specified in each of the applicable Franchise Agreements.

Nothing herein shall modify or change the required National Fund Fees or any other local or grand opening advertising and marketing fees in each of the applicable It's A Grind Franchise Agreements.

"FRANCHISOR"

IAG COFFEE FRANCHISE , LLC

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

"DEVELOPER"

If Developer is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity:

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

**EXHIBIT ADA-V
TO THE IT'S AGRIND AREA DEVELOPMENT AGREEMENT
ASSIGNMENT OF AREA DEVELOPMENT AGREEMENT AND GUARANTY**

This Agreement is made on this ____ day of _____, 200__, by and among _____ (the "Assignor"), _____ (the "Assignee"), and IAG Coffee Franchise, LLC, a California limited liability company (the "Franchisor").

Recitals

- A. Whereas, Franchisor and Assignor did enter into an It's A Grind Area Development Agreement dated _____, 200__ (the "Development Agreement") pursuant to which Assignor became entitled to certain rights and privileges and subject to certain duties and obligations, all as more particularly described in the Development Agreement;
- B. Whereas, Assignor is desirous of transferring all of Assignor's right, title and interest in and to the Development Agreement to Assignee, and Assignee is desirous of accepting the transfer; and
- C. Whereas, a transfer is not effective and of no force or effect without the consent of Franchisor.

Now, therefore, in consideration of the sum of Ten Dollars (\$10), and other good and valuable consideration exchanged among the parties, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

Agreement

1. Assignor sells, grants, assigns and conveys to Assignee all of Assignor's right, title and interest in and to the Development Agreement.
2. Assignee expressly assumes all of the terms, covenants, conditions and terms under the Development Agreement and expressly agrees to be bound by the terms, covenants, conditions and terms of the Development Agreement.
3. A. The assignment of the Development Agreement by Assignor shall not constitute a novation as between Franchisor and Assignor, and Franchisor's consent to the assignment shall not in any manner relieve or release Assignor from responsibility, financial or otherwise, under and pursuant to the Development Agreement, and Assignor unconditionally guarantees to Franchisor and its successors and assigns the full and timely performance by Assignee of all of the terms, covenants, conditions and terms of the Development Agreement and does expressly guaranty payment by Assignee of all sums payable by Assignee to Franchisor pursuant to the Development Agreement or any renewal, extension or modification and pursuant to any Franchise Agreements and other contract(s) entered into in connection with the Development Agreement.

B. In connection with Assignor's unconditional guaranty, Assignor consents and agrees that: (1) his or her liability shall be joint and several; (2) he or she shall render any payment or performance required under the Development Agreement upon demand if Assignee fails or refuses timely to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Assignee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other

indulgence that Franchisor may from time to time grant to Assignee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend Assignor's guaranty, which shall be continuing and irrevocable during the term of the Development Agreement.

C. Assignor hereby waives any right to require Franchisor to: (a) proceed against Assignee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Assignee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Assignee. Assignee waives notice of amendment of the Area Development Agreement and notice of demand for payment by Assignee, and agree to be bound by any and all such amendments and changes to the Area Development Agreement.

4. Assignor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorney's fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Assignee to perform any obligation of Assignee under the Area Development Agreement, any amendment, or any other agreement executed by Assignee referred to therein.

5. Assignor hereby acknowledges and agrees to be individually bound by all terms, conditions, and covenants contained in the Area Development Agreement.

6. The validity of the Guarantee and the obligations of Assignor hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Area Development Agreement or otherwise.

7. The use of the singular herein shall include the plural. Each term used in this Agreement, unless otherwise defined herein, shall have the same meaning as when used in the Area Development Agreement.

8. Nothing withstanding in this Agreement shall in any way operate to modify or abrogate any duties, obligations, or requirements in the Area Development Agreement respecting any further or future assignment of the Area Development Agreement or the rights under the Area Development Agreement.

9. Expressly subject to the terms of this Agreement, Franchisor consents to the within assignment.

10. The parties acknowledge that separate from and subordinate to this Agreement, Assignor and Assignee may have other agreements pertaining to the sale and purchase of Assignor's business and other related assets, to which agreements Franchisor is not a party.

11. The parties agree that Assignor's guarantee of Assignee's obligations, as provided in this Agreement, shall terminate upon the expiration or termination of the Area Development Agreement, except that all obligations and liabilities of Assignee(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by either Assignor or Assignee, and all covenants that by their terms continue in force after termination or expiration of the Area Development Agreement shall remain in force according to their terms. Upon the death of an individual Assignor, the estate of such Assignor will be bound by this Assignment, but only for defaults and obligations existing at the time of death, and the obligations of the other Assignor(s), if any, will continue in full force and effect.

12. The parties agree that this Agreement is to be performed in Los Angeles County, California and shall be governed by and construed in accordance with the laws of the State of California. The parties specifically agree that the state and federal courts situated in Los Angeles County, California shall have exclusive jurisdiction over the parties and this Agreement, and further agree that any action relating to this Agreement may be brought solely in either the Los Angeles County, California Superior Court or the United States District Court for the Central District of California. In connection therewith, each of the undersigned (to the extent such party is a non-resident of California) hereby appoints the California Secretary of State for the State of California as their agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, the parties agree that any dispute under this Agreement shall be resolved by arbitration pursuant to Section 15.12 of the Area Development Agreement (except as otherwise provided in Section 15.12 of the Area Development Agreement).

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

"ASSIGNOR"

"ASSIGNEE"

[Name(s) of Assignor]

[Name of Assignee]

Individually: _____

By: _____

Print Name: _____

Print Name: _____

Date: _____

Title: _____

Date: _____

Individually: _____

By: _____

Print Name: _____

Print Name: _____

Date: _____

Title: _____

Date: _____

"Franchisor"

IAG Coffee Franchise, LLC

By: _____

Title: _____

Date: _____

**EXHIBIT ADA-VI
TO THE IT'S A GRIND AREA DEVELOPMENT AGREEMENT
IT'S A GRIND GENERAL RELEASE**

This It's A Grind Developer General Release (the "Release") is executed on this ___ day of _____, 200__, by _____ (the "Developer") for the benefit of IAG Coffee Franchise, LLC (the "Franchisor") and its affiliated persons and entities described herein.

Recitals

A. Whereas, Developer is a party to an It's A Grind Area Development Agreement (the "Agreement") executed on _____, 200__, and desires to assign and transfer Developer's rights, assets and obligations under the Agreement to a corporation or limited liability company that is wholly-owned by Developer and formed for the convenience of ownership; and

B. Whereas, Franchisor, in accordance with Section 14.4 of the Agreement, is willing to consent to the assignment of Developer's interest on the condition, among others, that Developer executes a release of any and all claims against Franchisor and all persons and entities affiliated with Franchisor, including It's A Grind, Inc., the It's A Grind System, any and all entities affiliated in any manner with the It's A Grind system, and any and all predecessors, successors or assigns to any such person, corporation or other entity, and any and all directors, managers, shareholders, members, officers, employees, salespersons, agents, attorneys, accountants, brokers (including, without limitation, franchise brokers, business opportunity brokers and similar marketing or referral agents or representatives), consultants and other representatives of any such party (collectively, the "Franchisor Affiliates").

NOW, THEREFORE, in consideration of Franchisor granting its consent to the assignment of Developer's interest in and rights under the Agreement, and for other valuable consideration, the receipt of which is acknowledged, Developer agrees as follows:

Agreement

1. Developer, on behalf of Developer and all persons claiming through Developer, hereby (a) represents to Franchisor that Developer has no outstanding claims, suits, demands, causes of action or grievances, in any amount or kind, in tort or contract, now known or unknown, arising from or in connection with any act, practice, omission or transaction occurring in whole or in part before the date of this Release in relation to or in connection with all matters relating to Franchisor and all Franchisor Affiliates (collectively, the "Claims"), and (b) releases and discharges Franchisor and all of the Franchisor Affiliates from the Claims.

2. Developer agrees that, notwithstanding Section 1542 of the California Civil Code (or the provisions of any similar law of any other state having jurisdiction over this Release and the transactions contemplated hereby), which provides that:

"A general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

This Release shall be a general release and full settlement of all disputes, claims or causes of action of Developer and, if any, Developer's owners, directors, managers, shareholders, members, officers, employees, agents, attorneys, accountants, brokers, consultants and other representatives in connection with all matters since the inception of time, including, without

limitation, claims related to the Agreement, all related agreements and all claims concerning any and all transactions or occurrences, including, without limitation, all claims under any franchise laws, securities laws, unfair and deceptive practices laws and similar laws, Developer's purchase of an It's A Grind franchise, Developer's purchase of an It's A Grind Area Development Territory, and Developer's relationship as an It's A Grind Developer. This Release constitutes a release of all claims of Developer that Developer may have against Franchisor or any of the Franchisor Affiliates arising from the above-mentioned relationship between Developer and Franchisor, whether such claims are currently known, unknown, foreseen or unforeseen. Developer understands and acknowledges the significance and consequence of such a specific waiver of Section 1542 of the California Civil Code and assumes full responsibility for any injuries, damages, losses or liabilities that Developer may hereinafter incur.

3. Notwithstanding the general release set forth herein, Developer agrees to indemnify, defend and hold harmless Franchisor and all of the Franchisor Affiliates from and against any and all liability whatsoever, direct or indirect, before or after the effective date of this Release for any loss, damage, attorney's fees and costs incurred by Franchisor or any of the Franchisor Affiliates on account of any activity, condition or circumstance occurring prior to the effective date of this Release.

4. Developer represents and warrants that there has been, and there will be, no assignment or other transfer of any interest in any Claims that Developer may have against Franchisor or any of the Franchisor Affiliates, all Claims having been fully and finally extinguished, and Developer agrees to forever indemnify and hold Franchisor and all of the Franchisor Affiliates harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by Franchisor or any of the Franchisor Affiliates as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. This indemnity does not require payment by Franchisor or any of the Franchisor Affiliates as a condition precedent to recovery against Developer under this indemnity.

5. If Developer, or anyone acting for or on behalf of, Developer or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commences, joins in or in any manner seeks relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against Franchisor or any of the Franchisor Affiliates any of the Claims released hereunder, Developer agrees to pay all attorneys' fees and other costs incurred by Franchisor and/or any of the Franchisor Affiliates in defending or otherwise responding to said suit or assertion.

6. Developer represents that Developer has carefully and fully read this Release, has had ample opportunity to review it with Developer's attorney, and understands its content and consequences.

7. This Release is effective on the first date written above.

"Developer"

[Name of Developer (Individual(s))]

Individually: _____ Individually: _____
Print Name: _____ Print Name: _____

Individually: _____
Print Name: _____

**EXHIBIT ADA-VII
TO THE IT'S A GRIND AREA DEVELOPMENT AGREEMENT
GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT**

For value received, and in consideration for, and as an inducement to IAG Coffee Franchise, LLC, (the "Franchisor") to execute the It's A Grind Area Development Agreement (the "Area Development Agreement"), of even date herewith, by and between Franchisor and _____ (the "Developer"), _____ (the "Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Developer of each obligation undertaken by Developer under the terms of the Area Development Agreement, including all of Developer's monetary obligations arising under or by virtue of the Area Development Agreement.

Upon demand by Franchisor, Guarantor(s) will immediately make each payment required of Developer under the Area Development Agreement. Guarantor(s) hereby waive any right to require Franchisor to: (a) proceed against Developer for any payment required under the Area Development Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of Guarantor(s) under this Guarantee, Indemnification and Acknowledgment, Franchisor may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust or compromise any claims against Developer.

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

Guarantor(s) hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorney's fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Area Development Agreement, any amendment, or any other agreement executed by Developer referred to therein.

Guarantor(s) hereby acknowledge and agree to be individually bound by all covenants contained in the Area Development Agreement and all terms and conditions of the Area Development Agreement requiring Developer not to disclose confidential information.

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

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Developer, or by reason of any

waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Area Development Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Area Development Agreement.

This Guarantee is to be performed in Los Angeles County, California and shall be governed by and construed in accordance with the laws of the State of California. Guarantor(s) specifically agree that the state and federal courts situated in Los Angeles County, California shall have exclusive jurisdiction over Guarantor(s) and this Guarantee, and further agree that any action relating to this Guarantee may be brought solely in either the Los Angeles County, California Superior court or the United States District Court for the Central District of California. In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of California as their agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Article 15 of the Area Development Agreement (except as otherwise provided in Article 15 of the Area Development Agreement).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Area Development Agreement.

WITNESS:

GUARANTOR

Individually: _____

Print Name: _____

Date: _____

WITNESS:

GUARANTOR

Individually: _____

Print Name: _____

Date: _____

WITNESS:

GUARANTOR

Individually: _____

Print Name: _____

Date: _____

WITNESS:

GUARANTOR

Individually: _____

Print Name: _____

Date: _____