

EXHIBIT A

TO FRANCHISE AGREEMENT



Initials

EXHIBIT A TO THE FRANCHISE AGREEMENT

1. Center Site Address:

Phone:

2. Marks:



"KIDS 'R' KIDS," with design, registered in Florida, Georgia and South Carolina and with U.S. Trade and Patent Office

"KIDS 'R' KIDS," without design.

EXHIBIT B
TO FRANCHISE AGREEMENT



Initials

EXHIBIT B
TO THE FRANCHISE AGREEMENT

EXCLUSIVE TERRITORY

Description of Exclusive Territory:

Two mile radius of the center address.

Acknowledgment of Exclusive Territory:

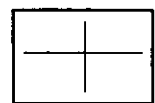
For Franchisor:

By: _____
Patrick D. Vinson, President

For Franchisee:

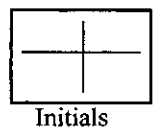
By: _____

By: _____



Initials

EXHIBIT C
TO FRANCHISE AGREEMENT



COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

This Collateral Assignment of Tenant's Interest in lease (the "Collateral Assignment") is entered into by, between and among _____ ("FRANCHISEE"), _____ ("Landlord"), and Kids 'R' Kids International, Inc. ("FRANCHISOR") this the ____ day of _____, ____.

BACKGROUND

FRANCHISEE and FRANCHISOR have entered into that certain Franchise Agreement, dated _____ (the "Franchise Agreement"), with respect to the operation by FRANCHISEE of a Kids 'R' Kids Center (the "Center "). FRANCHISEE wishes to operate the Center at certain premises owned by Landlord (the "Premises"), and Landlord and FRANCHISEE have, on or about the date hereof, entered into a lease agreement (the "Lease") with respect to the Premises. FRANCHISOR desires, as a condition to approving the Lease and making various accommodations to FRANCHISEE under the Franchise Agreement, to be granted this Collateral Assignment and the protections contained herein, which are intended to, among other things, enable FRANCHISOR to continue the operation of a Center on the Premises notwithstanding any default under or termination of the Franchise Agreement and/or Lease. FRANCHISEE and Landlord wish to enter into this Collateral Assignment in order to induce FRANCHISOR to approve the Lease and the Premises and, in the instance of FRANCHISEE, in order to induce FRANCHISOR to provide to FRANCHISEE various other accommodations and approvals under the Franchise Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein and in the Franchise Agreement, the sum of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, FRANCHISEE, Landlord and FRANCHISOR hereby agree as follows:

1. Collateral Assignment. FRANCHISEE hereby grants, transfers and assigns to FRANCHISOR all of FRANCHISEE'S right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof (including, without limitation, any renewals or extensions thereof as set forth in Section 6(a) hereof) and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease. FRANCHISEE warrants and represents that it has received a true, accurate, current and complete copy of the Lease for the Premises, as described on Exhibit A hereto.

2. Purpose of Assignment. This Collateral Assignment is given as collateral for the purpose of securing the performance and discharge by FRANCHISEE of each and every obligation, covenant, duty and agreement contained in (i) this Collateral Assignment, (ii) the Franchise Agreement, and (iii) any other agreement entered into by and between FRANCHISOR and FRANCHISEE or its principals or affiliates or any related party, including without limitation any promissory note, deed to secure debt or other evidence of, or collateral for, any indebtedness or any other obligation in any way related to the Franchise Agreement (all such obligations described in this Paragraph 2 being hereinafter collectively referred to as the "Obligations"). FRANCHISOR hereby grants to FRANCHISEE a license to possess, use and enjoy the Premises as the tenant under the Lease, such license to be automatically revoked upon FRANCHISOR exercising its rights under Paragraph 4 hereof.



3. Covenants of FRANCHISE and Landlord. FRANCHISEE and Landlord covenant with FRANCHISOR to observe and perform all of the Obligations imposed upon them under the Lease and not to do or permit to be done anything to impair the existence and validity of the Lease or the security of FRANCHISOR hereunder; and not to execute or permit any other sublease or assignment of the tenant's interest under the Lease; and not to modify or amend the Lease in any respect without FRANCHISOR'S prior written consent. FRANCHISEE covenants to preserve FRANCHISEE'S rights as the tenant under the Lease and, where necessary, to extend the term of the Lease for the full term of the Franchise Agreement, as such term may be extended from time to time. Any actions taken in violation of this Paragraph 3 shall be void at FRANCHISOR'S option.

4. Default. Upon or at any time after default in the performance of any of the Obligations, default under any of the agreements underlying the Obligations (including, but not limited to, the Franchise Agreement), or default by FRANCHISEE under the Lease, FRANCHISOR may, at its option, without in any way waiving such default, upon five (5) days notice to FRANCHISEE and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises as the tenant under the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as FRANCHISOR may deem proper. FRANCHISEE shall indemnify and hold FRANCHISOR harmless from and against, and Landlord hereby releases FRANCHISOR from, any and all claims, actions, damages and expenses (including, without limitation, attorneys' fees) arising (i) out of FRANCHISEE'S failure to perform under the Lease or any breach by FRANCHISEE of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to FRANCHISOR'S taking possession of the Premises pursuant to this Paragraph 4. The exercise by FRANCHISOR of the option granted it in this Paragraph 4 shall not be considered a waiver by FRANCHISOR of any default by FRANCHISEE of the Obligations or under the Lease.

5. Landlord's Agreements.

(a) Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by FRANCHISEE under the Lease, Landlord will give FRANCHISOR written notice thereof and permit FRANCHISOR to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Paragraph 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment). Landlord agrees that FRANCHISEE, and not FRANCHISOR or its sub lessees or assigns, shall be responsible for all Obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by FRANCHISOR. This Collateral Assignment is hereby incorporated by reference into the Lease and shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby.

(b) Franchise Materials. Upon the termination of the Lease for any reason, Landlord will assist FRANCHISOR in retrieving for FRANCHISOR any and all of the FRANCHISOR materials which the FRANCHISEE is required to return to FRANCHISOR under the Franchise Agreement, including, without limitation, the FRANCHISOR Confidential



Operations Manual (s) and any other confidential, proprietary, and trade secret information of FRANCHISOR'S, as defined in the Franchise Agreement. Landlord acknowledges FRANCHISOR'S ownership rights in such materials and agrees that Landlord is not entitled to retain such materials as its property.

(c) Franchisee Improvements. Upon the termination of the Lease for any reason, FRANCHISOR shall be entitled, within thirty (30) days after any such termination, to delete or remove any signs and other improvements containing the trademarks, service marks, symbols, logos, emblems and other distinctive features of the Kids 'R' Kids System, so long as FRANCHISOR promptly repairs, at its sole expense, any damage caused thereby.

(d) Subleasing Miscellaneous. Notwithstanding any provision of the Lease, Landlord agrees that FRANCHISOR may sublease or assign all or any of its interest in the Lease to a FRANCHISEE of FRANCHISOR which meets FRANCHISOR'S franchisee qualifications.

6. Affiliated Landlord's Agreements. The provisions of this Paragraph 6 shall apply only if Landlord and FRANCHISEE are or hereinafter become affiliates of one another, are owned or controlled by the same persons or entities or are otherwise related in ownership or control.

(a) Term of Lease. In the event that the term of the Lease is shorter than the term of the Franchise Agreement, including any renewals of the Franchise Agreement, at the option of FRANCHISOR (exercised by written notice to Landlord) the term of the Lease shall be automatically extended to be coterminous with the term of the Franchise Agreement, as extended or renewed from time to time. Although no further documentation shall be required to evidence such extension, Landlord agrees to confirm the extension in writing if so requested by FRANCHISOR.

(b) Amendment of Lease. In the event FRANCHISOR takes possession of the Premises pursuant to Paragraph 4 hereof, at the option of FRANCHISOR, the Lease shall be amended by FRANCHISOR and Landlord entering into an amendment thereto (hereinafter the "Amendment") pursuant to which:

(i) The Lease shall be modified so that all of its terms are consistent with commercially reasonable triple-net leases then being entered into in connection with facilities similar to the Premises in the metropolitan area where the Premises is located.

(ii) The rental and other amounts due under the Lease, whether base rental or additional rental of any nature, shall be modified to reflect the fair market value of the Premises under the Lease as modified pursuant to Section 6(b) (I) hereof. Such fair market rental value shall be determined based on the rental then being charged in connection with facilities similar to the Premises in the metropolitan area in which the Premises is located.

FRANCHISOR shall be entitled to exercise its option to enter the Amendment at any time after taking possession of the Premises, by delivering to Landlord a proposed form for the Amendment, and Landlord agrees not to unreasonably withhold or delay its consent thereto and execution thereof. FRANCHISOR and Landlord agree to attempt in good faith to negotiate and enter into the Amendment.

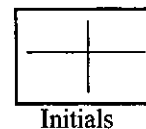


(c) Arbitration. If Landlord and FRANCHISOR are unable to agree on the terms of the Amendment within fifteen (15) days after the date FRANCHISOR provides Landlord its proposed form for the Amendment, the terms of the Amendment shall be determined by arbitration in accordance with the following procedure. Within ten (10) days after the aforesaid fifteen (15) day negotiation period, Landlord and FRANCHISOR shall each appoint a disinterested, qualified real estate professional (such as a real estate attorney or MAI appraiser) and give notice of the name and address of such arbitrator to the other. The arbitrators thus appointed shall, within five (5) days, appoint a third disinterested, qualified real estate professional, and such third arbitrator shall, within thirty (30) days after being appointed determine the terms of the Amendment and prepare the form thereof for execution. The decision of the third arbitrator shall be conclusive and binding on FRANCHISOR and Landlords and shall be enforceable in any court having jurisdiction. FRANCHISOR and Landlord shall promptly execute the Amendment in the form prepared and on the terms prescribed by the third arbitrator, and, if either refuses, the Amendment so prescribed shall nonetheless be binding. If either party fails or neglects to appoint an arbitrator within the time period required, then the arbitrator selected by the other party shall be the sole arbitrator and shall on its own determine the terms of and prepare the Amendment. If the two arbitrators appointed by the parties shall fail within five (5) days to appoint the third arbitrator, then either party may apply to any court of competent jurisdiction to appoint such arbitrator. The expenses of the arbitration shall be shared by FRANCHISOR and Landlord equally or in any other manner decided by the third arbitrator, it being the intent of the parties that, if said arbitrator should determine either party to have been unreasonable, then such party shall bear all of the costs of the arbitration. The parties hereto agree to sign all documents and to all other things necessary to submit the determination of the terms of the Amendment to the aforesaid arbitrators, and further agree, and hereby do, waive any and all rights they may have to revoke this Franchise Agreement. Prior to entry into the Amendment, during the aforesaid negotiation and arbitration periods and thereafter, the terms of the Amendment first proposed by FRANCHISOR shall govern the relationship between FRANCHISOR and Landlord and the rental due shall be the rental set out in said proposed Amendment. Upon actual execution of the Amendment, an equitable adjustment shall be made between FRANCHISOR and Landlord to reflect the rental that would have been due if the Amendment finally executed had been executed on the date FRANCHISOR elected to have the Lease amended as aforesaid.

(d) Alternation and Renovations. Upon taking possession of the Premises under Paragraph 4 hereof, notwithstanding any provision of the Lease to the contrary, FRANCHISOR shall have the full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof as may seem proper to FRANCHISOR, and to offset against any rents, income and profits due Landlord any and all amounts due FRANCHISOR by Landlord and any and all amounts due FRANCHISOR by FRANCHISEE pursuant to the Obligations, together with all costs and attorney's fees related to any of the above.

7. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the State of Georgia

8. Signature Page. Signature Page on following page.



IN WITNESS WHEREOF, the undersigned parties have hereto set their hands and affixed their seals on the date and year first above written.

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires: _____

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires: _____

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires: _____

FRANCHISEE:

Signature

[CORPORATE SEAL]

LANDLORD:

Landlord ~
by: _____
(Signature)

KIDS 'R' KIDS
INTERNATIONAL, INC.

Patrick D. Vinson, President

[CORPORATE SEAL]

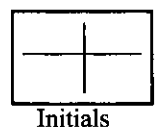
As of the date hereof, Landlord and Franchisee are not affiliates of one another for purposes of Section 6 hereof.

Acknowledged:

For FRANCHISOR:
By:

Patrick D. Vinson, President

For FRANCHISEE:
By:



Initials

EXHIBIT A

TO COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

Describe Lease:

Date of Lease: date of lease ~

Short Legal (Address): address or short legal ~

Landlord: landlord ~

Tenant: tenant / franchisee ~

Beginning Period: beginning term ~

Ending Period: ending term ~

Options : option if any ~



EXHIBIT D
TO FRANCHISE AGREEMENT

Initials

NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT made this ___ day of _____, ____, among LENDER ~, (hereinafter referred to as "Lender"), TENANT / FRANCHISEE ~ (hereinafter referred to as "Tenant"), LANDLORD ~, (hereinafter referred to as "Landlord"), and KIDS 'R' KIDS INTERNATIONAL, INC. (hereinafter referred to as "KRK").

BACKGROUND

Landlord and Tenant have entered into a certain lease (hereinafter referred to as the "Lease") dated LEASE DATE ~, amended AMENDED DATE IF ANY ~, relating to the premises described on Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to as the "Premises").

Tenant and Landlord have assigned Tenant's interest in the Lease to KRK pursuant to a Collateral Assignment of Lease in return for which KRK has given Tenant a license to occupy the Premises.

Lender has made or has committed to make a loan to Landlord secured by a Deed to Secure Debt and Security Agreement (hereinafter referred to as the "Security Deed") and an Assignment of Lessor's Interest in Leases from Landlord to Lender covering the Premises.

Tenant has agreed that the Lease shall be subject and subordinate to the Security Deed held by Lender, provided Tenant is assured of continued occupancy of the Premises under the terms of the Lease.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

1. Lender, Tenant and Landlord do hereby covenant and agree that the Lease and all rights, options, liens and charges created thereby are and shall continue to be subject and subordinate in all respects to the Security Deed and to any advancements made thereunder and to any renewals, modifications, consolidations, replacements and extensions thereof.

2. Lender does hereby agree with Tenant that, so long as Tenant complies with and performs its obligations under the Lease, (a) Lender will take no action which will interfere with or disturb Tenant's possession or use of the Premises or other rights under the Lease, and (b) in the event Lender becomes the owner of the Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, the Premises shall be subject to the Lease and Lender shall recognize Tenant as the tenant of the Premises for the remainder of the term of the Lease in accordance with the provisions thereof; provided, however, that Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which Tenant might have against any prior landlord



except those which arose out of such landlord's default and accrued after Tenant had notified Lender and given Lender an opportunity to cure same as herein below provided, nor shall Lender be bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord nor shall it be bound by any amendment or modification of the Lease made without its consent.

3. Tenant does hereby agree with Lender that, in the event Lender becomes the owner of the Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, then Tenant shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term thereof, and Tenant shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease. Tenant further covenants and agrees to execute and deliver upon request of Lender, or its assigns, an appropriate agreement of attornment to any subsequent titleholder of the Premises.

4. So long as the Security Deed remains outstanding and unsatisfied, Tenant will mail or deliver to Lender, at the address and in the manner herein below provided, a copy of all notices permitted or required to be given to the Landlord by Tenant under and pursuant to the terms and provisions of the Lease. At any time before the rights of the Landlord shall have been forfeited or adversely affected because of any default of the Landlord, or within the time permitted the Landlord for curing any default under the Lease as therein provided, Lender may, but shall have no obligation to, pay any taxes and assessments, make any repairs and improvements, make any deposits or do any other act or thing required of the Landlord by the terms of the Lease; and all payments so made and all things so done and performed by Lender shall be as effective to prevent the rights of the Landlord from being forfeited or adversely affected because of any default under the Lease as the same would have been done and performed by the Landlord.

5. Tenant acknowledges that Landlord may execute and deliver to Lender an assignment of the Lease as security for said loan, and Tenant hereby expressly consents to such assignment.

6. Any and all notices, elections or demands permitted or required to be made under this Agreement shall be in writing, signed by the party giving such notice, election or demand and shall be delivered personally, or sent by registered or certified United States mail, postage prepaid, to the other party at such address within the continental United States of America as may have therefore been designated in writing. The date of personal delivery or the date of mailing, as the case may be, shall be the date of such notice, election or demand.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors -in- title and assigns. When used herein, the terms "landlord" or "Landlord" refer to Landlord and to any successor to the interest of Landlord under the Lease. The term "Tenant" as used herein shall also refer to KRK as the assignee of Tenant's interest under the Lease.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.

Signed, sealed and delivered
in the presence of:

Notary Public
My Commission Expires _____

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires _____

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires _____

INC.
Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My Commission Expires _____

LENDER:

NAME & TITLE

(Affix Bank Seal)

TENANT:

Signature

LANDLORD:

By: _____

Title: _____

KIDS 'R' KIDS INTERNATIONAL,

By: _____

Patrick D. Vinson,

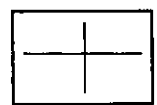
Title: _____



Initials

EXHIBIT A
TO
NONDISTURBANCE AND ATTORNMENT AGREEMENT

SHORT LEGAL ~



Initials

EXHIBIT E

TO FRANCHISE AGREEMENT

Please cross reference with that certain Deed to Secure Debt recorded at Deed Book ____, Page ____ and that certain Memorandum of Option Agreement recorded at Deed Book __, Page _.

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made and entered into as of the ____ day of _____, __ __, by and among _____ (the "First Lender"); KIDS 'R' KIDS INTERNATIONAL, INC. ("KRK"); _____, a _____ ("Borrower"); and _____, a _____ ("Franchisee").

BACKGROUND

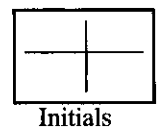
Borrower owns certain land in _____ County, State of _____, more particularly described in Exhibit A, attached hereto and incorporated herein by reference. Said land, together with all improvements and fixtures now or hereafter located thereon, all appurtenances thereto and all other property owned by Borrower located thereon and encumbered by the First Loan Documents described below are hereinafter collectively referred to as the "Property."

First Lender is making a loan to Borrower (the "First Loan"), evidenced by a promissory note in the face principal amount of \$ _____ from Borrower to First Lender and secured by a deed to secure debt and security agreement (the "First Security Deed"), an assignment of leases and rents, and various related instruments, all of which encumber or relate to the Property, which are dated on or about this date and are herein collectively referred to as the "First Loan Documents".

KRK, Borrower and Franchisee have entered into that certain Franchise Agreement, dated _____ (the "Franchise Agreement"), pursuant to which KRK has an option to purchase the Property (the "Option"). Pursuant to the terms of the Franchise Agreement, if Borrower has leased the Property, Borrower shall execute and deliver to KRK, simultaneously with the execution hereof, a Memorandum of Rights in connection with the Option (the "Memorandum of Option"), and Franchisee is executing and delivering to KRK a Collateral Assignment of Tenant's Interest in Lease (the "Tenant's Collateral Assignment"), both of which are to be filed for recording on or about the date hereof in the same real property records as the First Security Deed.

First Lender requires that it receive a first priority deed to secure debt, prior and superior to the Option, and Kids 'R' Kids is willing to subordinate the Option and Memorandum of Option to the First Security Deed but only on the terms and conditions set out herein. First Lender is willing to agree to the terms and conditions set out herein below in order to induce Kids 'R' Kids to subordinate the Option to the First Loan Documents and approve the First Loan Documents, as required under the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the closing of a financing as generally outlined above, the parties hereby covenant and agree as follows:



1. Subordination. Kids 'R' Kids and First Lender agree that the First Loan Documents shall be prior and superior to the Option and Memorandum of Option with respect to the Property, with the same force and effect as though the First Loan Documents were executed and recorded prior to the date of execution and recordation of the Option and Memorandum of Option without notice of the Option and Memorandum of Option. Accordingly, KRK hereby subordinates and makes its rights under the Option and Memorandum of Option inferior to the right, title and interest of First Lender under the First Loan Documents as to the Property. First Lender acknowledges and consents to the terms of the Option and Memorandum of Option and agrees that the existence of the Option and Memorandum of Option shall not constitute a default under the First Loan Documents, and the Option and Memorandum of Option shall remain in full force and effect as to the Property, but shall be second -in- priority behind the First Loan Documents. The terms of this Subordination Agreement shall control in the event of any conflict or inconsistency between any term hereof and any term of the First Loan Documents, and are hereby incorporated by reference into the First Security Deed and other First Loan Documents.

2. Modification of Security Documents. First Lender agrees that, so long as the Option remains in force, the First Loan Documents will secure only the note designated therein and no further advances (except for advances to pay any past due taxes or insurance premiums or to pay any other amounts described in O.C.G.A. § 44-14-2(a)) shall be made to Borrower without KRK's prior written consent.

3. Notice of Default to KRK; Rights of KRK on Default. In the event a default occurs under any of the First Loan Documents giving First Lender the right to accelerate its loan or take any default - related action, then prior to acceleration or taking of any other default - related action, First Lender will notify KRK in writing of the nature of such default, and KRK will thereupon have the following options and rights, in addition to any other rights available at law or in equity:

(a) Notice and Right to Cure. To cure or cause a cure of the default within ten (10) days in the case of a default consisting of the failure to make a payment of money to First Lender, or fifteen (15) days or such longer period as is reasonable under the circumstances in the case of other defaults, from the date all cure periods under the First Loan Documents have elapsed, First Lender hereby agreeing to accept such cure. Any and all costs and expenses incurred by KRK in effecting any cure shall be deducted from the purchase price payable to Borrower in the event KRK purchases the Property under the Option, as set out in the Option. In the event such default is cured within said period, to the extent the indebtedness under the First Loan Documents has been accelerated as a result of said default, the indebtedness shall be reinstated by First Lender, so as to be payable upon the same terms and conditions in effect prior to said default. However, if KRK fails to cure or cause a cure within such time, any default - related action previously taken by First Lender shall continue in effect as of the date instituted; or

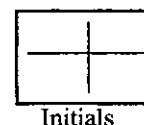
(b) Acquisition of First Loan Documents. At any time after the default notice and prior to fifteen (15) days before the consummation of a foreclosure sale or sale under power of sale pursuant to the First Security Deed, KRK shall have the right and option (but no obligation whatsoever) to purchase the First Loan Documents and any guarantees, agreements and collateral securing same for an amount equal to the out- standing principal balance plus all accrued

but unpaid interest, late charges, default interest and any actually incurred reasonable attorneys' fees of First Lender's counsel. Upon notice from KRK to First Lender of exercise of its right to purchase the First Loan Documents and payment of the sums required hereby, the note secured by the First Security Deed will be endorsed by First Lender to KRK without recourse or warranty and all the First Loan Documents, including, without limitations, any and all guarantees, agreements or collateral, will be assigned by First Lender to KRK without recourse or warranty except that the First Lender shall warrant: (i) that it holds title to the aforesaid note and the other First Loan Documents free and clear of any lien, claim or participation interest, (ii) that it has the right and power to assign and convey such documents, and (iii) the amount of the principal and interest balance under the First Loan Documents on the date of transfer. The original documents purchased and the First Lender's title insurance policy shall be delivered to KRK at the closing of the purchase, and, in addition, if KRK desires to obtain any other documents which have been provided to First Lender by Borrower or by third parties relating to the Property or to the First Loan, then, provided that such documents remain in the possession of First Lender or are readily available to First Lender, First Lender will deliver such documents to KRK at said closing. First Lender shall also provide to KRK a certified board of directors' resolution evidencing the authority of the officer(s) executing any documents to do so on behalf of First Lender. After the sale of the First Loan Documents to KRK is completed in accordance with the terms of this Paragraph, shall, and hereby agrees to, indemnify and defend First Lender from and against any and all claims, demands, suits or actions in connection with the First Loan which arise out of matters or circumstances occurring in connection with, or subsequent to, KRK's acquisition of the First Loan Documents.

First Lender agrees that KRK shall have, in addition to the rights set out above, the right to purchase the First Mortgage Documents pursuant to subpart (b) of this Paragraph 3 upon the occurrence of any default by Borrower or Franchisee under the Franchise Agreement, regardless of the existence of any default under the First Loan Documents.

4. Defaults under Franchise Agreement; Exercise of Option. First Lender does hereby agree that, notwithstanding any provision to the contrary in the First Loan Documents, neither a default by Franchisee under the Franchise Agreement or any related document, nor exercise of any of its rights or remedies for any default under the Franchise Agreement or any related document (including, without limitation, acquisition of the Property pursuant to the Option) shall entitle First Lender to declare a default or exercise any rights or remedies under the First Loan Documents if, and for so long as, no other defaults (including, without limitation, monetary defaults) under the First Loan Documents remain un-cured after has been given the opportunity to cure same as provided in Paragraph 3(a) hereof. In the event acquires title to the Property from Borrower, First Lender shall, notwithstanding any provision in the First Loan documents to the contrary, permit to own the Property subject to the First Security Deed so long as thereafter complies with the terms of the First Security Deed and keeps current payments of principal and interest under the First Loan Documents.

5. Nondisturbance and Attornment. The provisions of this Section 5 shall only apply if Borrower or its affiliate has leased the Property. First Lender hereby agrees that, in the event KRK exercises its rights under the Tenant's Collateral Assignment and becomes the tenant under the lease of the Property between Borrower and Franchisee, as such lease may be modified pursuant to the terms of the Tenant's Collateral Assignment (the "Lease"), then, so long as KRK



complies with and performs its obligations under the Lease: (a) First Lender will take no action which will interfere with or disturb KRK's possession or use of the Property or other rights under the Lease, and (b) in the event First Lender becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, the Property shall be subject to the Lease and First Lender shall recognize KRK as the tenant of the Property under the Lease and for the remainder of the term of the Lease in accordance with the provisions thereof and the provisions of the Tenant's Collateral Assignment; provided, however, that First Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which KRK might have against any prior landlord, nor shall First Lender be bound by any rent or additional rent which KRK might have paid for more than the current month to any prior landlord, nor shall it be bound by any amendment or modification of the Lease (other than an amendment pursuant to the Tenant's Collateral Assignment) made without its consent. KRK does hereby agree with First Lender that, in the event First Lender becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and KRK becomes the tenant under the Lease pursuant to the Tenant's Collateral Assignment, then KRK shall attorn to and recognize First Lender as the landlord under the Lease for the remainder of the term thereof, and KRK shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease and the Tenant's Collateral Assignment. First Lender consents to the terms of the Tenant's Collateral Assignment and agrees to be bound thereby in the event it becomes the landlord under the Lease.

6. Loan Information. First Lender shall, upon inquiry, provide Kids 'R' Kids with the name, address and telephone number of the officer of First Lender having responsibility for the administration of its loan to Borrower. First Lender and KRK shall be free to confer with one another from time to time either orally or in writing with regard to the Property, Borrower and Franchisee. First Lender agrees to provide KRK with such information and copies of documentation regarding the First Loan as may be reasonably requested by KRK.

7. Miscellaneous. The agreements contained herein shall continue in full force and effect until either all of Borrower's obligations and liabilities to First Lender are paid and satisfied in full or the Option and Tenant's Collateral Assignment have terminated and Franchisee's obligations to KRK under the Franchise Agreement have expired. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns, and personal representatives of the parties hereto.

8. Borrower Execution. Borrower, Franchisee have executed and entered into this Agreement for the purpose of consenting and agreeing to the terms and conditions set forth herein, and to all actions of First Lender and KRK contemplated herein.

9. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses thereto ("Communication") permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon the earlier of: (i) being personally delivered, or (ii) three (3) days after being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance

herewith; provided, however, that the time period in which a response to any Communication must be given shall commence on the date of receipt thereof; and provided further that no notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received also constitute receipt. Any Communication, if given to KRK, shall be addressed as follows:

Kids 'R' Kids International, Inc.
1625 Executive Drive South
Duluth, Georgia 30096
Attn.: Mr. Patrick D. Vinson

with a copy to:

Kathleen B. Guy, Esquire
ANDERSEN, TATE, MAHAFFEY & MCGARITY, PC
6650 Sugarloaf Parkway, Suite 800
Duluth, Georgia 30097

and, if given to First Lender, shall be addressed as follows:

with a copy to:

and, if given to Borrower or Franchisee shall be addressed as follows:

with a copy to:

10. Joint and Several Obligations. The obligations of Borrower and Franchisee hereunder shall be the joint and several obligations of such parties.



Initials

IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered this Subordination Agreement as of the date written above.

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My commission expires

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My commission expires

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My commission expires

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My commission expires

FIRST LENDER

By: _____

Title: _____

[BANK SEAL]

KIDS 'R' KIDS INTERNATIONAL, INC.

By: _____

Its:: _____

[CORPORATE SEAL]

BORROWER

By: _____

By: _____

FRANCHISEE

By: _____

By: _____

[CORPORATE SEAL]

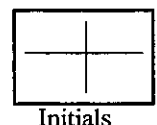


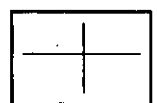
EXHIBIT A TO SUBORDINATION AGREEMENT

[Legal description of Property]



Initials

EXHIBIT F
TO FRANCHISE AGREEMENT



CREDITOR INDEMNIFICATION AGREEMENT

In the event FRANCHISEE fails to pay any trade creditor promptly and timely, or to promptly and timely make any payment to third parties as required by the Franchise Agreement, FRANCHISOR may at its election and without being obligated to do so, pay said trade creditor or third party and invoice and bill same to FRANCHISEE together with simple interest at the highest rate allowed by law or at the rate of one and one-half (1.5%) percent per month, whichever is less. FRANCHISEE shall pay the amount so advanced by FRANCHISOR to FRANCHISOR immediately upon receipt of the invoice.

Executed and Delivered
by FRANCHISOR:
(Corporate Seal)

By: Patrick D. Vinson, President

Executed and Delivered
by FRANCHISEE:
(Seal)

By:

Executed and Delivered
by FRANCHISEE:
(Seal)

By:

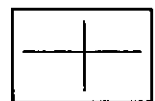


EXHIBIT G

TO FRANCHISE AGREEMENT



COVENANTS OF SHAREHOLDERS/PARTNERS/INVESTORS

The undersigned individuals represent and warranty that they are all of the shareholders, partners and/or investors of FRANCHISEE or otherwise have a direct or indirect beneficial interest in the success of FRANCHISEE. Accordingly, to induce FRANCHISOR to enter into this Franchise Agreement and to grant the Franchise to FRANCHISEE, each of the undersigned individuals hereby jointly and severally personally guarantee and agree to the following:

1. FRANCHISEE'S performance of its obligations under this Franchise Agreement and the Manual;
2. To be personally bound by all of the provisions of this Franchise Agreement and the Manual, specifically including but not limited to the noncompete, nondisclosure and nonsolicitation clauses;
3. To personally perform and satisfy any and all financial and other obligations under this Franchise Agreement not otherwise performed by FRANCHISEE per the terms of this Franchise Agreement;
4. To pay any judgment or award against FRANCHISEE obtained by FRANCHISOR.

Notary
My commission expires: _____

Notary
My commission expires: _____

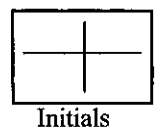
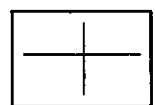


EXHIBIT H
TO FRANCHISE AGREEMENT



SUPPLY AGREEMENT

This Supply Agreement (this "Agreement") dated _____, _____, is made by and between Kids 'R' Kids International, Inc., a Georgia corporation ("Franchisor") and _____ ("Franchisee").

BACKGROUND

A. Franchisor and Franchisee have entered into that certain Franchise Agreement (the "Franchise Agreement") in order that Franchisee may engage in the business of operating a Kids 'R' Kids day care center at the location specified in the Franchise Agreement (the "Business").

B. Franchisor and Franchisee wish to enter into this Agreement to define the terms under which the Franchisor shall sell to the Franchisee and the Franchisee shall purchase from the Franchisor certain materials used in the Business.

In consideration of the sum of \$10.00 in hand paid and received, the mutual covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

TERMS

1. Purchase and Sale of Materials. Subject to the terms of this Agreement, Franchisee may purchase from Franchisor certain materials for use in the Business, including without limitation those types of materials specified in Exhibit A (the "Materials"). Franchisee acknowledges that any such purchase of the Materials from Franchisor is voluntary, and that Franchisee is not required to purchase the Materials from Franchisor.

2. Term. This Agreement is effective as of the date first written above and shall continue thereafter for the term of the Franchise Agreement; provided, however, that the Franchisor may terminate this Agreement earlier by giving Franchisee thirty (30) days written notice. In any event, this Agreement shall terminate automatically upon the termination of the Franchise Agreement. Upon termination of this Agreement for any reason, the rights and obligations of the parties which survive this Agreement shall survive in accordance with the terms of this Agreement.

3. Purchase Price. The purchase prices for the Materials shall be the purchase prices set by Franchisor from time to time and reflected on Franchisor's invoices for such Materials. Franchisor may change the purchase prices from time to time by giving written notice of such changes to Franchisee at least thirty (30) days prior to the effective date of any such changes.

4. Orders. All of Franchisee's orders for Materials shall be made as prescribed by Franchisor from time to time, including using order forms which may be prescribed by Franchisor (the "Order Forms"). The terms and conditions of this Agreement shall control the transactions evidenced by any such Order Form.

5. Shipments. Unless otherwise specified on the Order Form and consented to in writing by Franchisor, all Materials shall be shipped FOB Franchisor's place of business. If no shipping

carrier is specified by Franchisee on the Order Form, the order shall be sent via a carrier selected by Franchisor. Any order may be shipped in separate lots, each standing as a separate contract containing all the terms and conditions of this Agreement. Franchisee may not refuse to accept delivery of any lots or refuse payment therefor because of Franchisor's failure to ship or deliver any other lot or because of nonconformity with any other lot. If Franchisor does not have a sufficient inventory to fill an order, it may partially fill and ship the order and ship the remainder of the order when it receives sufficient inventory to do so; provided, however, that Franchisee shall have the right to cancel any such delayed orders pursuant to Section 7 of this Agreement.

6. Risk of Loss. Unless otherwise specified on the Order Form and consented to by Franchisor in writing, after the order or lot has been received by the carrier Franchisee shall bear all risk of loss or damage and shall be responsible for insurance.

7. Cancellation. At any time after an order is received by Franchisor but prior to the date on which such order is shipped, Franchisee may cancel such order, in whole or in part, upon written notice to Franchisor. In such case Franchisor shall be entitled to, and Franchisee shall be responsible for, any losses incurred as a result of Franchisor's purchase of materials from manufacturers which cannot subsequently be used within a reasonable period to fill any other orders shipped to any other franchisees and which cannot be returned to the manufacturers without charge. Franchisee may not cancel any order after the order has been shipped.

8. Invoices. Invoices shall be sent by Franchisor to Franchisee at the shipping address shown on the corresponding Order Form or in the absence of any such address, to the address set forth below or to the location of the Business covered by the Franchise Agreement. Separate invoices may be rendered for each shipment of an order or lot.

9. Acceptance and Rejection of Orders and Lots.

(a) Acceptance. Franchisee's acceptance of any lot or order shall be deemed to have been given at the end of the next business day after which the order or lot, as applicable, was delivered to Franchisee unless the Franchisee has timely and properly rejected the order or lot as provided in Section 9(b) of this Agreement. After an order or lot has been accepted or has been deemed to have been accepted, Franchisee shall have no right to return such order or lot to Franchisor.

(b) Rejection. Franchisee may reject any order or lot delivered only on the grounds set out in this Section 9(b), provided that Franchisee gives notice of rejection to Franchisor before the close of the next business day after the order or lot was delivered to Franchisee. Franchisee may only reject an order or lot, or any portion thereof, if such is inconsistent with the Materials ordered by Franchisee. Franchisee must deliver to Franchisor at Franchisee's expense all rejected orders or lots, or portions thereof, within ten (10) days after such Materials were delivered to Franchisee. Prior to Franchisor's receipt of any such Materials Franchisee shall bear all risk of loss and damage to same. Failure to timely return all such rejected Materials to Franchisor within ten (10) days after such Materials were delivered to Franchisee shall be deemed to constitute Franchisee's acceptance of such Materials. Thereafter, Franchisee shall not be entitled to reject such Materials and shall be liable for the purchase price for same.

10. Manner of Payment. The invoice price for each order or lot shall be due and payable within ten (10) days after shipment. Franchisee shall pay for all applicable state or local privilege, excise, sales and use taxes or taxes based on gross revenues of Franchisor for all Materials sold to Franchisee. Any invoices not paid when due shall bear interest at the rate of 18% per annum or the highest rate allowed by applicable law, whichever is less.

11. No Warranties. FRANCHISOR MAKES NO WARRANTIES OF ITS OWN, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MATERIALS COVERED BY THIS AGREEMENT OR BY ANY ORDER; AND FRANCHISOR MAKES NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. ANY MODELS OR SAMPLES OF THE MATERIALS WHICH MAY HAVE BEEN SOLD OR SHOWN TO FRANCHISEE WERE USED MERELY TO ILLUSTRATE THE GENERAL TYPE AND QUALITY OF THE MATERIALS, AND FRANCHISOR DOES NOT REPRESENT OR WARRANT THAT THE MATERIALS WOULD CONFORM TO SUCH MODEL OR SAMPLE. CONFORMITY OF THE MATERIALS TO ANY MODEL IS NOT PART OF THE BASIS OF THE BARGAIN BETWEEN FRANCHISOR AND FRANCHISEE. To the extent that any manufacturer of any of the Materials shall offer a warranty on its materials which the manufacturer provides to Franchisor, Franchisor will use its reasonable best efforts to pass such warranties on to Franchisee, if possible.

12. Limitation of Liability. FRANCHISOR SHALL NOT BE LIABLE FOR ANY COMMERCIAL LOSSES, SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR IN TORT, FOR ANY LOSS, DAMAGE OR EXPENSE DIRECTLY OR INDIRECTLY ARISING FROM DELAYS IN DELIVERY OR USE OF THE MATERIALS DELIVERED OR SOLD TO FRANCHISEE OR ARISING FROM FRANCHISEE'S INABILITY TO USE THE MATERIALS EITHER SEPARATELY OR IN COMBINATION WITH ANY OTHER GOODS OR EQUIPMENT OR FROM ANY OTHER CAUSE. FRANCHISOR'S LIABILITY FOR DAMAGES OF ANY KIND, WHETHER FOR MATERIALS DELIVERED OR FOR NONDELIVERY OF MATERIALS, SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE PARTICULAR ORDER, LOT OR SHIPMENT (OR THE PURCHASE PRICE OF THAT PORTION THEREOF WHICH IS NOT REPAIRED OR REPLACED) WITH RESPECT TO WHICH A CLAIM IS ASSERTED. IN PARTICULAR, FRANCHISOR SHALL NOT BE LIABLE FOR LOSS OF SALES, REVENUES OR PROFITS OR CLAIMS OF ANY THIRD PARTIES.

In the event that a court of competent jurisdiction should hold that the foregoing limitations on the warranties and remedies available to Franchisee, or any portions thereof, are unenforceable for any reason, Franchisee expressly agrees and acknowledges that under no circumstances shall the total liability of Franchisor to Franchisee under or in connection with this Agreement exceed the total of the payments made by Franchisee to Franchisor for the order or lot with respect to which any such claim of liability is made, whether Franchisee's claim is founded in contract or in tort and whether Franchisee's claim arises out of or results from (i) the performance or breach of this Agreement or any portion thereof; or (ii) the manufacture, supply, delivery, sale, repair or replacement, or use of the Materials sold hereunder.

13. Trademarks, Etc. Franchisee shall not alter, obliterate, remove or cause to be removed from any of the Materials sold or shipped to Franchisee any of Franchisor's identification, trademarks, trade names, service marks, insignias or symbols placed on such Materials.



14. Independent Contractor. Franchisor and Franchisee agree that their relationship to one another under this Agreement shall be that of independent contractors, and that nothing contained herein or in any instrument, agreement or other document delivered pursuant hereto or in connection herewith shall make either of the parties hereto the partner, joint venture, agent or employee of the other.

15. Confidential Information. All estimates, prices, price lists, lists of customers or suppliers or other similar information, whether furnished in written, oral or other form by Franchisor to Franchisee hereunder, or in contemplation hereof, shall be considered by Franchisee to be confidential or proprietary information. All copies of such information in written, graphic or other tangible form shall be returned to Franchisor immediately upon request or upon the termination of this Agreement. Unless such information was previously known to Franchisee free of any obligation to keep it confidential, or has been or is subsequently made public by Franchisor or a third party not in breach of any duty of confidentiality to Franchisor, during the term of the Franchise Agreement and for a period of two (2) years after the term of the Franchise Agreement such information shall be kept confidential by Franchisee and shall be used only in the making or filling of orders, or in performing Franchisee's obligations or in exercising any of Franchisee's rights hereunder and may be used for other purposes only upon such terms as may be previously agreed to in writing by Franchisor.

16. Non-Competition. Franchisee agrees that Franchisee will not, directly or indirectly, during the term of the Franchise Agreement manufacture any of the Materials for, or sell the Materials to, any of the other franchisees of Franchisor, or any individual or business entity which sells the Materials to franchisees of Franchisor.

17. Compliance with Laws. Franchisor and Franchisee agree that each shall comply with all applicable federal, state, county and local laws, ordinances, regulations and codes in the performance of their respective obligations under this Agreement.

18. Delay; Shortages. Franchisor may delay any shipping or delivery of Materials which is occasioned by any strike or labor trouble (whenever occurring), civil commotion, fire, explosion, accident, flood, Act of God, breakdown of machinery, shortage of fuel, power or materials or any other cause beyond the reasonable control of Franchisor. If such delay exists beyond a period of forty-five (45) days, Franchisee shall, at its option, have the right to cancel the order, in whole or in part, or to suspend performance under the order for the duration of the delaying cause and extend the shipment or delivery schedule accordingly. Should Franchisor not cure its failure to perform for any such reason as described in this subparagraph (a) within forty-five (45) days from giving notice of same, the affected order, lot or shipment shall be deemed canceled.

In the event the production, sale or other distribution of the Materials becomes impractical by reason of unavailability or shortages from manufacturers or suppliers or by reason of compliance with any applicable federal, state or local governmental law, ordinance, regulation or order, whether or not it should later be held invalid, Franchisor shall be relieved of all obligations with respect to any Materials so affected. Any such nonperformance as a result of the occurrences described in this paragraph shall not place Franchisor in default hereunder or constitute a breach hereof.

19. Default. If Franchisee is in breach or default of any terms, conditions or covenants of this Agreement and the breach or default continues for ten (10) days after being notified by Franchisor, then, in addition to all other rights and remedies at law or equity, Franchisor may cancel the order and/or this Agreement without any obligation or liability whatsoever on Franchisor's part, and Franchisee shall be liable for payment for Materials already received and accepted.

20. Indemnification. Franchisee shall indemnify, defend and hold harmless Franchisor, its shareholders, directors, officers, agents and employees against all claims, losses, actions, damages, expenses and all other liabilities, including costs and attorneys' fees, arising out of or resulting from any use or misuse of any of the Materials sold or delivered under this Agreement.

21. Assignment. Franchisee may not assign or delegate any of its rights or obligations hereunder, in whole or in part, or any other interest hereunder without the Franchisor's prior written consent. Franchisor may assign its rights and obligations under this Agreement without obtaining the consent of the Franchisee.

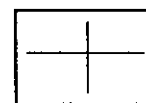
22. Notices. Whenever under the terms of this Agreement notice is required, the same shall be given in writing and signed by or on behalf of the party giving the same, and shall be delivered personally, by telex or by registered or certified mail, postage prepaid, addressed to the party for whom intended at their addresses set forth below or at such other address of which the party to receive notice shall give the other notice from time to time. Any notice so mailed shall for all purposes be deemed to have been given on the date said notice is received by the party for whom such notice was intended.

23. Entire Agreement. This Agreement supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained herein and contains, together with the exhibits attached hereto and made a part hereof, the sole and entire agreement between the parties hereto with respect to the transactions contemplated herein.

24. Amendments; Waivers. No change in, addition to, or waiver of the terms and provisions of this Agreement shall be binding upon Franchisee or Franchisor unless mutually agreed upon in writing. Any such amendment shall be attached to this Agreement and shall be incorporated herein. No waiver of a breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision.

25. Governing Law. Except as otherwise expressly provided herein, this Agreement and the determination and enforcement of all rights and obligations hereunder shall be governed by and construed in accordance with the Uniform Commercial Code as enacted in the State of Georgia and any other applicable laws of the State of Georgia.

26. Severability. In the event any one or more provisions of this Agreement shall for any reason be duly held to be invalid, illegal or otherwise unenforceable, such invalidity, illegality or enforceability shall not affect any other provision of this Agreement and this Agreement shall be interpreted and construed as if such invalid, illegal or unenforceable provision had never been contained herein.



27. Other Forms. In the event of any conflict between the terms and provisions of this Agreement and any other form or document used in the purchase of Materials by Franchisee from Franchisor, the terms and provisions of this Agreement shall control unless otherwise specifically agreed to in writing by Franchisor.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

FRANCHISOR:

FRANCHISEE:

KIDS 'R' KIDS INTERNATIONAL, INC.
1625 Executive Drive South
Duluth, Georgia 30096

By: _____
Patrick D. Vinson, President

By: _____

By: _____



ORDER FORM

Sold By:
Kids 'R' Kids International, Inc.
1625 Executive Drive South
Duluth, Georgia 30096

Sold To:

(Franchisee)

Order Date: _____

Manner of Shipment: _____
FOB _____ Common Carrier _____
Other: _____ Other (describe) _____

UPS _____

DO NOT MARK - FOR FRANCHISOR'S USE ONLY

Qty.	Description	Color	Size	Unit Price	Amount
TOTAL DUE \$					_____

The undersigned acknowledges that this Order Form shall be subject to all of the terms and conditions of that certain Supply Agreement by and between Franchisor and Franchisee.

FRANCHISEE:

By: _____

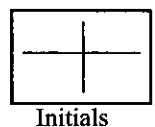


EXHIBIT I

TO FRANCHISE AGREEMENT



Initials

KIDS 'R' KIDS TRANSPORTATION DRIVER AGREEMENT

I. PERSONAL INFORMATION

Name: _____ SS #: _____

Address: _____ Class 3 _____

Drivers License #: _____ Any Other Drivers License #: _____

Phone: (____) _____ State: _____ Exp. _____ Date: _____

Have you ever been a delivery or other driver for any other company? _____ (Yes / No) [If so, provide name and address of such company and the person to whom you reported at such company.

Have you ever been involved in an auto accident? _____ (Yes / No)

If yes, please provide details below.

Have you ever been cited for driving under the influence of drugs and/or alcohol or other chemical substances? _____ (Yes / No)

Have you ever received a citation for a moving vehicle violation? _____ (Yes / No) If yes, please provide the following information:

<u>Date</u>	<u>Violation</u>	<u>State</u>	<u>Disposition</u>
_____	_____	_____	_____
_____	_____	_____	_____

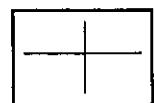
II. INSURANCE INFORMATION

Your Insurance Company _____

Agent's Name, Address, & Telephone No.

Liability coverage: Personal Injury \$ _____ Property \$ _____

Policy Expires On: _____



III. TERMS OF AGREEMENT

In consideration of the Kids 'R' Kids Center Franchisee ("Franchisee") located at _____ employing _____ ("Driver"), Driver hereby agrees that:

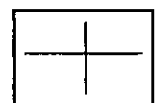
The above information concerning myself, my driving record and my insurance is true, accurate and complete as of this date. I understand that I must notify Franchisee immediately of any change regarding this information.

I hereby authorize Franchisee, Kids 'R' Kids International, Inc. and any of their authorized agents to obtain a copy of my driving record from the appropriate state agency. I also agree that my driving record may be examined at any time during the course of my employment and that any inconsistency between such record and the information I have provided Franchisee may be cause for termination of my employment.

I agree to maintain, as a minimum, the amount of liability insurance I currently carry and have described above.

I further agree to adhere to the following policies of Franchisee in carrying out the duties of my employment:

- 1) To act as a driver in connection with the provision of transportation services only for Franchisee and only within the specific transportation area Franchisee describes.
- 2) To provide proof of insurance to Franchisee upon request and to carry such proof in my vehicle at all times of employment.
- 3) To adhere strictly to and comply with all laws, rules and regulations regarding the operation of a motor vehicle.
- 4) To refrain from the use of all chemical substances, including alcohol, immediately before and during any time I might be working so that my driving shall not be impaired.
- 5) Not to deviate from the course of employment while performing transportation services.
- 6) In providing all transportation services in connection with my employment, I agree only to use those vehicles specifically designated by the Franchisee and which have been inspected and approved by the Department of Human Resources and/or any other governmental agency whose approval is required in order for Franchisee to operate any such vehicles.
- 7) Not to pick up or carry any passengers during working hours other than authorized agents or employees of Franchisee or children enrolled at Franchisee's Kids 'R' Kids Center.
- 8) To comply with all policies of the Franchisee, all rules, regulations and/or requirements of the Department of Human Resources concerning the operation of motor vehicles carrying children enrolled in a day care center and/or any other governmental agency and all other rules, regulations or safety requirements which may be communicated to me by Franchisee, whether orally or in writing from time to time.



IV. CERTIFICATION

By signing below, Driver represents and warrants that all information provided in parts I & II of this Agreement are true and complete as of the date hereof and Driver agrees to be bound by all of the terms of Part III of this Agreement.

DRIVER:

Date: _____

Signature

Name: _____

Accepted by: _____

AUTHORIZATION

_____, does hereby give _____, a Kids 'R' Kids Franchisee, or any of its authorized agents permission to obtain a copy of my driving record from the Department of Motor Vehicles.

Name as it appears on license: _____ Class 3 License No. _____

D.O.B. _____ Any Other License Nos.: _____

AUTHORIZATION

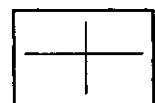
Date: _____

By: _____

Subscribed to and sworn before me this _____ day of _____,

Notary Public _____

My Commission Expires: _____



Initials

KIDS 'R' KIDS VEHICLE INSPECTION CERTIFICATE

Driver: _____ Vehicle: Make _____ Model _____ Year _____
License Plate No. _____ License No. _____ State _____

TO INSPECTOR

Please check each item below found to be satisfactory and circle each item found unsatisfactory.

_____ Valid Registration	_____ Valid Inspection Sticker
_____ Proof of Insurance	_____ Valid Driver's License
_____ Brakes	_____ Windshield
_____ Mirrors	_____ Lights
_____ Tires	_____ Exhaust
_____ Seat Belts	_____ Emergency Brake
_____ Horn	_____ Wipers
_____ Other (please specify below)	

This vehicle may not be used in connection with the provision of delivery services until all items circled above have been corrected.

INSPECTOR : _____

DATE : _____

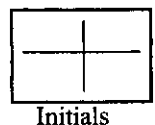


EXHIBIT J

TO FRANCHISE AGREEMENT



Initials

State of California State Proscribed Revisions

California Franchise Investment Law governs the UFOC and the Franchise Agreement and may supersede the franchise agreement in your relationship with the franchisor.

In the event of a conflict of laws, the provisions of the California Franchise Investment Law shall prevail.

Any default provision providing for termination upon bankruptcy may not be enforceable under federal bankruptcy law.

The Franchise Agreement requires application of the laws and forum of the state of Georgia. This provision may not be enforceable under California Franchise Investment Law.

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchisee agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Atlanta Georgia with the cost being borne by the party so designated in the Franchise Agreement or as otherwise determined by the arbitrator. This provision may not be enforceable under California Franchise Investment Law.

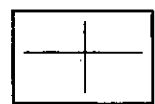
The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Franchise Investment Law.

The Franchise Agreement may contain liquidated damages provisions. Under Civil Code, Section 1671, certain liquidated damage clauses are unenforceable.

Under California Law, the Franchisee must comply with the Title 22, Division 12 licensing requirements, including finger-printing, health screening, and child abuse indexing. A copy of the California Regulations is attached to this UFOC for your review.

With regard to Item 17, the franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 2000-20043).

As a part of Exhibit G to the UFOC, you are provided with a copy of the UFOC Franchise Application Requirements of the State of California and the State of California special regulations for operating a day care center.



State of Washington Franchise Relation Provisions

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. These may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

Date this _____ day of _____, _____.

FRANCHISEE:

FRANCHISOR:

KIDS 'R' KIDS INTERNATIONAL, INC.

By:

Patrick D. Vinson, President



EXHIBIT K

TO FRANCHISE AGREEMENT

Initials

KIDS 'R KIDS INTERNATIONAL, INC.
FRANCHISE SITE TRANSFER ASSISTANCE AGREEMENT

THIS FRANCHISE SITE TRANSFER ASSISTANCE AGREEMENT (the "Agreement") made this _____ day of _____, 2001, by and between KIDS 'R' KIDS INTERNATIONAL, INC., a Georgia Corporation ("KRKI") and _____, a _____ (state, corporation/resident) ("Owner").

WITNESSETH:

WHEREAS, Owner is interested in selling its Kids 'R' Kids franchise, including all rights in and to Owner's franchise agreement and child care center site (hereinafter collectively referred to as the "Franchise"); and

WHEREAS, Owner is desirous of obtaining assistance in identifying a potential purchaser for the Franchise; and

WHEREAS, TRANSFEROR FRANCHISEE is legal owner of a majority interest in TRANSFEREE FRANCHISEE; and

WHEREAS, KRKI is knowledgeable and experienced in identifying potential purchasers for franchises ; and

WHEREAS, KRKI is willing and able to identify a potential purchaser to purchase Owner's Franchise.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration and the covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. KRKI shall utilize its best efforts to identify a potential purchaser to purchase Owner's Franchise. To ensure that the potential purchaser meets the minimum requirements of the Kids 'R' Kids Franchise System, as described in Owner's Franchise Agreement with Kids 'R' Kids International, Inc., KRK shall screen the potential purchasers, including obtaining and reviewing resumes and applications; conducting personal interviews; and ensuring financial qualifications.
2. KRKI shall advise Owner on any physical work which needs to be performed on the center site and any changes in management which need to be made prior to sale.
3. Upon request and if needed, KRKI will assist the potential purchaser in obtaining financing and in preparing a business plan.
4. Owner shall pay to KRKI an amount of _____ (\$ _____) at closing (upon the execution of the documentation transferring the Franchise).

5. Notwithstanding anything contained herein, in the event that Owner identifies a potential purchaser, such that any potential purchaser identified and approved by KRKI does not purchase Owner's Franchise, then Owner shall not be required to pay KRKI pursuant to Paragraph 4 herein.

IN WITNESS WHEREOF, the undersigned have set their hands and seals as of the day first written above.

KIDS 'R' KIDS INTERNATIONAL, INC.

By: _____ [CORPORATE SEAL]

_____ [SEAL]



EXHIBIT L

TO FRANCHISE AGREEMENT



Initials

Approved Suppliers

Product or Service Supplied

ABC School Supply
PO. Box 100019
Duluth, GA 30136

School Supplies

Atlanta Fixture Co.
3185 NE. Expressway
Chamblee, GA 30341

Kitchen Equipment

Blue Bird Body Co.
Fort Valley, GA 31030

School Bus

The Children's Factory
505 N. Kirkwood Rd.
St. Louis, MO 63122

Inside Plush Toys

Game Time, Inc.
PO. Box 121
Fort Payne, AL 35967

Outside Play Equipment

Childish Creations
1625 Executive Drive South
Duluth, GA 30096

Misc. School Supplies, Furniture and Outdoor Play Equipment

Kids 'R' Kids International, Inc.
1625 Executive Drive South
Duluth, GA 30096

Misc. School Supplies, Novelty Items

Kressa Software Corporation
3724 Hunter's Isle Drive
Orlando, FL 32837

SchoolLeader Software

Little Tikes Company
2180 Barlow Rd.
Hudson, OH 44236

Indoor and Outdoor Plastic Toys

Shipp Chemical Chemicals and
1177 West Avenue
Conyers, GA 30207

Janitorial Supplies

Step 2 Company
10010 Aurora-Hudson Road
Streetsboro, OH 44241

Indoor and Outdoor Plastic Toys

Virco Mfg. Co.

Tables, Chairs

