

EXHIBIT C

FRANCHISE AGREEMENT

THE DINNER
12 Meals. 2 Hours. Simple.
A'FARE

FRANCHISE AGREEMENT

FOR

THE DINNER A'FARE FRANCHISING, LLC

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ATTACHMENTS TO FRANCHISE AGREEMENT:

- A -- Exclusive Territory
- B -- Guaranty of Franchise Owner's Undertakings
- C – State-Specific Addenda

THE DINNER A'FARE FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") made and entered into as of the date set forth below, by and between The Dinner A'Fare Franchising, LLC (hereinafter referred to as "Franchisor"), a Georgia limited liability company, with its principal place of business located at 5417 Landsdowne Court, Cumming, Georgia 30041 and _____ of _____ ("Franchise Owner").

The Effective Date of the Agreement:_____.

WHEREAS, Franchisor is engaged in the business of operating, and of licensing the operation by others, of studio kitchens ("Dinner A'Fare Kitchens") operating under the trade name, trademark and service mark consisting of or containing the words "The Dinner A'Fare" and through the use of certain related trade names, trademarks, and service marks, logos, symbols, words and insignias designated by Franchisor (the "Proprietary Marks"); and

WHEREAS, Franchisor has originated, developed and perfected a unique and successful system for the establishment, operation and merchandising of Dinner A'Fare Kitchens under the Proprietary Marks, which system includes, but is not limited to, site selection, a unique and readily recognizable design, color scheme, decor, layout and signage for the business premises, equipment selection and installation, accounting and bookkeeping methods, merchandising, advertising and promotional techniques, personnel training and a confidential manual (the "Manual") of operating procedures containing specially conceived and designed methods for operating Dinner A'Fare Kitchens (the "System"); and

WHEREAS, Franchisor has made a substantial investment in developing and perfecting the System, and in advertising, promoting and publicizing the Proprietary Marks, both of which are recognized as representing the highest standards of quality, cleanliness, appearance and service; and

WHEREAS, to assist authorized franchise owners operating under the System in commencing business and obtaining favorable results, Franchisor provides all franchise owners operating under the System with both initial and continuing information, experience, advice and guidance with respect to financing, management, operations and marketing for Dinner A'Fare Kitchens; and

WHEREAS, Franchise Owner desires to establish and operate a Dinner A'Fare Kitchen (the "Studio Kitchens") at the location hereinafter designated, to use the System and the Proprietary Marks in connection with operating the Studio Kitchen and to derive the benefits of Franchisor's information, experience, advice, guidance and customer goodwill; and

WHEREAS, Franchise Owner recognizes the importance of Franchisor to its other franchise owners operating under the System and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Mark and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. GRANT OF FRANCHISE

A. Location of Franchise

Franchisor hereby grants to Franchise Owner and Franchise Owner hereby accepts a franchise under the terms and conditions as set forth herein for the right to operate the Studio Kitchen at a location to be agreed upon between Franchisor and Franchise Owner within an Exclusive Territory described in Attachment "A" (the "Exclusive Territory"). Once agreed upon, the address of the location shall be set forth on Attachment "A." Franchisor also hereby grants and Franchise Owner hereby accepts a license to use the Proprietary Marks, its advertising, and merchandising methods, and the System, provided Franchise Owner shall adhere to the terms and conditions hereof.

B. Exclusive Territory

Franchisor agrees that during the term of the Agreement, provided that Franchise Owner is in full compliance with the Agreement, Franchisor will not grant a Franchise to others to operate a Dinner A'Fare Kitchen within the Exclusive Territory of Franchise Owner or operate a business utilizing the System at a location within the Exclusive Territory of Franchise Owner.

II. TERM AND RENEWAL

A. Term

Following execution of the Agreement by Franchisor and Franchise Owner, the Agreement shall be effective and binding from the Effective Date for an initial term equal to fifteen (15) years from the Effective Date, unless earlier terminated pursuant to the provisions hereof.

B. Renewal

Franchise Owner shall have the right to renew this franchise at the expiration of the initial term of the Agreement for two (2) additional successive terms of five (5) years, provided that all of the following conditions have been fulfilled:

1. Franchise Owner has, during the entire term of the Agreement, substantially complied with all its provisions;
2. Franchise Owner maintains possession of the Studio Kitchen and by the expiration date of the Agreement has brought the Studio Kitchen into full compliance with the specifications and standards then applicable for or renewing the Studio Kitchen and presents evidence satisfactory to Franchisor that it has the right to remain in possession of the Studio Kitchen for the duration of any renewal term; or, in the event Franchise Owner is unable to maintain possession of the premises, or in the judgment of Franchisor the Studio Kitchen should be relocated, Franchise Owner secures a substitute premises approved by Franchisor and has furnished, stocked and equipped such premises to bring the Studio Kitchen at its substitute premises into full compliance with then-current specifications and standards of Franchisor by the expiration date of the Agreement;
3. Franchise Owner has satisfied all monetary obligations owed by Franchise Owner to Franchisor and any of its subsidiaries and affiliates and has timely met these obligations throughout the term of the Agreement;
4. Franchise Owner has executed Franchisor's then-current form of franchise agreement (with appropriate modifications to reflect the fact that the said agreement relates to the grant of a renewal franchise), which agreement shall supersede in all respects the Agreement the terms of which may differ from the terms of the Agreement, including, without limitation, a higher continuing Service Fee and/or local advertising expenditure; provided, however, Franchise Owner shall not be required to pay then-current Initial Franchise Fee, but shall pay the renewal fee of ten percent (10%) of then-current Initial Franchise Fee;
5. Franchise Owner has complied with Franchisor's then-current qualification and training requirements; and
6. Franchise Owner has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, if any, and their respective directors, agents and employees.

III. COMMENCEMENT OF OPERATIONS

Franchise Owner agrees to open and commence operation of the Studio Kitchen as soon as practicable after construction and/or remodeling of the Studio Kitchen. At Franchisor's option, the Agreement may be terminated for voluntary abandonment of the Studio Kitchen in the event Franchise Owner fails, within two hundred forty (240) days of the date of the Agreement, to completely construct and/or remodel, equip, furnish and open to the public the Studio Kitchen that is approved by Franchisor in accordance with the Agreement. In the event Franchise Owner does not commence operating the Studio Kitchen within the time period set forth herein, Franchisor may terminate the Agreement and the Initial Franchise Fee may be kept by Franchisor as liquidated damages, and not as a penalty, to reimburse itself for costs and/or expenses. Where Franchise Owner has exhibited due diligence in complying with this Section III of the Agreement, Franchisor may, at its option and in its sole discretion, consent in writing to an extension of time to the period of time specified herein.

IV. DESIGN OF FRANCHISED LOCATION

A. Site Approval

Franchise Owner agrees to secure, at its sole expense, a site for the Studio Kitchen, which shall be approved by Franchisor as being suitable for use as a Dinner A'Fare Kitchen under the System.

Franchise Owner agrees to completely construct and/or remodel, equip and furnish the Studio Kitchen in accordance with Franchisor's specifications with respect to design, equipment layout, decor, color scheme and signage, all at the expense of Franchise Owner. Franchisor shall provide construction advice to Franchise Owner (or its selected contractor) for construction and/or remodeling of the Studio Kitchen in accordance with the Agreement. Franchise Owner shall be responsible for and shall pay all expenses associated with transforming Franchisor's construction advice into site blueprints for the Studio Kitchen and in ensuring that such site blueprints comply with all codes, regulations or ordinances that may be applicable to the construction and/or remodeling of the Studio Kitchen.

B. Prior Approval By Franchisor

Franchise Owner shall not proceed with construction and/or remodeling of the Studio Kitchen until Franchise Owner has obtained Franchisor's prior written approval of: (i) the suitability of the Studio Kitchen to operate under the System; (ii) the terms of the lease for the Studio Kitchen; and (iii) any plans drafted by Franchise Owner's architect from Franchisor's construction materials. Prior to opening, Franchise Owner shall complete to Franchisor's satisfaction all preparations of the Studio Kitchen in accordance with specifications set forth in the Manual.

C. Signage

Franchise Owner, at its sole expense, agrees to erect, prominently display and maintain advertising signs of such design, color, number, location, illumination and size as Franchisor may reasonably require. All such signs or sign faces, as the case may be, shall bear the Proprietary Marks. Franchise Owner further agrees to obtain all necessary permits and to comply with all codes, regulations or ordinances applicable to display of the required signage, all at the expense of Franchise Owner. The maintenance and repair of all signs shall be the sole responsibility and obligation of Franchise Owner. Franchise Owner shall not display on the Studio Kitchen any sign or signs not approved by Franchisor, unless Franchisor shall give its prior written consent. Franchise Owner must comply with Franchisor's sign criteria, as more fully set forth in the Manual.

D. Lease of the Studio Kitchen

After receiving Franchisor's written approval of the location of the Studio Kitchen, Franchise Owner shall execute a lease, the terms of which have been previously approved by Franchisor. Franchisor's approval of the lease for the Studio Kitchen may be conditioned upon inclusion in the lease terms such provisions as Franchisor may reasonably require, including, without limitation:

1. A provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise granted to Franchise Owner;
2. A provision which expressly permits the lessor of the premises to provide to Franchisor with all sales and other information it may have related to the operation of the Studio Kitchen, as Franchisor may request;
3. A provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchise Owner and which grants to Franchisor, in its sole discretion, the right (but not the obligation) to cure any deficiency under the lease, should Franchise Owner fail to do so within fifteen (15) days after the expiration of the period in which Franchise Owner may cure the default;
4. A provision which gives Franchisor, or its designee, the option, upon default, expiration or termination of the Agreement, and upon written notice to the lessor, to assume all of Franchise Owner's rights under the lease terms, including the right to assign or sublease;
5. A provision which evidences the right of Franchise Owner to display the Proprietary Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law; and

6. A provision that the premises shall be used only for the operation of the Studio Kitchen.

Franchise Owner agrees not to modify its lease without the consent of Franchisor if such modification alters Franchisor's rights with respect to the above-noted provisions. In the event of termination of the Agreement for cause, at the request of Franchisor, if Franchise Owner owns the premises, Franchise Owner shall enter into a lease with Franchisor for a term of years equal to the remaining term of the Agreement, if said Agreement had not been terminated.

V. EQUIPMENT, FIXTURES AND FURNITURE

A. Use of Proper Equipment, Fixtures and Furniture

Franchisor may provide Franchise Owner with specifications for brands and types of any equipment, fixtures, displays, exterior and interior signs and decorating accessories required for the Studio Kitchen, at Franchise Owner's expense. Specifications may include minimum standards for design, appearance and local zoning, sign and other restrictions. Franchise Owner may purchase or lease original and replacement equipment, fixtures, furniture, sign and decorating materials and services meeting such specifications from any source, as approved by Franchisor. If Franchise Owner proposes to purchase or lease any item of equipment or any fixture, sign or decorating materials not theretofore approved by Franchisor as meeting its specifications, as set forth in the Manual, Franchise Owner shall first notify Franchisor in writing. Franchisor may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether such item of equipment, fixture, sign or decorating material meets its specifications. Franchisor shall advise Franchise Owner within a reasonable period of time whether such item of equipment, fixture, furniture, sign or decorating material meets its specifications.

B. Specification Standards For Equipment

Franchise Owner shall comply with all specifications for types of equipment used in the Studio Kitchen as provided in the Agreement.

VI. TRAINING AND ASSISTANCE BY FRANCHISOR

A. Pre-Opening Training

1. Franchisor will provide a Pre-Opening training program concerning the operation of the Studio Kitchen consisting of up to fifteen (15) days of training at Franchisor's home office and/or an existing Dinner A'Fare Kitchen. Franchise Owner and one additional person, as chosen by Franchise Owner and approved by Franchisor, shall attend such training program at no charge to Franchise Owner. Franchisor may charge a reasonable fee in the

event that Franchise Owner sends additional employees to the training program. Franchise Owner shall be responsible for any travel, lodging, meals or other costs for itself and other attendee(s) that it sends to the training program at Franchisor's home office, and/or an existing Dinner A'Fare Kitchen. Franchisor will pay its own out-of-pocket expenses for training at the Studio Kitchen. Franchise Owner must attend the training sessions. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of the Agreement.

2. Franchisor may conduct additional seminars or other training programs for the benefit of Franchise Owner, and Franchise Owner (and/or Franchise Owner's employees) may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any travel, living and other expenses incurred by anyone attending training on behalf of Franchise Owner shall be paid by Franchise Owner.
3. Franchise Owner may make reasonable requests for additional training, in addition to that specified above, and Franchisor shall, in its discretion, provide such training at Franchise Owner's expense, including, without limitation, any travel, lodging and meals and other related costs. Franchisor may charge a reasonable fee for such additional training, if it is deemed appropriate.
4. Franchise Owner shall complete and shall cause its employees to complete, to Franchisor's satisfaction, such other initial or additional training as Franchisor may reasonably require from time to time.

B. Post-Opening Training

For a period of up to ten (10) business days, Franchisor will furnish to Franchise Owner, at the premises of the Studio Kitchen and at Franchisor's expense, one of Franchisor's representatives for the purpose of facilitating the opening of the Studio Kitchen. During this period, such representative will also assist Franchise Owner in establishing and standardizing procedures and techniques essential to the operation of the Studio Kitchen and shall assist in training personnel, if needed. Should Franchise Owner request additional assistance from Franchisor in order to facilitate the opening of the Studio Kitchen, and should Franchisor deem it necessary and appropriate, Franchise Owner shall reimburse Franchisor for the expenses of Franchisor's personnel and out-of-pocket expenses, as set forth in the Manual.

C. Non-Completion of Training by Franchise Owner

If Franchisor determines in its sole discretion that Franchise Owner is unable to satisfactorily complete the training program described above, Franchisor shall have the right to terminate the Agreement in the manner herein provided. If the Agreement is terminated pursuant to this paragraph, then Franchisor may keep the Initial Franchise Fee paid by Franchise Owner to Franchisor as liquidated damages, and not as a penalty, to reimburse itself for costs and/or expenses.

D. Additional Training Requirements

Franchisor from time to time may require that previously trained and experienced franchise owners operating under the System or their managers or employees attend and successfully complete refresher training programs or seminars to be conducted at Franchisor's training facility or at such other locations mutually convenient to the parties hereto, and at Franchise Owner's expense.

VII. OBLIGATIONS OF FRANCHISOR

A. Layout of the Studio Kitchen

Provided that Franchise Owner leases or uses space in an existing building, Franchisor will assist Franchise Owner with the layout and design of the Studio Kitchen including location of walls and counters, if any, and the location of equipment and fixtures. The costs of leasehold improvements, signs and fixtures for finishing out the Studio Kitchen are the responsibility of Franchise Owner.

B. Training and Pre-Opening Assistance

Franchisor will provide a training program concerning the operation of Dinner A'Fare Kitchens as set forth in Section VI of the Agreement.

C. Site Location

Franchise Owner has sole responsibility in selecting a site for the Studio Kitchen. Franchisor shall review and approve Franchise Owner's site selection and Lease Agreement, based on an analysis of local competing businesses, demographics, visibility, accessibility, suitability of the premises to be leased, and other factors more fully described in the Manual.

D. Operations Manual

Franchisor shall loan to Franchise Owner one copy of the Manual, containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor, and information relative to other obligations of a Franchise Owner, and to the operation of Dinner A'Fare Kitchens.

This Manual may cover such topics as Pre-Opening Procedures, Systems and Procedures, Personnel Policies, Marketing, Accounting and Bookkeeping and related matters as may be incorporated in such Manual from time to time. The Manual will remain confidential and the property of Franchisor, constitutes a Trade Secret of Franchisor, and may not be loaned out, duplicated, or copied in whole or in part in any manner. Franchisor will have the right to add to and otherwise modify the Manual from time to time, as it deems necessary. Franchise Owner must always follow the directives of the Manual, as may be modified by Franchisor from time to time. Such compliance by Franchise Owner is necessary to protect the integrity and reputation of the System.

E. Continuing Assistance

In addition to the assistance rendered to Franchise Owner prior to opening, Franchisor will provide, as deemed necessary by Franchisor, continuing consultation and advice regarding business, financial, operational, technical, pricing, sales and advertising matters, type of products and services offered, operation of the Studio Kitchen, and development of personnel policies. Franchisor will provide such assistance by telephone or, if the situation warrants, through on-site assistance of appropriate Franchisor personnel.

F. Advertising and Promotion

1. Franchisor may develop and provide creative materials for local and regional advertising and make such advertising materials available to Franchise Owner for publication or distribution in Franchise Owner's market area at Franchise Owner's own expense.
2. Franchisor may provide specific guidelines for advertising initiated by individual franchise owners operating under the System and shall reserve the right to disapprove any advertising that, in Franchisor's opinion, is not in accordance with these guidelines.
3. Immediately upon notification to do so, Franchise Owner shall discontinue any advertising that would, in Franchisor's opinion, be detrimental.

G. Suppliers

Franchisor may assist Franchise Owner in selecting suppliers for the products and services offered by Franchise Owner to its customers. Franchisor shall not limit the suppliers from whom such items may be purchased, so long as such items comply with the standards of quality specified in the Manual or in the Agreement.

H. Pricing

Franchisor may advise Franchise Owner from time to time concerning suggested retail prices. Franchisor and Franchise Owner agree that any list or schedule of prices furnished to Franchise Owner by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchise Owner. Nothing contained herein shall be deemed a representation by Franchisor that the use of Franchisor's suggested prices will in fact optimize profits.

VIII. FEES AND PAYMENTS BY FRANCHISE OWNER

A. Initial Franchise Fee

By executing the Agreement, Franchise Owner agrees to become a Franchise Owner and to pay an Initial Franchise Fee equal to Thirty Thousand Dollars (\$30,00.00). This fee is payable in two installments. The first installment of Fifteen Thousand Dollars (\$15,00.00) is paid upon execution of the Agreement and approval of Franchise Owner by Franchisor. The second installment of Fifteen Thousand Dollars (\$15,000.00) is payable to Franchisor upon Franchisor's approval of Franchise Owner's proposed site and Lease Agreement or Purchase Agreement for said site. The Initial Franchise Fee is paid by Franchise Owner to Franchisor by tendering a certified or cashiers check for the amount of each installment of the Initial Franchise Fee described herein. The Initial Franchise Fee is fully earned by Franchisor at the time Franchisor executes the Agreement.

B. Payment of Service Fees

Franchise Owner agrees to pay to Franchisor a Service Fee (the "Service Fees") according to the following schedule: five percent (5%) of the Studio Kitchen's first \$48,000.00 Gross Revenues per month; four percent (4%) of the Studio Kitchen's next \$24,000.00 of Gross Revenues per month; and three percent (3%) of all additional Gross Revenues of the Studio Kitchen, or Three Hundred Dollars (\$300.00) per month, whichever is greater.

The monthly minimum fee of Three Hundred Dollars (\$300.00) will be increased as follows: commencing at the start of the 13th month of the term of the Agreement and ending upon termination of the Agreement, the minimum monthly Service Fees will be increased by five percent (5%) for each additional twelve (12) month period.

Service Fees are payable in advance on the seventh (7th) day of each month beginning when Franchise Owner opens the Studio Kitchen. All Service Fees must be paid by check and postmarked by the seventh (7th) day of the month and received by Franchisor no later than the twelfth (12th) of each month. Service Fees must be based upon the prior month's Gross Revenues and must be sent to Franchisor by Priority Mail of the United States Postal Service.

C. Interest for Late Payments

All Service Fee payments, local advertising expenditures, amounts due for purchases by Franchise Owner from Franchisor and/or its affiliated company, and other amounts which Franchise Owner owes to Franchisor and/or its affiliated company, not received on or before the due date shall be deemed overdue. If any payment or contribution is overdue, Franchise Owner shall pay to Franchisor immediately upon demand the overdue amount, a late fee of One Hundred Dollars (\$100.00) per incident, plus interest on the overdue amount from the date it was due until paid, at the rate of one and one half percent (1½%) per month, or the maximum rate permitted by law, whichever is higher. The foregoing shall be in addition to any other remedies Franchisor may possess, as permitted by law.

Franchise Owner acknowledges that this paragraph shall not constitute agreement by Franchisor to accept such payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchise Owner's operation of the Studio Kitchen. Further, Franchise Owner acknowledges that the failure to pay all amounts when due hereunder shall constitute grounds for termination of the Agreement, as provided herein.

D. Definition of Gross Revenues

The term "Gross Revenues" means the amount of all receipts for the sale of any products or services of the Studio Kitchen and income of every other kind and nature related to the Studio Kitchen, whether for products or services, cash, exchange, or credit, regardless of collection in a case of credit, less any refunds; provided, however, that "Gross Revenues" shall not include any sales taxes or other taxes collected by Franchise Owner for transmittal to the appropriate taxing authority.

E. Franchisor's Right to Apply Franchise Owner Payments

Notwithstanding any designation by Franchise Owner, Franchisor shall have the sole discretion to apply any payments by Franchise Owner to any past due indebtedness of Franchise Owner for Service Fee payments, purchases from Franchisor and any of its affiliates, interest or any other indebtedness.

IX. ADVERTISING AND MARKETING

Recognizing the value of marketing and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of Dinner A'Fare Kitchens, Franchise Owner agrees as follows:

A. Grand Opening Marketing

Franchise Owner shall expend a minimum of Four Thousand Dollars (\$4,000.00) for advertising and promotional items. Franchisor may advise Franchise Owner regarding the preparation and placement of such advertising and promotional items. Such monies must be spent either prior to or during the first ninety (90) days after Franchise Owner opens the Studio Kitchen.

If so requested by Franchisor, Franchise Owner shall participate in a joint grand opening program with other franchise owners operating under the System in the same marketing area, who are opening their Dinner A'Fare Kitchens at about the same time as Franchise Owner. With regard to all advertising, Franchise Owner shall use the advertising materials, techniques and concepts of Franchisor and none other unless Franchise Owner obtains the prior written approval of Franchisor to use other materials, techniques and concepts.

B. Local Marketing Expenditures

Franchise Owner shall spend, as a minimum, for local advertising purposes the amount of Two Thousand Five Hundred Dollars (\$2,500.00) per month during the first twelve (12) months of the term of the Agreement. This minimum amount of money to be spent for local advertising purposes must be increased by at least five percent (5%) per year for remaining years of the term of the Agreement. Franchise Owner must send to Franchisor, on a quarterly basis, evidence that it has paid such monies for local marketing purposes, according to the procedures described more fully in the Manual.

If one is created, Franchise Owner is also required to join and participate in Franchisor's ADI Advertising Cooperative (Co-op), which is an association of all other franchise owners operating under the System with Dinner A'Fare Kitchens located within Franchise Owner's Area of Dominant Influence ("ADI"). An ADI is a geographic market design that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. Each Co-op will be organized and governed in a form and manner approved by Franchisor in writing, and will commence operations on a date specified or approved by Franchisor. Franchisee must join and begin participation within thirty (30) days after the date on which the Co-op commences operation. Franchisor will also designate the ADI for each Co-op. Any disputes arising among or between Franchise Owner, other franchise owners in the Co-op, and/or the Co-op, shall be resolved in accordance with the rules and procedures set forth in the Co-op's

governing documents. Franchise Owner shall submit to the Co-op the amount required of Franchise Owner under this Agreement at such times as determined by Franchisor, together with such other statements or reports as may be required by Franchisor, or by the Co-op with Franchisor's prior written approval.

One function of the Co-op is to establish a local advertising pool, the funds of which are to be used for Franchisor's advertising only to the mutual benefit of each Co-op member. Franchise Owner shall contribute to the pool in accordance with the rules and regulations of the Co-op, as determined by its members. Amounts contributed to the advertising pool by a Franchise Owner may be considered as spent for local advertising, and therefore toward the minimum local advertising requirements as specified in the Agreement.

Franchise Owner shall list and advertise the Studio Kitchen in the principal regular (white pages) telephone directories distributed within his Exclusive Territory, in such directory categories as are specified by Franchisor, as set forth in the Manual, utilizing Franchisor's standard forms of listing and classified directory advertisements. Classified directory advertisements must list all other Dinner A'Fare Kitchens operating within the distribution area of the classified directories. The cost of such advertisements is required to be reasonably apportioned among all Dinner A'Fare Kitchens listed therein. The costs incurred in such telephone directory advertising may be considered as part of the minimum local advertising amount noted herein.

C. Local Marketing Plan

Franchise Owner shall create a local advertising and marketing plan by which Franchise Owner shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of Franchisor as set forth in the Manual, or otherwise designated by Franchisor.

Franchise Owner may not advertise the Studio Kitchen in connection with any other business, except with Franchisor's prior written approval. Franchise Owner shall obtain Franchisor's prior approval of all advertising and promotional plans and materials that Franchise Owner desires to use at least thirty (30) days before the start of any such plans unless such plans and materials have been previously approved by Franchisor. Franchise Owner shall submit such plans and materials to Franchisor by personal delivery or through the mail, "Return Receipt Requested." Franchise Owner shall not use such plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans and materials upon the request of Franchisor. Any plans or materials submitted by Franchise Owner to Franchisor that have not been approved or disapproved in writing, within thirty (30) days of receipt thereof by Franchisor, shall be deemed disapproved.

D. National Advertising Fees

1. Franchise Owner must contribute monthly to a National Advertising Fund (the "National Fund") in an amount of money to be determined in the future by Franchisor. This amount shall not exceed 2% of Franchise Owner's Gross Sales.
2. Franchise Owner must make contributions to the National Fund, as required under the Agreement, and must further agree and acknowledge that the National Fund shall be maintained and administered by Franchisor as follows:
 - a. Franchisor shall oversee all advertising and promotional programs and shall have the sole discretion to approve or disapprove the creative concept, materials, methods, and media used in such programs, and the placement and allocation thereof. Details on this committee appear in the Manual. Franchise Owner agrees and acknowledges that the National Fund is intended to maximize public recognition and acceptance of the Proprietary Marks and System. Franchisor undertakes no obligation in administering the National Fund to make expenditures for Franchise Owner that are equivalent or proportionate to its contribution, or to ensure that Franchise Owner benefits directly or pro-rata from advertising or promotion conducted under the National Fund.
 - b. The National Fund, all contributions thereto, and earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing and preparing advertising activities (including the costs of preparing and conducting advertising campaigns in various media; sponsorship, marketing surveys and other public relations activities; employing advertising or marketing firms to assist therein; and providing promotional brochures and other marketing materials to franchise owners operating under the System). Any earnings of the National Fund thereon shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonably related to the administration or direction of the National Fund and advertising programs for the System and franchise owners operating under the System. The National Fund and its earnings shall not otherwise inure to the benefit of Franchisor.
 - c. It is anticipated that most of the contributions to and earnings

of the National Fund shall be expended for the purposes described above during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the National Fund at the end of such taxable year, all expenditures in the following taxable year shall be made first out of the accumulated earnings from previous years, next out of contributions from previous years, next out of earnings in the current year, and finally out of current contributions.

- d. A statement of the operations of the National Fund shall be prepared annually and shall be made available at Franchise Owner's request.
- e. Although the National Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the National Fund at any time. The National Fund shall not be terminated, however, until all monies in the National Fund have been expended for the purposes described in the Agreement.
- f. The National Fund is not in operation as of the effective date of the Agreement. As a result, Franchise Owner's requirement of contributing to the National Fund is not required at this time. However, Franchisor reserves the right to activate Franchise Owner's contribution to the National Fund and will notify Franchise Owner in writing of such activation, and Franchise Owner's amount of such monthly contribution to the National Fund, at least thirty (30) days prior to the implementation of such requirement.

X. ACCOUNTING AND BOOKKEEPING RECORDS

A. Bookkeeping, Accounting and Records

Franchise Owner shall maintain during the term or terms of the Agreement, and shall preserve for a minimum of seven (7) years thereafter, full, complete accurate records of all sales, marketing activities, closeout sheets, payroll and accounts payable in accordance with the standard accounting system described by Franchisor in the Manual or otherwise specified in writing.

B. Submission of Financial Statements

Franchise Owner shall, at its expense, submit to Franchisor, within fifteen (15) days of the end of each calendar month during the term of the Agreement, on forms prescribed by Franchisor, a financial statement, which may be unaudited, for the

preceding month, including both an income statement and balance sheet. Franchise Owner shall also, at its expense, submit to Franchisor within sixty (60) days of the end of each fiscal year of Franchise Owner during the term of the Agreement, a complete financial statement for the said fiscal year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as Franchisor may require. Each financial statement shall be signed by Franchise Owner or by Franchise Owner's Treasurer or Chief Financial Officer, attesting that the statement is true and correct and prepared in accordance with Franchisor's requirements. Franchise Owner shall also submit to Franchisor its current financial statement and other forms, records, reports, information and data as Franchisor may reasonably designate, in the form, and at the times and the places reasonably required by Franchisor, upon request, and as specified from time to time in the Manual or otherwise specified in writing.

C. Franchisor's Right to Audit

Franchisor has the right at any time during business hours and without prior notice to examine, compile, review, or audit all business records, financial and otherwise, relating to the Studio Kitchen. The examination shall be at the expense of Franchisor; provided, however, if the examination results in a discovery of a discrepancy in the Gross Revenues reported by Franchise Owner of 5% or more, then Franchise Owner shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the examination, including, but not limited to, attorneys' and accounting fees and travel expenses, room and board and compensation of Franchisor's employees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.

D. Corporate Franchise Owner

If Franchise Owner becomes a corporation either prior to executing the Agreement, or at any time during the term of the Agreement, the following requirements shall apply:

1. Copies of Franchise Owner's Articles of Incorporation or Charter, By-laws and other governing documents, and any Amendments thereto, copies of initial shareholder certificates and Shareholder Agreements, if any, and the Resolutions of the Board of Directors authorizing entry into the Agreement as required by Franchisor and set forth in the Manual, shall be promptly furnished to Franchisor;
2. Franchise Owner shall maintain a current list of all owners of record and all beneficial owners of any class of stock of Franchise Owner and shall furnish such list to Franchisor annually;
3. All shareholders of Franchise Owner shall jointly and severally guarantee Franchise Owner's performance hereunder and shall bind themselves to the

terms of a Guaranty of Franchise Owner's Undertakings in a form approved by Franchisor (see Attachment "B" to the Agreement). However, the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation"); and

4. The majority shareholder in a corporation that becomes Franchise Owner of the Studio Kitchen, which is the subject of the Agreement, must complete the initial management-training course and all other training courses required by Franchisor and devote full-time best efforts to working at the Studio Kitchen during the first two years of its operation..

E. Limited Liability Company Franchise Owner

If Franchise Owner becomes a limited liability company either prior to executing the Agreement, or at any time during the term of the Agreement, the following requirements shall apply:

1. Copies of the Articles of Organization, the Operating Agreement, and Minutes of the Annual Meeting shall be promptly furnished to Franchisor;
2. Franchise Owner shall maintain a current list of all members of record and shall furnish such list to Franchisor annually;
3. All members with Franchise Owner shall jointly and severally guarantee Franchise Owner's performance hereunder and shall bind themselves to the terms of a Guaranty of Franchise Owner's Undertakings in a form approved by Franchisor (see Attachment "B") to the Agreement;
4. The majority member in a limited liability company that becomes Franchise Owner, which is the subject of the Agreement, must complete the initial management-training course and all other training courses required by Franchisor and devote full-time best efforts to working at the Studio Kitchen during the first two years of its operation.

XI. STANDARDS OF QUALITY AND PERFORMANCE

Franchise Owner shall comply with the entire System developed by Franchisor including, without limitation, the following:

A. Secure Site and Approval of Lease Within 120 Days

Franchise Owner must obtain from Franchisor, within one hundred twenty (120) days from the date the Agreement is signed, approval of Franchise Owner's

proposed site and Lease Agreement or Purchase Agreement for said site. Franchise Owner's failure to meet these requirements may result in Franchisor terminating the Agreement and keeping the first installment of the Initial Franchise Fee, as set-forth in the Agreement.

B. Open the Studio Kitchen in 240 Days

Franchise Owner shall commence operation of the Studio Kitchen not later than two hundred forty (240) days after the execution of the Agreement and approval by Franchisor of Franchise Owner. Prior to such opening, Franchise Owner shall have procured all necessary licenses, permits, and approvals, including, without limitation, construction permits and licenses, and shall have hired and trained personnel, made all leasehold improvements, and purchased and installed necessary equipment, and procured a representative inventory as required by Franchisor. If Franchise Owner for any reason fails to commence operations as herein provided, unless Franchise Owner is precluded from doing so by war or civil disturbance or natural disaster, such failure shall be considered a default hereunder and Franchisor may terminate the Agreement as herein provided without any refund of Franchise Owner's Initial Franchise Fee.

C. Image of the Studio Kitchen

Franchise Owner agrees to maintain the condition and appearance of the premises of the Studio Kitchen consistent with Franchisor's standards for the image of a Dinner A'Fare Kitchen as an attractive, pleasant and comfortable Studio Kitchen. Franchise Owner agrees to effect such reasonable maintenance of the Studio Kitchen as is required from time to time to maintain or improve the appearance and efficient operation of the Studio Kitchen, including replacement of worn out or obsolete fixtures, furniture and signs, repair of the exterior and interior of the Studio Kitchen and decorating. If at any time in Franchisor's judgment the general state of repair or the appearance of the premises of the Studio Kitchen or its equipment, fixtures, furniture, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchise Owner, specifying the action to be taken by Franchise Owner to correct such deficiency. If Franchise Owner fails or refuses to initiate within fifteen (15) days after receipt of such notice, and thereafter continue, and promptly complete, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Studio Kitchen and effect such maintenance on behalf of Franchise Owner, and Franchise Owner shall pay the entire costs thereof on demand. Franchise Owner's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impossible due to war, civil disturbance or natural disaster or other event beyond Franchise Owner's reasonable control.

D. No Alteration to the Studio Kitchen

Franchise Owner shall make no material alterations to the improvements of the Studio Kitchen nor shall Franchise Owner make material replacements of or alterations to the equipment, fixtures, furniture or signs of the Studio Kitchen without the prior written approval by Franchisor.

E. Use of Premises

The location of the Studio Kitchen approved by Franchisor in accordance with the Agreement shall be used solely for the purpose of operating the Studio Kitchen under the System.

F. Authorized Products and Services

Franchise Owner agrees that he or she will offer for sale and sell at the Studio Kitchen all types of merchandise, products and/or services that Franchisor from time to time authorizes and that he or she will not offer for sale or sell at the Studio Kitchen any other category of merchandise, products or services, or use such premises for any purpose other than the operation of the Studio Kitchen in full compliance with the Agreement.

G. Sale of Trademarked or Copyrighted Product Lines

Franchise Owner agrees, as part of the consideration for the Agreement, that Franchise Owner will carry an adequate supply and maintain a representative inventory of items and merchandise packaged under the Proprietary Marks, if any, and Franchise Owner shall maintain, carry and promote such items and merchandise for sale or lease to the general public in order to meet customer demands as designated by Franchisor.

H. Approved Manufacturers, Suppliers and Distributors

From time to time, Franchisor shall provide to Franchise Owner, a list of approved manufacturers, suppliers, and distributors for all products and services necessary to operate the Studio Kitchen. Franchisor may revise the approved list of manufacturers, suppliers and distributors from time to time in its sole discretion. Such approved list shall be submitted to Franchise Owner as Franchisor deems advisable.

I. Authorized Equipment, Fixtures, and Supplies

All supplies, equipment, materials and related items, forms and other materials used in the operation of the Studio Kitchen shall conform to the specifications and quality standards established by Franchisor from time to time. Franchise Owner shall purchase all inventory, supplies and other products and materials required for the operation of the Studio Kitchen solely from suppliers (including manufacturers and distributors) who demonstrate, to the continuing reasonable satisfaction of

Franchisor, the ability to meet Franchisor's reasonable standards and specifications for such items; who possess adequate quality control and capacity to meet Franchise Owner's needs properly and reliably; and who have been approved in writing by Franchisor and not thereafter disapproved. If Franchise Owner desires to purchase any items from an unapproved supplier, Franchise Owner shall submit to Franchisor a written request for approval of such supplies, or shall request supplier to do so. Franchisor approval shall not be unreasonably withheld. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facility and that samples from the supplier be delivered at Franchisor's option either to Franchisor or to an independent consultant designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the testing shall be paid by Franchise Owner or the supplier. Franchisor reserves the right, at its option, to reinspect the facilities and products of such approved suppliers, from time to time, and to revoke its approval upon supplier's failure to continue to meet any of Franchisor's criteria for standards and specifications. Franchisor shall be entitled upon request, to periodically review inventory reports from Franchise Owner, including product identification and serial numbers, if applicable, for compliance with the foregoing requirements.

J. Specifications, Standards and Operating Procedures

Franchise Owner agrees to fully comply with all mandatory specifications, standards, operating procedures and rules as in effect from time to time relating to:

1. The safety, maintenance, cleanliness, function and appearance of the Studio Kitchen and its equipment, fixtures, furniture, decor and signs and maintenance thereof;
2. Procedures regarding purchasing of any trademarked product line or copyrighted materials and other inventory items;
3. Procedures and techniques regarding merchandising activities;
4. Training, dress, general appearance and demeanor of the Studio Kitchen's employees;
5. Hours during which the Studio Kitchen will be attended and open for business;
6. Advertising and promotional programs;
7. Use and retention of standard forms;
8. Type, quantity and variety of equipment, Trademarked Product Lines and Copyrighted Materials and inventory items;

9. Use and illumination of signs, posters, displays and similar items;
10. Identification of Franchise Owner as the owner of the Studio Kitchen; and
11. The handling of customer complaints.

Mandatory specifications, standards, operating procedures and techniques and other rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchise Owner in writing, shall constitute provisions of the Agreement, as if fully set forth herein. All references herein to the Agreement shall include all such mandatory specifications, standards and operating procedures and rules.

K. Licenses, Permits and Certificates

Franchise Owner shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Studio Kitchen and shall operate the Studio Kitchen in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, equal opportunity, trade regulation, worker's compensation, unemployment insurance, withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes.

L. Products with the Proprietary Marks

Franchise Owner shall in the operation of the Studio Kitchen use and display, labels, forms and other paper products imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

M. Supervision of the Studio Kitchen

Franchise Owner will be directly involved to the management and operation of the Studio Kitchen. Franchise Owner must devote full-time best efforts to working at the Studio Kitchen during the first two years of its operation. In addition, Franchise Owner must have a fully trained manager operate the Studio Kitchen at all times when Franchise Owner is not personally managing and operating the Studio Kitchen. Franchise Owner shall keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Studio Kitchen. Franchisor shall make training available, as is reasonable and necessary, for all managers designated by Franchise Owner. Franchisor may provide such training at then-current rates charged by Franchisor. Franchise Owner agrees that he or she will at all times faithfully, honestly and diligently perform Franchise Owner's obligations hereunder and that Franchise Owner will not engage in any business or other activities that will conflict with the obligations hereunder.

N. Inventory and Supplies Prior to Opening

Prior to commencement of operation of the Studio Kitchen, Franchise Owner shall adequately supply the Studio Kitchen with representative equipment, fixtures, signs, and inventory as prescribed by Franchisor, and any other items of the type, quantity and quality as specified by Franchisor in the Manual.

O. Continued Use of Inventory and Supplies

Franchise Owner agrees that the Studio Kitchen shall at all times maintain an adequate inventory of all products and services required by Franchisor.

P. Use of Advertising and Promotional Activities

All advertising and promotional activities that Franchise Owner conducts in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the products and services of the Studio Kitchen and shall have been approved in writing by Franchisor prior to their use by Franchise Owner. Franchise Owner agrees to refrain from any advertising or promotional practice that is unethical or may be injurious to the business or reputation of Franchisor or the goodwill associated with the Proprietary Marks.

Q. Notice of Legal Proceedings

Franchise Owner shall notify Franchisor in writing within five (5) days of the commencement of or the threatening of any action, suit, or proceeding, or of the issuance or the threatened issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation, financial condition or reputation of the Studio Kitchen.

R. Internet Use

Franchise Owner shall not establish a web site on the Internet using any domain name containing the Proprietary Marks or any variation thereof. Franchisor retains the sole right to advertise on the Internet and create a web site using any of the foregoing or related domain names. Franchise Owner acknowledges that Franchisor is the owner of all right, title and interest in and to such domain names as Franchisor shall designate. Franchisor retains the right to pre-approve Franchise Owner's use of linking and framing between Franchise Owner's web pages and all other web sites. Franchise Owner shall, within five (5) days, dismantle any frames and links between Franchise Owner's web pages and any other web sites, if requested by Franchisor.

XII. PROPRIETARY MARKS

A. Franchisor's Ownership of Proprietary Marks

Franchise Owner acknowledges and agrees that Franchisor is the owner of the Proprietary Marks, and Franchise Owner's right to use the Proprietary Marks is derived solely from the Agreement and is limited to the conduct of the business by Franchise Owner pursuant to and in compliance with the Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of the Agreement. Any unauthorized use of the Proprietary Marks by Franchise Owner is a breach of the Agreement and an infringement of the rights of Franchisor in and to the Proprietary Marks. Franchise Owner acknowledges and agrees that all usage of the Proprietary Marks by Franchise Owner and any goodwill established by Franchise Owner's use of the Proprietary Marks shall inure to the exclusive benefit of Franchisor and that the Agreement does not confer any goodwill or other interests in or to the Proprietary Marks upon Franchise Owner. Franchise Owner shall not, at any time during the term of the Agreement, or after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist another person in contesting the validity or ownership of any of the Proprietary Marks. All provisions of the Agreement applicable to the Proprietary Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to Franchise Owner by Franchisor after the date of the Agreement.

B. Franchise Owner's Use of Proprietary Marks

Franchise Owner shall not use any of the Proprietary Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Franchise Owner use any of the Proprietary Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchise Owner agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law or as requested by Franchisor.

Franchise Owner shall not use any of the Proprietary Marks in any manner that has not been specified or approved by Franchisor prior thereto.

C. Unauthorized Use of Proprietary Marks

Franchise Owner shall immediately notify Franchisor in writing of any apparent infringement of or challenge to Franchise Owner's use of the Proprietary Marks, which it becomes aware of, and of any claim by any person of any right in the Proprietary Marks or any similar trade name, trademark, or service mark of which Franchise Owner becomes aware. Franchise Owner shall not directly or indirectly communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or

other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Proprietary Marks. Franchise Owner agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain the interests of Franchisor in any such litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor in the Proprietary Marks.

D. Franchisor's Right to Modify

If it becomes advisable at any time in Franchisor's sole discretion, for Franchisor and/or Franchise Owner to modify or discontinue use of the Proprietary Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchise Owner agrees to comply with Franchisor's directions within a reasonable time after notice to Franchise Owner by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchise Owner's modification or discontinuance of the Proprietary Marks. Franchise Owner agrees that any costs for modifying or changing the Proprietary Marks will be borne by Franchise Owner and such modification or change of Proprietary Marks will be completed by Franchise Owner within a reasonable period of time after notification by Franchisor.

E. Franchisor's Right to Inspect the Studio Kitchen

In order to preserve the validity and integrity of the Proprietary Marks and copyrighted materials licensed herein, and to assure that Franchise Owner is properly employing the same in the operation of the Studio Kitchen, Franchisor or its agents shall have the right of entry and inspection of Franchise Owner's premises at all reasonable times and, additionally, shall have the right to observe the manner in which Franchise Owner is rendering its products and services and conducting its operations. Franchisor or its agents shall have the right to confer with Franchise Owner's employees and customers, and to inspect equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes in order to make certain that the equipment and related merchandise, trademarked product lines, and other merchandise, equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards established by Franchisor from time to time.

F. Purchase of Proprietary Products

Prior to the time Franchise Owner opens the Studio Kitchen, Franchise Owner may be obligated to purchase certain products, supplies and equipment from certain designated suppliers. In addition, Franchise Owner may be obligated during the term of the Agreement to purchase from Franchisor or one of Franchisor's affiliated companies certain proprietary products in order to properly operate the Studio

Kitchen.

XIII. CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Definitions

For purposes of the Agreement, the following terms have the following meanings:

"Confidential Information" means valuable and proprietary confidential business information or data other than "Trade Secrets" (as defined below). "Confidential Information" also includes any items specifically designated as a Trade Secret in Paragraph B below that are ultimately determined under applicable law not to constitute a "trade secret" but that otherwise meet the definition of Confidential Information. **FRANCHISE OWNER ACKNOWLEDGES THAT THE TERMS OF THE AGREEMENT AND THE MANUAL ARE CONFIDENTIAL INFORMATION.**

"Trade Secrets" means information (including, but not limited to, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. To the extent that applicable law mandates a definition of "trade secret" inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.

B. Non-Disclosure Covenant

Franchise Owner acknowledges that he, she or it may be exposed to certain Confidential Information and Trade Secrets of Franchisor during the term of the Agreement, and that his, her or its unauthorized use or disclosure of such information or data could cause immediate and irreparable harm to Franchisor. Accordingly, except to the extent that it is necessary to use such information or data to perform Franchise Owner's express obligations under the Agreement, Franchise Owner shall not (and shall take diligent measures to ensure that none of its employees or other personnel shall), without the express prior written consent of Franchisor, publish, disclose, transfer, release or divulge to any other person or entity, or use or modify for use, directly or indirectly, in any way for any person or entity:

1. any of the Confidential Information during the term of the Agreement and for a period of two (2) years after the termination of the Agreement; and

2. any of the Trade Secrets at any time during which such information shall constitute a Trade Secret before or after termination of the Agreement. The Parties acknowledge and agree that Franchisor's Trade Secrets include, but are not limited to: product marketing and promotional techniques and plans; financial data and plans; and any components of the System that fall within the definition of "Trade Secret." THE PARTIES ACKNOWLEDGE AND AGREE THAT FRANCHISOR'S CONFIDENTIAL INFORMATION INCLUDES, BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THE AGREEMENT; THE CONTENTS OF THE MANUAL (EXCEPT FOR ANY INFORMATION IN THE MANUAL THAT WOULD CONSTITUTE A "TRADE SECRET"); AND ANY COMPONENT OF THE SYSTEM THAT DOES NOT CONSTITUTE A "TRADE SECRET" BUT THAT OTHERWISE MEETS THE DEFINITION OF "CONFIDENTIAL INFORMATION."

C. Injunctive Relief Available to Franchisor

Franchise Owner acknowledges that any failure to comply with the requirements of this Paragraph of the Agreement will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements. Franchise Owner agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, any violation of the requirements of the Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that Franchisor may possess.

D. Franchise Owner's Employees Will Not Disclose Proprietary Information

Franchise Owner may disclose the Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Studio Kitchen. Franchise Owner shall obtain from each such employee, representative or agent, a non-disclosure agreement that is in a form satisfactory to Franchisor.

E. Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in, or to, any patents that are material to the Franchise. However, Franchisor claims a copyright in the Manual and certain marketing, sales, and operations literature. Furthermore, Franchisor does claim rights to certain trade secrets and Confidential Information as discussed above.

F. Ownership of Newly Developed Products and Services

Franchise Owner must fully and promptly disclose to Franchisor all ideas, names, concepts, methods and techniques relating to the development, operation or

promotion of the Studio Kitchen, conceived or developed by him or her or by employees during the term(s) of the Agreement. Franchisor has the perpetual right to use and authorize other Dinner A'Fare Kitchens to use such ideas, names, concepts, methods and techniques and, if incorporated into the System for the development, operation or promotion of Dinner A'Fare Kitchens, such ideas, names, concepts, methods and techniques become the sole and exclusive property of Franchisor without any consideration to Franchise Owner, in as much as they are derivative ideas or products of Franchisor's Proprietary Information.

XIV. MODIFICATION OF THE SYSTEM

Franchise Owner recognizes and agrees that from time to time hereafter Franchisor may change or modify the System as presently described in the Manual, and as identified by the Proprietary Marks, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of merchandise and products, new inventory, new equipment requirements or new techniques and that Franchise Owner will accept, use and display for the purpose of the Agreement any such changes in the System, as if they were part of the Agreement at the time of execution hereof. Franchise Owner will make such expenditures as such changes or modifications in the System may reasonably require. Franchise Owner shall not change, modify or alter in any way any material aspect of the System, without the prior written consent of Franchisor.

XV. INSURANCE OBLIGATIONS

A. Overall Insurance Coverage Required

Franchise Owner must procure, prior to opening the Studio Kitchen and shall maintain in full force and effect during the term of the Agreement, at Franchise Owner's expense, an insurance policy or policies protecting Franchisor, and the Officers, directors, partners, agents, and employees of both Franchisor and Franchise Owner, against any loss, liability, personal injury, death, property damage, or expense whatsoever arising from or occurring upon or in connection with operating the Studio Kitchen. Franchisor must be named as an additional insured on all such policies.

B. Qualified Insurance Carrier

All insurance policies required under the Agreement shall be written by an insurance company satisfactory to Franchisor, naming Franchisor as an additional insured, whenever possible, in accordance with standards and specifications set forth in the Manual or otherwise specified in writing, and shall include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by Franchisor), the limits set forth in the Manual for the following categories of required insurance, and any additional categories required by Franchisor, as set-forth in the Manual;

1. Comprehensive general liability insurance including, but not limited to, product liability coverage, personal injury coverage;
2. Property damage liability insurance covering at a minimum the perils of fire and extended coverage and vandalism;
3. Workers' Compensation and employer's liability insurance as prescribed by state law;
4. An Umbrella Policy;
5. Hired and non-owned automobile coverage; and
6. Such other insurance that may be required by the statutes or other laws of the state or any local governmental entity in which the Studio Kitchen is located and operated.

C. No Limitations on Coverage

Franchise Owner's obligations to obtain and maintain the foregoing insurance policies, in the policy limits set forth in the Manual, shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchise Owner's performance of this obligation relieve it of liability under the indemnity provisions set forth in the Agreement. Franchise Owner may maintain such additional insurance as it may consider advisable.

D. Evidence of Coverage

Upon obtaining the insurance required by the Agreement and on each policy renewal date thereafter, Franchise Owner must promptly submit evidence of satisfactory insurance and proof of payment thereof to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days' prior written notice to Franchisor.

E. Franchisor May Procure Insurance Coverage

Should Franchise Owner, for any reason, fail to procure or maintain the insurance required by the Agreement, as described from time to time by the Manual or otherwise in writing, a breach of the Agreement shall result. Franchisor shall then have the right and authority (but no obligation) to procure such insurance and to charge same to Franchise Owner, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchise Owner immediately upon notice from Franchisor.

F. Certificate of Insurance

Franchise Owner must submit to Franchisor, at least annually, and otherwise upon request by Franchisor a copy of the certificate of renewal or other evidence of the renewal, existence or extension of such insurance policies.

XVI. TERMINATION OF FRANCHISE

A. By Franchise Owner

If Franchise Owner is in compliance with the Agreement and Franchisor materially breaches the Agreement and fails to cure such breach within thirty (30) days after written notice thereof is delivered to Franchisor, then Franchise Owner may terminate the Agreement and the Franchise effective thirty (30) days after delivery to Franchisor of notice thereof. Any termination of the Agreement and the Franchise by Franchise Owner, without complying with the foregoing requirements, or for any reason other than a material breach of the Agreement by Franchisor and Franchisor's failure to cure such material breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchise Owner without cause.

B. By Franchisor

Franchise Owner acknowledges that the strict performance of all the terms of the Agreement is necessary not only for protection of Franchisor, but also for the protection of Franchise Owner and other franchise owners operating under the System. As a result, Franchise Owner therefore acknowledges and agrees that strict and exact performance by Franchise Owner of each of the covenants and conditions contained in the Agreement is a condition precedent to the continuation of the Agreement. If Franchise Owner shall breach any provision of the Agreement, then Franchisor shall notify Franchise Owner in writing of such breach, specifying its nature and giving Franchise Owner thirty (30) days in which to remedy same. If Franchise Owner shall fail to remedy such breach during said thirty (30) days, then Franchisor can terminate the Agreement and the Franchise effective immediately upon receipt by Franchise Owner of notice of termination.

C. Termination of Franchise -- Without Cure

Notwithstanding the foregoing, Franchise Owner shall be deemed to be in breach and Franchisor, at its option, may terminate the Agreement and all rights granted under it, without affording Franchise Owner any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchise Owner in writing of such breach, if Franchise Owner does any of the following:

1. Abandons, surrenders, or transfers control of the operation of the Studio Kitchen or fails to continuously and actively operate the Studio Kitchen,

unless precluded from doing so by damage to the premises of the Studio Kitchen due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchise Owner's reasonable control;

2. Consistently (meaning twice or more in any twelve (12) month period) fails or refuses to submit when due any financial statement, tax return or schedule, or pay when due the Service Fees or any other payments or submit any required reports due to Franchisor or any other party related to this Franchise;
3. Operates the Studio Kitchen in a manner that violates any federal, state, or local law, rule, regulation or ordinance;
4. Has made a material misrepresentation on Franchise Owner's application to own and operate the Studio Kitchen;
5. Transfers or assigns the Agreement without having the prior written consent of Franchisor, as set forth in the Agreement;
6. Discloses or divulges the contents of the Manual, or any other Confidential Information or Trade Secret provided to Franchise Owner by Franchisor or any of its affiliates to any third party;
7. Repeatedly fails to substantially comply with any of the requirements imposed by the Agreement, whether or not cured after notice;
8. Engages in any activity which has a material adverse effect on Franchisor and/or the Proprietary Marks and/or engages in any other business at the Studio Kitchen; or
9. Is convicted of a felony or has pleaded nolo contendere to a felony.

D. Termination by Franchisor -- Immediately and Without Notice

Notwithstanding the foregoing, Franchise Owner shall be in breach under the Agreement and all rights granted under the Agreement will automatically terminate without notice to Franchise Owner, if Franchise Owner does any of the following:

1. Makes an assignment for the benefit of creditors or an admission of Franchise Owner's inability to pay its obligations as they become due;
2. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial

part of the assets of Franchise Owner or the Studio Kitchen, or the claims of creditors of Franchise Owner or the Studio Kitchen are abated or subject to moratorium under any laws; or

3. Loses the right to occupy the premises of the Studio Kitchen due to a breach of the lease or other occupancy agreement by Franchise Owner.

XVII. FRANCHISE OWNER'S OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THE AGREEMENT

A. Payment of Monies Owed to Franchisor

Franchise Owner shall pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration of the Agreement, any Service Fees, payments for inventory, equipment or merchandise, or any other sums owed to Franchisor, or the affiliated corporation of Franchisor, by Franchise Owner, which are then unpaid.

B. Return of Manual and Other Materials

Franchise Owner further agrees that upon termination or expiration of the Agreement, he or she will immediately return to Franchisor all originals and copies of the Manual, training aids and any other materials which have been loaned or provided to Franchise Owner by Franchisor, or its affiliated corporations. Franchise Owner must further agree to turn over to Franchisor any other manuals, customer lists, rolodexes, records, files, instructions, correspondence and brochures, computer software, computer diskettes, and any and all other Confidential Information and Trade Secrets relating to the operation of the Studio Kitchen in Franchise Owner's possession, custody, or control and all copies thereof (all of which are acknowledged to be Franchisor's sole property), and will retain no copy or record of the foregoing, excepting only Franchise Owner's copy of the Agreement and any correspondence between the parties hereto, and any other documents which Franchise Owner reasonably needs for compliance with any provision of law.

C. Cancellation of Assumed Names and Transfer of Phone Numbers

Franchise Owner further agrees that upon termination or expiration of the Agreement, that Franchise Owner will take such action that may be required to cancel all assumed names or equivalent registrations relating to Franchise Owner's use of any of the Proprietary Marks and to notify the telephone company and listing agencies of the termination or expiration of Franchise Owner's right to use any telephone number in any classified ad and any other telephone directory listings associated with the Proprietary Marks or with the Studio Kitchen and to authorize transfer of same to Franchisor. Franchise Owner must acknowledge in writing that as between Franchisor and Franchise Owner, Franchisor has the sole rights to and interests in all telephone numbers and directory listings associated with any of the Proprietary Marks or the Studio Kitchen. Franchise Owner must further authorize

Franchisor, and thereby appoint Franchisor as its attorney in fact, to direct the telephone company and all listing agencies to transfer the number and listings to Franchisor. Should Franchise Owner fail or refuse to do so, the telephone company and all listing agencies may accept such direction in the Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

D. Cease Using Proprietary Marks

Franchise Owner further agrees that, upon termination or expiration of the Agreement, Franchise Owner shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures, and techniques associated with Franchisor and the Proprietary Marks and any proprietary marks and distinctive forms, slogans, symbols, computer formats, signs, logos or devices associated with the System. In particular, Franchise Owner will cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles that display the Proprietary Marks.

E. Cease Operating the Studio Kitchen

Franchise Owner agrees to immediately cease to operate the Studio Kitchen under the Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchise Owner of Franchisor.

F. No Confusion with Proprietary Marks

Franchise Owner agrees, in the event it continues to operate or subsequently begins to operate any other business after termination or expiration of the Agreement, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Proprietary Marks, and Franchise Owner further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

G. Franchisor's Purchase of Inventory and Equipment

Franchisor has the right (but not the duty), to be exercised by notice of intent to do so sent in writing by Franchisor within fifteen (15) days after termination or expiration of the Agreement, to purchase any or all inventory, equipment, supplies, signs, advertising materials and items bearing the Proprietary Marks, at fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and the appraiser's determination shall be binding. Upon the expiration or termination of the Agreement, no monetary

amount is assigned as attributable to any goodwill associated with a Franchise Owner's use of the Proprietary Marks or in connection with the operation of the Studio Kitchen. If Franchisor elects to exercise the option to purchase as herein provided, it will have the right to set off all amounts due from Franchise Owner, and the cost of the appraisal, if any, against any payment thereof.

H. Modification of Premises

Immediately upon termination or expiration of the Agreement for any reason, Franchise Owner shall make such modifications for alterations to the premises of the Studio Kitchen operated under the Agreement as may be necessary to distinguish the appearance of the premises from that of other Dinner A'Fare Kitchens and shall make such specific additional changes to the Studio Kitchen premises as Franchisor may reasonably request for that purpose. In the event Franchise Owner fails or refuses to comply with this requirement, Franchisor shall have the right to enter upon the premises without being guilty of trespassing or any other tort for the purpose of making or causing to be made such changes as may be required, at the expense of Franchise Owner, which expense Franchise Owner agrees to pay upon demand.

I. Franchisor's Option to Purchase the Studio Kitchen

Franchise Owner further agrees that, upon termination or expiration of the Agreement, Franchisor shall have the right, but not the obligation, to assume Franchise Owner's Lease Agreement with the Lessor, if applicable. In addition, Franchisor shall have the right, but not the obligation, to acquire Franchise Owner's interest in any or all of the assets of the Studio Kitchen as Franchisor in its sole discretion may determine, including all signs, fixtures, equipment, leasehold improvements, real property, covenants and other contract rights, inventory, products, ingredients, supplies, paper goods, and all items bearing the Proprietary Marks. The purchase price shall be equal to the depreciated or amortized net book value thereof calculated using the shortest depreciation or amortization schedules permitted therefor. Franchisor's right to purchase shall be exercised by written notice to Franchise Owner not later than ninety (90) days after termination or expiration of the Agreement.

1. In the event that Franchise Owner is the owner of the real estate wherein the Studio Kitchen is located, Franchisor shall have the opportunity of executing a Lease Agreement with Franchise Owner for a period of not more than ten (10) years, as Franchisor shall select, and shall be leased to Franchisor at a rate equal to or not more than the fair market value for the Studio Kitchen Location at the time Franchisor decides to exercise this option to purchase.
2. In the event Franchisor exercises its option to purchase the Studio Kitchen, the purchase price will be reduced by:

- a. any amounts due from Franchise Owner to Franchisor;
- b. any amount required to perform such remodeling, repairs, replacements, and redecoration in and upon the Studio Kitchen Location as Franchisor shall deem reasonably necessary and practical to bring the Studio Kitchen Location, including equipment, fixtures and signage, up to then current standards of newly developed Dinner A'Fare Kitchens; and
- c. any current and/or long-term liabilities of Franchise Owner assumed by Franchisor.

XVIII. COVENANTS

A. Franchise Owner Receives Confidential Information

Franchise Owner specifically acknowledges that pursuant to the Agreement, Franchise Owner will receive valuable training and confidential information, including, without limitation, Confidential Information, Trade Secrets, information regarding promotional, operational, sales, and marketing methods and techniques of Franchisor and the System.

B. Competitive Business

The phrase "Competitive Business" means any business enterprise that operates a Studio Kitchen specializing in a business that is a studio kitchen, where customers attend sessions and participate in meal assembly and ancillary products or any other business that is the same as, or similar to, the Studio Kitchen, as such may evolve over time. Franchisor would be unable to protect its Trade Secrets and Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Franchisor and franchise owners operating under the System if such franchise owners and their Owners (if appropriate) were permitted an unrestricted right to hold interests in, or perform services for, any Competitive Business. During the term of the Agreement, and for a period of three (3) years following the expiration or termination of the Agreement, neither Franchise Owner nor any of Franchise Owner's Owners (if appropriate) nor any member of his, her or their immediate families (whether natural or adopted), shall without Franchisor's prior review and written consent to hold interests in, or perform services for, any Competitive Business.

C. Covenant Not to Compete

Franchise Owner covenants that, except as otherwise approved in writing by Franchisor, Franchise Owner shall not, for a continuous uninterrupted period commencing upon execution of the Agreement, and continuing for two (2) years after expiration or termination of the Agreement, regardless of the reason for such termination or expiration, either directly or indirectly, for himself, or on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, manage, operate, maintain, advise, consult with, invest in, be employed by, or engage in, any retail business specializing, in whole or in part, in (a) a Studio Kitchen offering to the public substantially similar products and/or services which are substantially similar to the products and/or services then offered by a majority of the Dinner A'Fare Kitchens; or (b) granting franchises or licenses to others to operate a location principally offering products or services in a manner substantially similar to Franchisor within a twenty (20) mile radius of the Studio Kitchen. The above-noted covenant is not intended to prevent any individual Franchise Owner from being able to procure gainful employment.

D. Exception to Covenant Not to Compete

Paragraph XVII (C) hereof shall not apply to ownership by Franchise Owner of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

E. Covenants Are Independent

The parties agree that each of the foregoing covenants shall be construed to be independent of any other covenant or provision of the Agreement. If all or any portion of the covenants in this Paragraph of the Agreement are held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchise Owner expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Paragraph of the Agreement.

F. Claims Are Not Defense to Covenants

Franchise Owner expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from the Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Paragraph of the Agreement. Franchise Owner further agrees that Franchisor shall be entitled to set off from any amount owed by Franchisor to Franchise Owner any loss or damage to Franchisor resulting from Franchise Owner's breach of this Paragraph of the Agreement.

G. Injunctive Relief Available to Franchisor

Franchise Owner acknowledges that any failure to comply with the requirements of this Paragraph of the Agreement will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchise Owner hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchise Owner in violation of the terms of this Paragraph of the Agreement. Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under the Agreement or otherwise.

H. Operation of the Studio Kitchen

Franchise Owner covenants that during the term of the Agreement, Franchise Owner will be directly involved in the management and operation of the Studio Kitchen. Franchise Owner must devote full-time best efforts to working at the Studio Kitchen during the first two years of its operation. In addition, Franchise Owner will have a fully trained manager operate the Studio Kitchen at all times when Franchise Owner is not operating the Studio Kitchen. In the event Franchise Owner is not an individual, the foregoing requirement shall apply to the majority equity shareholder of Franchise Owner.

XIX. ASSIGNMENT

A. Assignment by Franchisor

The Agreement grants Franchisor the right to freely transfer or assign all or part of its rights or obligations under the Agreement to any assignee or other legal successor to the interests of Franchisor without Franchise Owner's consent.

B. Assignment by Franchise Owner

The Agreement restricts Franchise Owner's right to assign the Agreement to a third party. Neither the Agreement, nor any of Franchise Owner's rights or privileges, shall be directly, or indirectly, assigned, transferred, shared, redeemed, subfranchised or divided by operation of law or otherwise, in any manner, without the prior written consent of Franchisor. In granting any such consent, Franchisor may impose reasonable conditions, including, without limitation, the following:

1. The proposed assignee (or its partners, managers, directors, officers, or controlling shareholders, if it is a corporation, partnership or some other form of legal entity) must meet then-applicable standards of Franchisor;
2. The proposed assignee does not operate, or participate in an entity which operates, a franchise, license, or other business offering services similar to those offered by Dinner A'Fare Kitchens; and

3. The execution by the assignee of then-current form of the Agreement, which form may contain provisions that materially alter the rights or obligations of Franchise Owner under the Agreement.

Franchisor shall not charge such assignee an Initial Franchise Fee for the Franchise, but will charge a transfer fee of fifty percent (50%) of then-current Initial Franchise Fee charged by Franchisor in its then-current franchise agreement. If Franchisor determines that training is required, at its own expense assignee will attend training at Franchisor's training center as required under then-current franchise agreement. Franchisor shall have the right to require Franchise Owner (or its owners) to execute a general release of Franchisor in a form satisfactory to Franchisor's counsel as a condition to its approval of assignment or other transfer of the Franchise.

The Agreement may only be assigned to a partnership or corporation which conducts no business other than operating the Studio Kitchen, which is actively managed by Franchise Owner and in which Franchise Owner owns and controls not less than fifty-one percent (51%) of the general partnership or not less than fifty-one percent (51%) of the voting stock of the corporation or other legal entity, provided that all partners and/or shareholders of voting stock shall execute a Guarantee Agreement, that is acceptable to Franchisor's legal counsel, undertaking to be bound, jointly and severally, by all provisions of the Agreement and all other agreements with Franchisor, and undertaking to guarantee, jointly and severally, the payment of all sums due or to become due to Franchisor hereunder. All issued and outstanding stock certificates of such corporation shall bear the following legend:

TRANSFER OF THESE SHARES IS SUBJECT TO CERTAIN RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN _____ AND THE DINNER A'FARE FRANCHISING, LLC, DATED _____, 20_____.

C. Franchisor's Right of First Refusal

If Franchise Owner (or its owners) desire to sell the Studio Kitchen or part or all of the ownership of the Studio Kitchen, then Franchisor will reasonably assist Franchise Owner (or its owners) in connection therewith. If Franchise Owner (or its owners) shall obtain a bona fide written offer to purchase the Studio Kitchen or such ownership, such offer shall be submitted to Franchisor. For a period of thirty (30) days from the date of Franchisor's receipt of such offer, Franchisor shall have the right, exercisable by written notice to Franchise Owner (or its owners), to purchase the Studio Kitchen or such ownership, for the price and on the same terms and conditions contained in such offer, provided that Franchisor may substitute cash for any other form of payment proposed in such offer. If Franchisor does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchise Owner (or its owners) but only upon the same terms and conditions proposed to Franchisor, and subject to the prior written approval of Franchisor, as provided in the Agreement.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in the Studio Kitchen, the executor, administrator, or personal representative of that person must transfer his or her interest to a third party approved by Franchisor within three (3) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in the Agreement, the personal representative of the deceased Franchise Owner shall have a reasonable time in the sole discretion of Franchisor, to dispose of the deceased's interest in the Studio Kitchen which disposition will be subject to all the terms and conditions for transfer contained in the Agreement. If the interest is not disposed of within a reasonable time (as determined by Franchisor in its sole discretion), Franchisor may terminate the Agreement.

XX. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the business of the Studio Kitchen which would cause harm to said business and thereby depreciate the value thereof, Franchise Owner authorizes Franchisor, in the event that Franchise Owner is absent or incapacitated or dies, and is not, therefore, in the sole judgment of Franchisor, able to operate the Studio Kitchen hereunder, to operate said business for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under the Agreement. Provided, however, that in the event that Franchisor should commence to operate the Franchise, Franchisor shall not be obligated to operate the Franchise for a period of more than ninety (90) days. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Studio Kitchen, Franchise Owner agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the acts and omissions of Franchisor and its representative arising therefrom.

XXI. INDEPENDENT CONTRACTOR

A. No Fiduciary Relationship

It is understood and agreed by the parties hereto that the Agreement does not establish a fiduciary relationship between them, that Franchise Owner shall be an independent contractor, and that nothing in the Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

B. Franchise Owner Is An Independent Contractor

During the term of the Agreement, and any renewals or extensions hereof, Franchise Owner shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise agreement from Franchisor. Franchise Owner agrees to take such affirmative actions as may be necessary to do so, including, without limitation, exhibiting a public notice of that fact, the content and display of which Franchisor shall have the right to specify from time to time.

XXII. WAIVER

No failure of Franchisor to exercise any power reserved to it by the Agreement or to insist upon strict compliance by Franchise Owner with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchise Owner shall not affect or impair Franchisor's rights with respect to any subsequent default or breach of the same, similar or different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchise Owner of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same; nor shall such constitute a waiver by Franchisor of any succeeding breach by Franchise Owner of any terms, covenants or conditions of the Agreement.

XXIII. ENFORCEMENT

A. Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate the Agreement for the causes enumerated in the Agreement, to collect any amounts owed to Franchisor for any unpaid Service Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchise Owner pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchase, or security agreements or other agreements with Franchise Owner. Franchisor shall be entitled without bond to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of the Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchise Owner agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, and other litigation expenses and travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of the Agreement.

B. Severability and Substitution of Valid Provisions

All provisions of the Agreement are severable, and the Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall

be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of the Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

C. Franchise Owner May Not Withhold Payments Due Franchisor

Franchise Owner agrees that he or she will not withhold payments of any Service Fees or any other amounts of money owed to Franchisor for any reason on grounds of alleged nonperformance by Franchisor of any obligation hereunder.

D. Rights of Parties Are Cumulative

The rights of Franchisor and Franchise Owner hereunder are cumulative, and the exercise or enforcement by Franchisor or Franchise Owner of any right or remedy hereunder shall not preclude the exercise or enforcement by Franchisor or Franchise Owner of any other right or remedy hereunder which Franchisor or Franchise Owner is entitled by law or equity to enforce.

E. Governing Law

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et.seq.) the Agreement shall be governed by the laws of the State of Georgia.

F. Binding Effect

The Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

G. Construction

The Agreement and other agreements or instruments referred to herein or which relate to the purchase or lease by Franchise Owner from Franchisor of any fixtures, signs, equipment, merchandise, or the like, constitute the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor and Franchise Owner relating to the subject matter of the Agreement. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term "Franchise Owner" as used herein is applicable to one or more persons, a corporation or partnership, or such other form of legal entity as Franchisor shall approve from time to time, as the case may be; the singular usage includes the plural; and the masculine and neuter usages include the other and feminine. References to "Franchise Owner" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchise Owner, if Franchise Owner is a corporation or partnership.

H. Attorney Fees

In the event any legal proceedings between the parties hereto arise under the Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party.

I. Modification

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning the Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto.

J. Venue

The parties hereto agree that the terms and provisions of the Agreement are to be interpreted in accordance with and governed by the laws of the State of Georgia and the venue for any proceeding relating to the provisions of the Agreement is to be Forsyth County, State of Georgia.

XXIV. INDEMNIFICATION

Franchise Owner understands and agrees that nothing in the Agreement authorizes Franchise Owner to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchise Owner further understands and agrees that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action or by reason of any act or omission of Franchise Owner in its conduct of the Studio Kitchen, or any claim or judgment arising therefrom against Franchisor. Franchise Owner shall indemnify and hold Franchisor

and Franchisor's officers, directors, shareholders and employees, and agents harmless from and against any and all claims, costs and causes of action, arising directly or indirectly from, as a result of, or in connection with, Franchise Owner's operation of the Studio Kitchen, its employees or agents, or by reason of any act occurring on or at the premises of its the Studio Kitchen or by reason of an omission relating to the operation of its the Studio Kitchen, as well as the costs, including attorneys' fees and court costs, of defending against same.

XXV. TAXES, PERMITS AND INDEBTEDNESS

A. Franchise Owner Must Pay Taxes Promptly

Franchise Owner shall promptly pay when due all taxes levied or assessed, including, without limitation, payroll, unemployment and sales taxes, and shall promptly pay when due all accounts and other indebtedness of any kind incurred by Franchise Owner in the conduct of the Studio Kitchen's business.

Franchise Owner shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under the Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

B. Franchise Owner Can Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchise Owner may contest the validity or the amount of the tax or indebtedness in accordance with the proper procedures of the taxing authority or applicable law; however, in no event shall Franchise Owner permit a tax sale or seizure by levy of execution or similar liens, writ or warrant, or attachment by a creditor to occur against the premises of the Studio Kitchen or any improvements thereon.

C. Franchise Owner Must Comply With Laws

Franchise Owner shall, at Franchise Owner's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of the Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Studio Kitchen, including, without limitation, any required permits, licenses to do business, fictitious name filings and registrations, sales tax permits, health inspections and fire clearances.

D. Franchise Owner Must Notify Franchisor of Lawsuits

Franchise Owner shall notify Franchisor in writing within five (5) days of notice of the commencement of, or against the threat of, any action, suit, or proceeding by or against Franchise Owner, and of the issuance of, or against the threat of, any inquiry,

subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Studio Kitchen, including, without limitation, any criminal action or proceedings brought by Franchise Owner against its employees, customers, or other persons.

XXVI. RESTRICTIONS ON GOODS AND SERVICES OFFERED BY FRANCHISE OWNER

The Agreement provides that Franchise Owner may not be associated either directly or indirectly with a business competitive with the Studio Kitchen within a certain geographic area. Further, Franchise Owner may only provide such products and services at the Studio Kitchen as are permitted by Franchisor. Franchise Owner is not limited as to the customers to whom it may sell the products and services authorized by Franchisor.

A Franchise Owner may not offer for sale at the Studio Kitchen any products or services not authorized by Franchisor; sell any products from any location other than the Studio Kitchen; and may not use the Studio Kitchen for any other purpose than the operation of the Studio Kitchen.

Franchisor, from time to time, may conduct market research and testing to determine the viability of new products and services. A Franchise Owner must cooperate by participating in such programs and by purchasing and promoting the sale of such test products, if required by Franchisor.

XXVII. NOTICES

All written notices permitted or required to be delivered by the provisions of the Agreement or of the Manual shall be deemed so delivered three (3) days after placed in the mail, by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal address which the notifying party has on record.

XXVIII. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchise based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchise Owner's business. Franchise Owner shall not have any right to complain about a variation from standard specifications and practices granted to any other Franchise Owner and shall not be entitled to require Franchisor to grant to Franchise Owner a like or similar variation.

XXIX. AUTHORITY

Franchise Owner or, if Franchise Owner is a corporation or partnership, the individuals executing the Agreement on behalf of such corporation or partnership, warrant to Franchisor, both individually and in their capacities as partners or officers, that all the partners in the partnership and all of the shareholders of the corporation, as the case may be, have read and approved the Agreement, including any restrictions which the Agreement places upon their right to transfer their respective interests in the partnership or corporation, or other form of legal entity.

XXX. SPECIAL REPRESENTATIONS

Franchise Owner (and each partner or shareholder if Franchise Owner is a partnership or corporation or Limited Liability Company) hereby represents as follows:

- A. That he or she has conducted an independent investigation of Franchisor's business and System and recognizes that the business venture contemplated by the Agreement involves business risks and that its success will be largely dependent upon the ability of Franchise Owner as an independent business person. Franchisor expressly disclaims the making of, and Franchise Owner acknowledges that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business contemplated by the Agreement.
- B. Franchise Owner acknowledges having received, read, and understood the Agreement, including all Attachments hereto; and Franchise Owner further acknowledges that Franchisor has accorded Franchise Owner ample time and opportunity to consult with advisors of his/her own choosing about the potential benefits and risks of entering into the Agreement.
- C. Franchise Owner acknowledges that it has received a complete copy of the Agreement, with all attachments referred to herein, and agreements relating hereto, if any, at least five (5) days prior to the date on which the Agreement was executed. Franchise Owner further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Information For Prospective Franchisees Required By The Federal Trade Commission," at least ten (10) days prior to the date on which the Agreement was executed; and
- D. Franchise Owner also acknowledges that prior to the date of the Agreement, no other Agreement was entered into, no promises were made by Franchisor, and no funds were offered to or accepted by Franchisor.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered the Agreement in triplicate on the day and year first above written.

FRANCHISOR:

THE DINNER A'FARE FRANCHISING, LLC

By: _____

FRANCHISE OWNER:

By: _____

By: _____

ATTACHMENT A

EXCLUSIVE TERRITORY

ATTACHMENT B

GUARANTY OF FRANCHISE OWNER'S UNDERTAKINGS

GUARANTY OF FRANCHISE OWNER'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement (the "Agreement") dated the _____ day of _____, 20____, by The Dinner A'Fare Franchising, LLC ("Franchisor"), each of the undersigned hereby guarantees jointly and severally unto Franchisor, that _____ ("Franchise Owner") will perform during the terms of the Agreement each and every covenant, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. The undersigned agrees that all provisions of the Agreement relating to the obligations of Franchise Owner, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on the undersigned.

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any of the liabilities, whether or not it or its successors have resorted to any property securing any of the liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, and (c) extend, renew or credit any of the liabilities for any period (whether or not longer than the original period); alter, amend, or exchange any of the liabilities; or, give any other form of indulgence whether under the Agreement or not.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment, and all other notices whatsoever, including, without limitation: notice of the acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchise Owner and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned agrees to pay all expenses paid or incurred by Franchisor in attempting to enforce the Agreement and this Guaranty against Franchise Owner and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time, or other indulgence granted from time to time by Franchisor, its agents, successors or assigns, with respect to the Agreement, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable. If more than one person has executed this Guaranty, the term "the undersigned", as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

STATE SPECIFIC ADDENDA

THE DINNER A'FARE FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(California)

The following Addendum modifies and supersedes The Dinner A'Fare Franchising, LLC Franchise Agreement (the "Agreement") with respect to Dinner A'Fare studio kitchens franchises offered or sold to either a resident of the State of California or a non-resident who will be operating a Dinner A'Fare studio kitchen franchise in the State of California pursuant to the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

2. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

3. Franchise Owner must sign a general release if Franchise Owner renews or transfers its franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchise Owner's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act applicable to the provision are met independently without reference to this Addendum.

6. Franchisor and Franchise Owner agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Attachments thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on _____, 20____.

FRANCHISOR:

THE DINNER A'FARE FRANCHISING, LLC

By:_____

FRANCHISE OWNER:

By:_____

By:_____