FRANCHISE DISCLOSURE DOCUMENT

GREEN MARKET DEVELOPMENT CORP dba GMD a CA CORPORATION
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GREEN MARKET DEVELOPMENT CORP. a California Corporation offers franchises for the operation of a Carlsbad Ranch Market business which features local, fresh, organic produce, groceries, deli items, salad bar and other products and services under the Ranch Market Pending Federal Service Mark or the Carlsbad Ranch Market CA State Registered Service Mark Products and services are offered through the operations of a free standing, in-line or end cap location

The total investment necessary to begin operation of a Carlsbad Ranch Market franchise is $278,000 to $715,000 This includes $35,000 that must be paid to the franchisor

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

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document to understand your contract Read all of your contract carefully Show your contract and this disclosure document to an advisor, like a lawyer or an accountant

Buying a franchise is a complex investment The information in this disclosure document can help you make up your mind More information on franchising, such as "A Consumer's Guide to Buying a Franchise" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D C 20580 You can also visit the FTC's home page at www ftc gov for additional information Call your state agency or visit your public library for other sources of information on franchising

There may also be laws on franchising in your state Ask your state agencies about them

Issuance Date 3/23/17

CALIFORNIA STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit F for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

RISK FACTORS.

THE FRANCHISE AGREEMENT REQUIRES THE FRANCHISEE TO SUBMIT ALL DISPUTES WITH US TO MEDIATION AND THEN ARBITRATION THE MEDIATION AND ARBITRATION MUST TAKE PLACE IN SAN DIEGO, CALIFORNIA ARBITRATION IN CALIFORNIA MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES THAN LITIGATION IN A COURT OF LAW IT MAY ALSO COST MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE

THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

THE FRANCHISE AGREEMENT CONTAINS A COVENANT NOT TO COMPETE WHICH EXTENDS BEYOND THE TERM OF THE FRANCHISE AGREEMENT

YOU MUST ESTABLISH THE NUMBER OF THE CARLSBAD RANCH MARKET MARKETS DESCRIBED IN THE MULTI-UNIT FRANCHISE AGREEMENT WITHIN THE REQUIRED TIME OR YOU MAY LOSE YOUR MULTI-UNIT RIGHTS AND BE TERMINATED
THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS WHICH LIMIT YOUR RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING, BUT NOT LIMITED TO, A PUNITIVE DAMAGES WAIVER, LIMITATION OF TIME TO BRING AN ACTION, AND A CLASS ACTION WAIVER

WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARK THEREFORE, OUR TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES

YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE

AGREEMENT THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS

WE WERE FORMED ON AUGUST 11, 2014 AND WE HAVE A BRIEF OPERATING HISTORY AND LIMITED ASSETS YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We may pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

Effective Date 3/23/17

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I THE FRANCHISOR, ITS PREDECESSORS AND ANY AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "us" and "our" means Green Market Development Corp (GMD), the Franchisor "Franchisee", "you" or "your" means the person who buys the franchise If you are a corporation, partnership or other entity, "you" includes the owners of the entity GMD was incorporated in the State of California Aug 11th 2014 Our principal place of business is 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011 GMD does business under the name Carlsbad Ranch Market GMD's fiscal year end is Dec 31st, 2015 Our agent for service of process is Douglas Matheson disclosed ~~in Section 23 and~~ in the Receipt item number 23 of this Franchise Disclosure Document and in Exhibit M

We offer, to certain qualified individuals, the right to establish, develop, own and operate either an individual or multiple unit Carlsbad Ranch Market stores Carlsbad Ranch Market specializes in local, fresh, organic produce, groceries, deli and other products under the Carlsbad Ranch Market registered service mark The business requires compliance with certain laws and regulations as set forth by regulatory authorities such as local health department, state agencies, building department, fire department, city and other entities that dictate how a business complies with various laws and regulations The grocery store business must meet the standards and laws set forth by the Health Department, Fire Department, City laws, and County laws

The Carlsbad Ranch Market concept originates from the thirty year old, original Carlsbad Ranch Market (CRM) incorporated in CA as CRM Fresh, Inc (CRM) CRM Fresh, Inc is an affiliate of GMD Mr Vince Grillo is the founder of CRM, owns 100% of the outstanding shares of CRM Fresh, Inc and currently manages the CRM location at Paseo Del Norte GMD does not have any outstanding ownership or own any shares of CRM Fresh, Inc GMD does not operate businesses of the type being franchised The Franchisor GMD provides training and support services for Carlsbad Ranch Markets that may be franchised or company owned in the future and has no other business activities GMD has not offered franchises and has not conducted the type of business or operated any CRM stores prior to this FDD registration

You will not be acquiring an interest in the Green Market Development Corp (GMD) by the purchase of this franchise Neither GMD nor any affiliate has offered franchises in the same type of business as offered to you Neither GMD nor any affiliate has offered franchises in other businesses CRM Fresh Inc does not plan to offer franchises in the future CRM is an affiliate of GMD as that term is defined in the California guidelines for Franchise Registration The address for CRM is 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011 There have been no predecessors The Franchisor's Agent For Service of Process is Douglas Matheson, 6120 Q1 Paseo Del Norte, Carlsbad, CA 92011

GMD offers franchises for the operation of independently owned and operated businesses which feature items some of which are prepared under strict requirements according to proprietary recipes which will be made available to you through the Franchisor's Standard Operating Procedures Manuals (Manuals) The typical square footage of a Carlsbad Ranch Market franchised Market is 1800 to 3000 square feet In the future, GMD may, itself or through parent, subsidiary or affiliated companies, supply certain equipment, inventory, raw products and other materials for lease or purchase by you and GMD may lease or sublease real property to some franchisees If you sign a multi-unit area development agreement you will be required to sign the franchisor's then current form of franchise agreement

The grocery store industry is well established You will have to compete with a large number of other competing businesses including convenience stores, produce markets, regional markets, national chain super markets, and others offering the same or similar products and/or services on a local, regional and national basis Many of your competitors have greater financial, personnel and marketing resources and brand name recognition than Carlsbad Ranch Market

2 BUSINESS EXPERIENCE

GMD directors, principal officers and other executives who have management responsibility in connection with the operation of the Carlsbad Ranch Market business are

GMD President, Chief Executive Officer; Director – Vincent F Grillo Mr Grillo has been a director and shareholder of GMD since its inception on Aug 14th 2014 Mr Grillo has been employed by CRM Fresh, Inc the past five years Mr Grillo will have management responsibility related to the operation of franchises offered by this document Mr Grillo started his position with CRM Fresh, Inc in September 1985 He is President of CRM Fresh, Inc and currently employed by CRM Fresh, Inc at the 6120 Q1 Paseo Del Norte, Carlsbad Ca 92011 location

GMD Vice President, Secretary, Chief Financial Officer, Director – Douglas Matheson Mr Matheson has been a director and shareholder of GMD since its inception on Aug 14th 2014 Mr Matheson has been employed by Douglas Matheson & Co aka DM&Co the past five years Mr Matheson will have sales and management responsibility related to the operation and sale of franchises offered by this document Mr Matheson started his position with DM&Co in April 1978 He is Vice President of GMD and currently provides services as an independent contractor, officer, and shareholder for GMD at the 6120 Q1 Paseo Del Norte, Carlsbad Ca 92011 location

3 LITIGATION

No litigation is required to be disclosed in this Item

4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

5 INITIAL FRANCHISE FEE

You must pay a Thirty Five Thousand Dollar ($35,000) Initial Franchise Fee for one (1) Carlsbad Ranch Market franchise This fee is payable in a lump sum when you sign the Franchise Agreement **The Initial Franchise Fee is not refundable under any circumstances, regardless of the number of Markets purchased.** All fees are payable only to the Franchisor The Franchise Fee is deferred until the Franchisor has met all of its obligations and the Franchisee is open for business The fees are imposed and collected by the Franchisor and are non-refundable and uniformly imposed You may purchase the rights to operate multiple Markets You must pay a franchise fee of Forty Thousand Dollars ($40,000) for a two (2) Market package and Fifty Thousand Dollars ($50,000) for a three (3) Market package If you purchase more than one Market, you must sign a Multi-Unit Franchise Agreement The Multi-Unit Franchise Agreement requires you to develop a number of Carlsbad Ranch Markets within a specified period of time or you may lose your multi-unit rights You must sign a separate Franchise Agreement for each franchise purchased under the Multi-Unit Franchise Agreement After your purchase of three franchise rights, you may purchase up to an additional seven franchise rights for $10,000 each, for a total of ten Markets under the Multi-Unit Agreement The multi-unit fee is payable in a lump sum when you sign the Multi-Unit Franchise Agreement If the single unit franchise territory requires additional Markets to be opened within the territory, you may purchase additional franchises within your territory during the term of your franchise agreement for ten thousand dollars ($10,000) each and at the sole discretion of the Franchisor The Initial Franchise Fee is not refundable except as described regardless of the number of Markets opened Upon your purchase of a three Market franchise rights ($50,000), you may purchase additional multi-unit rights, at the reduced price GMD reserves the right to change the Initial Franchise Fee and the fees for multi-unit Markets at any time

6 OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Continuing Franchise Fee[1] [2]	5% of Gross Revenue per month	Payable weekly, on or before the Tuesday of each week for the week ending the preceding Sunday	Gross Revenue includes all revenue from the franchise location Gross Sales does not include sales tax, use tax, delivery or shipping expenses
Transfer	$5,000	Prior to consummation of transfer	Payable when you sell your franchise No charge if franchise transferred to an entity which you control
Renewal [3]	$5,000	Upon notice prior to renewal	You must be in compliance with agreement to renew
Audit	Cost of Audit	Upon notice from GMD	Payable if audit shows an understatement of more than 5% of gross revenue
Interest and Late 7 Charges	Up to 10 percent per annum the maximum amount permitted in California	Upon submission of franchise fees	Interest begins from date of underpayment
Additional Training	$0 - $1000 per day per person at discretion of GMD	Before training	For additional training
Initial Marketing & Advertising [4]	$5,000 - $20,000	Before opening and during the initial 60 days	We do not receive any of these fees
Advertising Costs [5]	2% of Gross Revenue	Verification to us is due by the 5th day of the following month	You must pay every month We do not receive any of these fees
Indemnification Reimbursement [6]	Unknown	Upon occurrence	For violation of Franchise Agreement

(1) At the same time as you pay your Continuing Franchise Fee, you must submit copies of all reports for the week upon which the Continuing Franchise Fee is based

(2) Your monthly Continuing Franchise Fee is due and payable on or before Thursday of each week, on a form approved by us, with a statement certified by you as true and correct, stating the Gross Revenue for your Market for the week ending the preceding Sunday The fee is payable only to the Franchisor The fees are imposed and collected by the Franchisor and are non-refundable and uniformly imposed

(3) Renewal Fees If you wish to renew you must be in good standing and pay the renewal fee, among other conditions The fee is payable only to the franchisor, is imposed and collected by the franchisor and is non-refundable and uniformly imposed

(4) Initial Marketing and Advertising We recommend, but do not require, that you spend a minimum of $5,000 - $20,000 for initial Marketing, advertising and promotional activities before and during the first 60 days your Market is in operation You are solely responsible for determining how this money will be spent and it is not paid to GMD or its affiliates

(5) Local Advertising Expenditures You must spend every month of the first year a minimum of 2% of your gross revenue for local advertising You have sole discretion to determine how and where this money will be spent, however, you must verify in your reports to us with your Continuing Franchise Fee that you have spent at least 2% of your gross revenue every month We will not receive any of the money you spend on advertising You must receive our approval for all advertising you place every month

(6) Indemnification Reimbursement Under the Franchise Agreement, you must, at all times, defend at your own cost, and indemnify and hold harmless to the fullest extent permitted by law, GMD, any affiliates and the respective officers, directors, shareholders or employees of each, from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement which arises out of any of the following (i) any breach by you of any provision of the Franchise Agreement or other agreement with GMD or any affiliates, or (ii) any injury, loss, damage or death to any person or to any property, because of any act, neglect or default of yours, your employees or other representatives, or because of the sale of or other dealings with any products, or otherwise because of your operations

(7) The maximum interest rate allowed in California is 10% per annum

Each fee is payable only to the franchisor, is imposed and collected by the franchisor and is non-refundable and uniformly imposed

7 ESTIMATED INITIAL INVESTMENT

Name of Expenditures	Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee[1]	$35,000	Lump Sum	Upon Execution of One Franchise Agreement	GMD
Real Estate Security Deposits and Other Deposits[2]	$5,000 - $20,000	As Arranged	As Arranged	Lessor
Leasehold Improvements[3] and Signage	$100,000 - $250,000	As Arranged	As Arranged	You Determine
Equipment, Furnishings, Signage[4]	$100,000 - $200,000	As Arranged	As Arranged	Approved Suppliers or Vendors
Inventory and Supplies[5]	$10,000 - $50,000	As Arranged	As Arranged	Approved Suppliers or Vendors
Set-up Costs & Insurance[6]	$1,000 - $5,000	Installment	As Arranged	*Insurance Providers* Other Providers
Training[7] Transportation	$1,000 - $5,000	As Arranged	As Arranged	Transportation Lines, Hotels, Markets
Initial Marketing[8] and Advertising	$5,000 - $20,000	As Arranged	First Month of Operation	You Determine
Advertising Costs[9]	Not Determinable At This Time	As Arranged	Every Month	You Determine
Professional Fees[10]	$10,000 - $25,000	As Arranged	As Arranged	You Determine
Additional Funds[11]	$10,000 - $100,000	As Arranged	As Arranged	You Determine
Permits, Franchises[12] Government and Preorganization Costs	$1,000 - $5,000	As Arranged	As Incurred	
TOTAL	$278,000-715,000			

NOTES

[1] Initial Franchise Fee

The Initial Franchise Fee is $35,000 for one (1) Carlsbad Ranch Market Franchise This excludes the Initial Franchise Fee for any additional Markets

[2] Real Estate Security Deposits, Other Deposits and First Month's Rent

You are responsible for renting a location suitable for the Market The typical Market requires a **minimum** of 1,800 square feet of floor space The above estimate contemplates a security deposit equal to rent for 1 additional month and utilities and tax deposits Your monthly rental expenses will vary greatly from site to site and are affected by a number of factors, including location, size, visibility, accessibility and competitive conditions Rental expenses may be considerably higher in metropolitan areas In addition to rental payments, your lease may obligate you to make other payments to the landlord, such as payments for shopping center or building operating expenses, common area maintenance expenses, merchants association assessments, assessments for shopping center promotion and advertising and other similar expenses Your lease may also

require you to spend a certain amount on advertising and promotion for your particular Market These additional expenses are not included in these estimates

You may be required to pay a security deposit under your real estate lease and other deposits for utilities and insurance premiums Lease security deposits are generally due upon signing the lease and are generally refundable if you do not default on your lease Your lease may also require you to pay the last month's rent in advance, the cost for which is not included herein Deposits for utility services are generally required at the time service is applied for, and may or may not be refundable If you elect to purchase land and construct a building, the costs will be substantially higher and the costs may range from $300,000 - $2,000,000 or considerably more

[3] Leasehold Improvements and Signage

The cost of construction and leasehold improvements depend upon numerous factors including the size and condition of your premises, the nature and extent of leasehold improvements required or already existing, the local cost of contract work, financing and insurance costs and the location of your Market The range of estimated figures above include the cost of what we currently believe to be reasonable leasehold improvements, including items like build out, flooring, painting, concrete, site work, and other expenses Leasehold improvement costs may vary materially from the estimates provided You must acquire interior and exterior signage bearing our trademarks as prescribed by us The cost of signage will depend on the supplier of signage, business location, local laws and ordinances and other similar factors

[4] Equipment, Furnishings, Office Supplies

The equipment necessary for the operation of a Carlsbad Ranch Market is described in the Confidential Operations Manual, and includes food service equipment and related items These estimated costs include the range of costs to purchase the required equipment including point of sale and information system, and trade fixtures Before starting operations, it is highly recommended you purchase office equipment and supplies as prescribed by us in the Confidential Operations Manual and otherwise Such items include fax machine, forms, business cards, brochures, related paper items and miscellaneous supplies

[5] Inventory and Supplies

Before you start your business operations, you must purchase inventory items as prescribed by us in the Confidential Operations Manual, and as further described in Item 9 of this Franchise Disclosure Document These costs will vary greatly depending upon your inventory levels

[6] Set-up Costs & Insurance

You must buy and maintain insurance of the types and amounts required by us as described in Item 8 of this Franchise Disclosure Document The cost of insurance will vary based on policy limits, type of policies procured, geographic location and other related factors These figures are for required insurance coverage You may negotiate the method of payment of such premiums with your local insurance agency You may incur additional costs for legal, accounting, and other costs associated with setting up your business

[7] Training

We will provide you with an opening, training and instructional program course You are responsible for travel, food, lodging and other personal expenses for your principal executive and your employee in attending that portion of the program which is offered at an affiliate-owned facility located in California The estimates shown in the accompanying chart cover the estimated cost of these personal expenses for 2 persons If you want to train additional persons, you may pay $0-$1000 per person, per day, at the discretion of GMD, for training The exact amount you spend will depend on a number of factors, including the distance you must travel and the type of accommodation you choose Training requirements are further described in Items 6 and 11 of this Franchise Disclosure Document

[8] Initial Marketing and Advertising

From the pre-opening period through the initial 60 days of operation of your Market we recommend, but do not require, you spend $5,000 - $20,000 for initial marketing, development and opening advertising, marketing and promotional activities to publicize the opening of your Market You are free to determine how and where your initial advertising and marketing dollars are spent This money is not paid to us or our affiliates, but is spent by you however you determine All advertising and marketing is subject to our prior written approval, as explained in Item 6 of this Franchise Disclosure Document

YOU ARE NOT REQUIRED TO PAY TO US ANY MONEY FOR AN ADVERTISING FUND

[9] Advertising Costs

You must spend a minimum 2% of your gross revenue every month of the first year of operation for advertising, promotion and marketing costs Neither we nor our affiliates receive any of these monies You are free to determine how and to whom these payments will be made but they must be verified with us on a monthly basis We must approve all of your advertising

[10] Professional Fees

You may retain an attorney to review the real estate lease or sublease, franchise documents or to assist in forming the entity to operate your franchise You may also retain an accountant for advice in establishing and operating your franchise business and filing tax forms and returns Additional fees included in this estimate may be incurred for the following professionals architect, space planner, contractor, finance broker, real estate broker, and marketing professional

[11] Additional Funds

The figures shown for additional funds are intended to cover initial operating expenses, including employee's salaries, but excluding your or the manager's salary We cannot, and do not, guarantee that the projected amount will be sufficient Additional sums could be required and are highly recommended

[12] Permits & Franchises, Preorganization Costs

Represents approximate ranges for business franchises, incorporation fee of your franchise entity, health and safety permits, construction permits, etc You should verify specific amounts with local authorities

Summary

We may, in our discretion, offer company, affiliate or franchisee owned and operated facilities to certain franchisees in the form of the sale of an ongoing business If you purchase an ongoing business you will incur an initial investment consisting of the payment of an Initial Franchise Fee to us, and the value as negotiated between the parties for the goodwill of the business and any assets of the business purchased from us or our affiliates The amounts paid and terms of the sale of the business will vary depending upon the length of time the business has been in operation, the customer base and similar factors

We have based the estimated initial investment figures upon operational experience and our estimates for developing one Market that is owned and operated by the affiliate CRM Fresh, Inc Our estimates may not be applicable for franchise operations in other locations The estimated initial investment figures set forth above are estimates only for the first three (3) months, except where noted, and exclude royalty fees payable to us We cannot and do not guarantee that additional funds may not be needed by you before or after opening your business Please note these figures do not estimate ongoing operating costs, and the actual minimum initial cost necessary to commence operations may vary considerably from the estimates provided

Your costs will depend on a variety of factors including your experience and business knowledge, local economic conditions, property size and location, competition and your sales Before you buy our franchise or make any commitments relating to it, **we strongly recommend you retain a professional financial advisor** at your cost to review your total initial investment to start operations and for ongoing operating costs, including working capital, for the period of time determined by your financial advisor

8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Neither GMD nor its affiliate CRM Fresh, Inc are approved suppliers or a supplier of any of the goods and services, supplies, fixtures and equipment you are required to purchase or lease No officer of the Franchisor or affiliate, owns any interest in any supplier of the Franchisor The Franchisee is not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the franchised business either from the Franchisor, its designee, or suppliers approved by the Franchisor

You may offer only the retail or menu items we approve and are prohibited from selling products which are not approved Your service standards must conform to our requirements and be approved by us Our service standards are set forth in our standard operating procedures manuals and are available for your review

You must purchase the equipment, fixtures, trade fixtures, decorations, furnishings, and point-of-sale system according to standards set by us The products, goods, services, equipment, inventory, supplies and real estate you must purchase are according to our standards which are available for the Franchisee to review We do not currently derive revenue as a result of purchases from approved suppliers although we may derive revenue in the future

The estimated proportion of required purchases and leases by the franchisee to all purchases by the franchisee of goods and services in establishing and operating the franchise business is zero

You must purchase or lease all fixtures, trade fixtures, decorations, furnishings, signs, equipment, inventory and supplies required for the establishment and operation of your franchised business from independent third party sources These purchases or leases must be according to our standards

At the present time, we have no purchasing or distribution cooperatives owned by us, although we reserve the right to establish them in the future We may sell, lease or sublease a Market to you and derive

income from such sale, lease or sublease However, you are not obligated to purchase, lease or sublease any premises from us

A current list of supplies and suppliers is available from us and is in the Operations Manual If you want to purchase supplies, inventory and products from other reliable sources you may do so, but you must submit to GMD samples of the items you want to purchase from suppliers - The Franchisor does not charge fees to check samples or suppliers We will, at our option and at our own time frame, inspect the premises of the supplier, products and services, place of manufacturer and/or distribution of the products, and may re-inspect it periodically Approval of suppliers is based on the quality of and price of the products or services and the supplier's ability to provide such products and services in a timely fashion according to standards set forth in the Franchisors standard operating procedures manuals which are available at any time for the franchisee's review The Franchisor receives no revenue form supplying products and services to franchisees

We will consider the suppliers' financial stability and its ability to provide products and services We will advise you, within a reasonable time but not more than ten (10) business days, whether the proposed supplier will be a GMD approved supplier We may revoke the approved status of a supplier if it fails to meet our standards for service, financial status, or quality of products or operation We may also restrict the number of approved suppliers for a product or service, if there are an adequate number of sources already available as approved sources for the same types of products and services

Designated suppliers will not make payments to the franchisor because of transactions with franchisees We do not attempt to negotiate purchase arrangements with suppliers for your benefit We do not provide material benefits such as renewal or granting additional franchises to you based on your use of suppliers We do not maintain purchasing or distribution cooperatives at this time but reserve the right to do so in the future

We are unable at the present time to estimate the proportion of purchases and leases to all purchases and leases by you, because it depends in large part upon the size and location of your Market We are unable to formulate a meaningful estimate of the dollar amount of your purchases or leases of products and services

Insurance Requirements (a) Workers' compensation and employer's liability and unemployment compensation insurance, (b) Fire and lightning, extended coverage, vandalism, malicious mischief and sprinkler leakage insurance on the Market and all fixtures, equipment, supplies and other property used in the operation of the Market, (c) Comprehensive general liability insurance with not less than a combined single limit of One Million Dollars ($1,000,000), insuring both Franchisor and Franchisee and One Million Dollars ($1,000,000) excess liability for bodily injury and property damage, provided that the amount specified herein may be increased from time to time by Franchisor to reflect inflation or trends with respect to claims asserted against similar Markets and such additional insurance as may be required by the terms of any Lease or Mortgage

9 FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/ lease	Section 10 1 of the F A	Items 7, 11 and 12

Obligation	Section in Agreement	Disclosure Document Item
b Pre-opening purchases/ leases	Sections 12 3 and 13 of the F A	Items 7 and 11
c Site development and other pre-opening requirements	Sections 10 2, 10 3, 10 4, 10 5, 10 6 and 10 7 of the F A	Items 6, 7, 11 and 12
d Initial and ongoing training	Sections 12 2, 12 3 and 22 1 of the F A	Items 1, 6, 7 and 11
e Opening	Sections 10 6 and 10 7 of the F A	Items 7 and 11
f Fees	Sections 1(G), 1(H), 5, 6, 7 and 12 2 of the F A	Items 5, 6 and 7
g Compliance with standards and policies/Operating Manual	Sections 11, 12, 13 and 14 of the F A	Item 11
h Trademarks and proprietary information	Sections 15 and 21 of the F A	Items 8, 13 and 14
i Restrictions on products/ services offered	Sections 12 3 and 13 of the F A	Items 8 and 16
j Warranty and customer service requirements	Sections 12 3 and 13 of the F A	Item 8
k Territorial development and sales quotas	Exhibits A & B of the Multi-Unit F A	Item 12
l Ongoing product/service purchases	Section 12 of the F A	Item 8
m Maintenance, appearance and remodeling requirements	Sections 11 3 and 13 of the F A	Item 8
n Insurance (1)	Section 16 of the F A	Items 6, 7 and 8
o Advertising	Section 6 of the F A	Item 11
p Indemnification	Section 25 of the F A	Item 6
q Owner's participation/ management/staffing	Section 12 2 of the F A	Item 15
r Records / reports	Section 9 of the F A	Item 6
s Inspections / audits	Section 9 6 of the F A	Item 6
t Transfer	Section 17 of the F A	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
u Renewal	Section 4 2 of the F A	Item 17
v Post-termination obligations	Section 19 of the F A	Item 17
w Non-competition covenants	Section 20 of the F A	Item 17
x Dispute resolution	Section 27 of the F A	Item 17

Please note this table does not include references to any of the financing documents discussed in Item 10 of this Franchise Disclosure Document, or to the Personal Guaranty and Confidentiality and Nondisclosure Agreement

10 FINANCING ARRANGEMENTS

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

~~Item Financed (Source)~~	~~Amount Financed~~	~~Down Payment~~	~~Term (Yrs)~~	~~APR %~~	~~Monthly Payment~~	~~Prepayment Penalty~~	~~Security Required~~	~~Liability Upon Default~~	~~Loss of Legal Right on Default~~
~~Initial Fee~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Land / Construct~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Leased Space~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Equipment Lease~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Equipment Purchase~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Opening Inventory~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~
~~Other Financing~~	~~None~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~

11 FRANCHISOR'S OBLIGATIONS

Except as listed below, GMD is not required to provide you with any assistance

Before you open your business, GMD will

1 Designate an exclusive territory to serve as the territory within which you are authorized to operate your Market (Section 22 1(a) of the Franchise Agreement),

2 Give you prototype or sample plans and specifications, or plans and specifications from the existing company-owned Market or franchised business, to guide you in constructing tenant improvements, furnishing and equipping your business You must, at your own expense, tailor the plans and specifications

provided by us for your individual use You must then submit the customized plans and specifications to us for written approval, which will not be unreasonably withheld (Section 22 1(b) of the Franchise Agreement),

3 Loan you one Operations Manual for each franchised Market which specifies standard operational procedures, policies, rules and regulations established by GMD with which you must comply (Section 22 1(c) of the Franchise Agreement) The Standard Operations Procedures Manual contains mandatory and recommended specifications, standards and operating procedures we require for your Market, and information about your obligations The requirements in the Operations Manual may be changed at any time, and such requirements are incorporated by reference in the Franchise Agreement The Table of Contents of the Operations Manual is at Exhibit G, the contents are divided into the following sections, Section A and B Introduction 20 pages, Section C Pre-opening Procedures, Real Estate, Buildout, Finance, Training 34 pages, Section D Management 36 pages, Section E Personnel 95 pages, Section F Procedures 193 pages, Section G Marketing 94 pages, Section H Accounting, Information systems 65 pages, Real Estate and Market Analysis Guide 152 pages, Opening Guide 85 pages, Finance Guide 128 pages, Training guide 152 pages There are 1054 pages in the SOPM

4 Furnish you with the then current standards and specifications applicable to any equipment, supplies or other products We will also provide a list of the approved manufacturers and distributors to you (Section 22 1(d) of the Franchise Agreement), and

5 Train you or your manager and employees for at least 3 days of classroom and in-Market training and make available such other pre-opening support as we deem appropriate Training takes place at regular workday times and classes are offered on a monthly basis or as needed Instructional materials include written training systems and syllabuses offering hands on androgogic learning processes in Introduction and Indoctrination, Finance, Market Analysis and Real Estate Site Selection, Grocer Training, Produce Clerk Training, Manager and Leadership Training, Juice Bar; Deli, Neighborhood Marketing, Hiring and Employee Relations, Cook, Prep, Salad Bar and Back of the House, Cashier, Buildout and Opening, Inventory and Suppliers, Accounting and Bookkeeping, Optional Work in the Market Training will take place at a GMD owned market or at an affiliate CRM Fresh, Inc dba Carlsbad Ranch Market owned market We will provide instructions and training materials for required training programs, and you or your agents will be responsible for all other expenses incurred by them The following table summarizes your training program (Section 22 1(e) of the Franchise Agreement)

Subject	Time Begun	Instruction Manual	Hours of Classroom Training	Hours of On The Job Training	Instructors (Any or All)
Indoctrination to the System, Overview of Grocery Store Service and Production Process	Day 1	All	4 hours	4 hours	CRM/GMD
Owners Financial Management and Controls, Customer Service and Operating Procedures	Day 2	All	4 hours	4 hours	CRM/GMD
Employees, Management, Marketing Procedures and How to Open a Carlsbad Ranch Market Business	Day 3	All	4 hours	4 hours	CRM/GMD

We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice

The training classes are held hourly for three days The nature of the instructional materials includes Introduction to the CRM business, Pre-opening Procedures, Management, Personnel, Operating a Market and Procedures, Marketing, Accounting, Real Estate and Market Analysis, Opening, Finance, Training

The GMD instructors have combined over fifty years of experience in the small grocery store market industry and the restaurant and food service business GMD instructors have over thirty years of experience in training franchisees, commercial real estate, market analysis and investigative marketing, training and education, building restaurants and food service businesses, food service operations, managing restaurant and beverage businesses, managing personnel, developing procedures for food service businesses, marketing food service businesses, and financing food service businesses The GMD instructors have no experience with the Franchisor GMD in any of the above mentioned fields GMD has trained no franchisees

GMD will train you and one other employee at no charge Additional people may be trained at additional charges and in the Franchisor's sole discretion The Franchisee pays for all travel, living, room and board expenses during the training sessions The Franchisee and one other employee designated as the Market Manager must attend the training session If the Franchisee plans to be the Market Manager, then only the Franchisee needs to attend the training There are no required refresher courses

During the operation of the franchised business, GMD will

1 Review all advertising, marketing and promotional materials which you propose to use (Section 22 2(c) of the Franchise Agreement)

2 Verify you are spending 2% of your gross revenue per month on local advertising (Section 22 2(c) of the Franchise Agreement)

You are solely responsible for selecting your site within your exclusive area Your site needs to be approved by GMD The Franchisor uses the following criteria in approving a site proximity and density of the daytime population, proximity and density of the residential population, proximity of a large employer or College, type of location stand alone, in-line, or end cap, lease or purchase, size of suite or location, sign visibility, traffic counts, rent rate and other financial factors, configuration of suite, existing tenant improvements, and a great number of other factors as stated in the franchisor's standard operating procedure manuals and real estate guides If a site is not selected within 36 months the Franchisor may cancel your franchise agreement in its sole discretion without cause

If you have not selected a site when you sign your Franchise Agreement, you then have 36 months to find a location We strongly recommend but do not require that you pay for an independent market feasibility study before you sign a lease or build a building We are not required to provide you with any specific information with regard to the proposed site except for the proximity of the proposed site to other Carlsbad Ranch Markets We will provide a real estate system containing (general principles) specifications regarding your location site

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your franchised business will be between 6 and 24 months The factors that affect this time include the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather

conditions, shortages and delayed installation of equipment, fixtures and signs and other factors beyond our control

You may develop advertising and marketing materials for your own use, at your own cost We must approve the advertising and marketing materials in advance and in writing We recommend you concentrate your advertising and marketing on a local and/or neighborhood level You must spend a minimum of 2% of your gross revenue every month of the first year of operation on local advertising and/or marketing to promote your Market Your advertising expenses must be verified to us every month You are free to choose how and where such advertising or marketing payments are made To obtain Franchisor's approval to a proposed advertisement, Franchisee shall submit a true and correct copy or transcript of the proposed advertisement to Franchisor and Franchisor shall have two (2) business days from the date of receipt in which to approve or disapprove the same If written disapproval is not received with said two (2) business day period, Franchisor shall be deemed to have given the required approval, whereupon Franchisee shall be permitted to use the advertisement, but only in the exact form as submitted to Franchisor A material condition of this Agreement includes, without limitation, Franchisee's compliance with any advertising obligations imposed by the lease of the Market

You are not required to pay any money to us for an advertising or marketing fund You are solely responsible for your own advertising, marketing and sales procedures and costs GMD does not intend to have any advertising placed in print media, direct sales and direct mail, or in any other advertising medium for the benefit of the franchisees

We are not required to spend any amount on advertising or marketing in your territory We do not have any advertising fund and no advertising dollars will be paid by us for your direct or indirect benefit

We do not have an advertising council comprised of franchisees who advise us on advertising You are free to spend whatever amounts you determine on advertising and marketing, however, such advertising and marketing must be approved by us

You must use a point-of-sale (POS) system purchased or leased from a third party which is approved by us The POS system must record sales by category, have scales attached, have scanner attached, manage labor hours and log-in, have an inventory module, and interface with Quick Books, The specifications for point-of-sale systems are set forth in the Operations Manual The cost is estimated to be between $10,000 and $25,000 depending on the volume of business The cost to lease may be between $250 to $1000 per month depending volume of business, on the number of stations and the terms and conditions of the lease The Franchisor, affiliate, or third party is not required to provide the franchisee on-going assistance, maintenance, repairs, upgrades, or updates The franchisee is not required to upgrade the POS or computer system during the term of the franchise The cost of any optional or required maintenance, updating, upgrading or support contracts will vary from $100 00 to $2,000 00 per year and may be substantially more depending on the cost of software, hardware, growth of the business and the franchisee's decision and need to upgrade or improve the system We highly recommend that you use a POS and computer in your business and that it be upgraded on a consistent basis

You have no contractual obligation to GMD or its affiliates to upgrade, update or provide ongoing maintenance or repairs to any hardware component or software system during the term of the franchise There is no contractual limitation or obligation on GMD's access to and use of the information and data from your point-of-sale system, computer or software GMD may have independent access to all of the information stored in the POS system and any computer used for the business For business support purposes, we highly recommend that you provide the Franchisor complete access to all of your business information but you are not under contractual obligation to do so

12 TERRITORY

You are granted the right to operate a Carlsbad Ranch Market at a specific location described in the Franchise Agreement An exclusive territory, measured by market analysis, population or distance surrounding your Market or by any other standards deemed appropriate by us is granted to you We award a partial zip code area, a zip code area or a contiguous group of zip codes which is mutually agreed to by you and us as your exclusive territory The minimum territory granted is ¼ of a zip code or a census block At the mutual agreement of you and GMD, you may transfer a territory, prior to opening your Market, to any other territory not yet sold to another franchisee or granted to another franchise as a first right of refusal

Continuation of your territory for an individual market is not dependent upon achievement of a certain sales volume, market penetration or other contingency We may not establish a company-owned market or another franchisee that will be permitted to use our trade name or trademark within your exclusive territory There are no circumstances that will permit the franchisee to modify the franchisee's territorial rights

GMD and our affiliates may not establish other franchises or company-owned markets selling similar products under different trade names or trademarks in your territory under the Franchise Agreement You may not market your products through the internet or through "800 numbers", since GMD has the exclusive rights to do so No GMD affiliate has the right to market products or services through channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing sales, within the franchisee's territory using the franchisor's principal trademarks or service marks

The franchisor has not used and will not use or reserve the right to use other channels or distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory or products or services under trademarks different from the ones the franchisee will use under the franchise agreement

Neither the franchisor nor any affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark or plans to operate a business that sells or will sell goods or services similar to those the franchisee will offer

You may operate your market only in the area specified in the Franchise Agreement If the lease for the site of your Market expires or terminates without your fault, or if the site is destroyed, condemned or otherwise rendered unusable we will grant permission for relocation of your market at a location and site acceptable to us, and at your sole expense

If you are a Multi-Unit franchisee you must meet the development schedule or you could lose your exclusive territory Continuation of your territorial exclusivity is dependent upon achievement of market penetration as described in your Multi-Unit Franchise Agreement The sales volume or market penetration requirements are generally not determined until the Multi-Unit Franchise Agreement is signed In the event the requirements are not met, we may terminate your exclusive territory after notice and an opportunity to cure or take other action Such action will be determined in our sole discretion.

You may advertise and solicit customers outside of your exclusive territory, as long as it is not in another franchisee's exclusive territory, however, it is highly recommended that you not solicit business outside of your exclusive territory

We highly recommend you pre-market in your zip code area prior to opening your market You do have a right of first refusal under your Franchise Agreement to acquire additional franchises in contiguous areas near you, which is exercisable for 48 hours after notice to you from us

If you are a multi-unit franchisee, it is highly recommended you market in the additional zip codes granted to you for your second, third, or more Markets prior to opening these Markets

13 TRADEMARKS AND SERVICE MARKS

Green Market Development Corp (GMD) grants you the right, by franchise agreement, to operate a Market under the trade name and service mark of "Ranch Market" You may also use other current or future trademarks, trade names, and/or service marks owned by GMD to identify your Market and its products, provided such use is within the scope of the franchise agreement

The Service Mark "Ranch Market" is registered with the USPTO file registration number 4,817,811 registered on 9/22/15 The Mark is owned by Green Market Development Corp Carlsbad CA GMD is not aware of possible infringing uses that could materially affect your use of the Ranch Market Mark or name

The Mark Carlsbad Ranch Market is registered with the Secretary of the State of California registration number 120072 and is owned by Green Market Development Corp The date of registration is 6/30/15 and the expiration is 6/30/2020 We do not have a federal registration for our principal trademark Therefore, our trademark does not have legal benefits and rights as a federally registered trademark If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

You must follow our rules when you use the above Mark, or Marks developed in the future for franchisee use A trademark or service mark should always be used in a manner which will distinguish it from surrounding text Capitalize trademarks and service marks completely, use initial caps with quotation marks, use initial caps, or use a bold or italic type font The proprietary trademark/service Mark notice should follow the mark, or referred to in a footnote For federally registered Carlsbad Ranch Market marks, the registration notice ® or "REG U S PAT & TM OFF " should be used For marks not yet federally registered, the letters "TM" should follow a trademark and "SM" should follow a service mark

You cannot use a name or Mark as part of a corporate or trade name or with modifying words, designs or symbols except as authorized in writing by us You may not use the Carlsbad Ranch Market name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us No agreements limit GMD's right to use or franchise the use of Carlsbad Ranch Market Marks

You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of the Carlsbad Ranch Market business Your usage of our Marks and any goodwill is for our exclusive benefit You are not entitled to any goodwill from the use of our Marks

You must notify us immediately when you learn about an infringement or challenge to your use of our Marks We will take the action we think is appropriate At our option, we are entitled to defend and control the defense of any such proceeding, and you must cooperate with us and take all actions we request to carry out the defense or prosecution of any litigation under the Marks or the System We will defend the Marks in any proceeding arising out of your authorized use of our Marks We are not required to reimburse you for judgments, settlements, damages or similar matters in connection with any such litigation To be defended, you must have timely notified us of the claim or proceeding and have otherwise complied with the requirements of the Franchise Agreement

GMD makes no representation or warranty, as to the use, exclusive ownership, validity or enforceability of the Marks You must give notices of trademark and service Mark registrations as specified by us and obtain such fictitious or assumed name registrations required under applicable law

Your unauthorized use of the Marks will constitute a breach of the Franchise Agreement and an infringement of our rights in the Marks Your use of the Marks and any goodwill established by your use will benefit us exclusively The Franchise Agreement does not confer any goodwill or other interests in the Marks on you other than the right to operate your Market in compliance with the Franchise Agreement All rights in and goodwill from the use of the Marks accrue solely to us

You must comply within a reasonable time if we notify you that the use of any Mark is being discontinued or modified If this happens, you must pay the costs of compliance

You may not advertise or use in advertising or any other form of promotion, the trademarks, service Marks or commercial symbol of Carlsbad Ranch Market without appropriate copyright and registration Marks or the designations R, TM or SM where applicable

There is no presently effective determinations of the U S Patent & Trademark Office, the Trademark Trial and Appeal Board, the trademark administration of any state, or any court, and no pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks The Franchisor has filed all currently required affidavits The service mark has not been registered on the principal or supplemental register

14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no rights in any patent which is material to your franchise We claim copyrights on our materials, including the Confidential Operating Manual and all printed materials, but no copyright is currently registered

We claim proprietary rights in the Operations Manual and in the confidential information and trade secrets provided to you as described in the Franchise Agreement, related agreements and Operations Manual You must not use the proprietary information or trade secrets in any other business and must maintain its confidentiality You must also use reasonable procedures to prevent the unauthorized use of our confidential information and trade secrets The procedures include requiring employees and suppliers to sign confidentiality agreements

Our right to use or franchise these items is not materially limited by any agreement or known infringing use You must tell us immediately if you learn about an infringement or challenge to our use of these common law copyrights We will take the action that we think appropriate You must also agree not to contest our interest in these or our other confidential information and trade secrets

Your right to use the copyrights is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require Your unauthorized use of the copyrights will constitute a breach of the Franchise Agreement and an infringement of our rights in the copyrights Your use of the copyrights and any goodwill established by your use will benefit us exclusively The Franchise Agreement does not confer any goodwill or other interests in the copyrights upon you other than the right to operate your Market in compliance with the Franchise Agreement All rights in and goodwill from the use of the copyrights will accrue solely to us All provisions of the Franchise Agreement applicable to the copyrights will apply to any additional copyrighted materials that we authorize for use by you in the future

If we decide to add, modify or discontinue the use of an item or process covered by a copyright, you must also do so We have no obligation to reimburse you for the tangible cost of complying with this obligation

We are obligated to defend your use of these items or processes if used in accordance with applicable agreements, but are not required to reimburse you for damages or costs incurred in litigation about them

15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You are not obligated to participate in the actual daily operation of your franchised business However, you must participate in the management of your business If you do not participate in the actual daily operation of your business, you must appoint an approved manager who is responsible for the daily management and operation of the franchise We must approve the franchise Market manager There are no limits on who the franchisee can hire as the franchise Market manager The Manager does not have to maintain any amount of equity in the business You must operate your franchise through a corporation, limited liability company, sole proprietorship or partnership and your entity must be newly organized exclusively for the purpose of operating your Carlsbad Ranch Market franchise

You and one of your managers must attend and complete to our satisfaction training programs offered by us As a matter of policy, subsequent managers must also attend and complete, to our satisfaction, the training program offered by us After one manager is trained by us, we will charge other managers at our discretion A charge for the training program will be determined by us The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 of this Franchise Disclosure Document, and conform to the covenants not to compete described in Item 17 of this Franchise Disclosure Document

We also have the right to request that you require and obtain the execution of restrictions on competition, including covenants not to compete upon termination of a person's relationship with the Franchisee At our request, you must require personnel receiving training from us, employees and suppliers, to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you in the franchised business Such covenants must be in a form satisfactory to us, including, specific identification of GMD as a beneficiary of such covenant with the right to enforce them

16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

GMD requires you to offer and sell only those products and services that we have approved in writing You must comply with the standards and procedures specified in our Operations Manual You must conduct your business in strict accordance with the Operations Manual and with the supplemental bulletins and notices which from time to time are sent to you We reserve the right to add or delete from time to time the types of products and/or services which you may or must offer to the public If additional products and/or services are required to be offered, you may incur additional costs as a result of necessary equipment purchases or leasehold improvements There are no limitations on our right to require reasonable additional products and services of you

You must use the Market premises solely for the operation of your franchised business You must keep the business open and in normal operation for such minimum hours and days as we may from time to time specify in the Operations Manual, or as we may otherwise mutually approve in writing You must not use or permit the use of the premises for any other purpose without first obtaining our written consent Any free products you may offer through pamphlets, brochures, cards or other promotional materials must be approved by us pursuant to our advertising and marketing requirements If within 48 hours such material is not disapproved, it is considered to be approved by us

Your lease may also impose other obligations or restrictions on the types of products you may offer, and you must comply with those restrictions and obligations even if they would prevent you from offering certain Carlsbad Ranch Market products we have approved You may sell or offer for sale only such products and services as meet our uniform standards of quality and quantity, which are expressly approved for sale in writing by us, and which are prepared in accordance with our methods and techniques You may sell or offer for sale all approved items and must not depart from our standards and specifications for serving or selling the same without our prior written consent You must discontinue selling and offering for sale any such items as we may, in our discretion, disapprove in writing at any time You may not sell any products except as required by us You may not sell products for resale except as permitted in writing by GMD

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17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this disclosure document

Item 17 Table
THE FRANCHISE RELATIONSHIP
Franchisee will not be asked to sign a contract with materially different terms and conditions at renewal

Provision	Section in franchise or other agreement	Summary
a Length of the franchise term	Section 4 1 of the franchise agreement (F A)	15 years plus additional 10 year terms subject to compliance
b Renewal or extension of the term	Section 4 2 of the F A	If you are in good standing, you can add additional 10 year terms, unless notice not to renew is delivered at least 7 months before You may have to remodel your Market before renewal
c Requirements for franchisee to renew or extend	Section 4 2 of the F A	No default under franchise agreement and all other agreements, satisfied all monetary obligations and pay renewal fee The franchisee may have to sign a franchise a agreement with materially different terms and conditions from the original agreement
d Termination by franchisee	None	None
e Termination by franchisor without cause	None	Franchisor will not terminate without cause
f Termination by franchisor with cause	Sections 18 1, 18 2 and 18 3 of the F A	You are insolvent or adjudicated bankrupt, file for bankruptcy, abandon or cease to operate your business, are convicted of a crime, make material misrepresentation, etc
g "Cause" defined curable defaults	Section 18 3 of the F A	You have 10 days for monetary and 30 days for non-monetary defaults
h "Cause" defined – non-curable defaults	Section 18 3 of the F A	Non-curable Defaults You are insolvent or adjudicated bankrupt, file for bankruptcy, abandon or cease to operate your business, are convicted of a crime, make material misrepresentation or any other default listed in Sections 18 1 and 18 2
i Franchisee's obligations on termination non-renewal	Sections 19, 26 and 27 of the F A	Obligations include complete identification and payment of amounts due to franchisor and any interest due Return all manuals, assign lease if

Provision	Section in franchise or other agreement	Summary
		requested, and comply with all confidentiality restrictions and covenants not to compete
j Assignment of contract by franchisor	Section 17 2 of the F A	F A is fully assignable by franchisor without restrictions
k "Transfer" by franchisee - defined	Sections 17 1 and 17 2 of the F A	Includes transfer of franchise agreement, or assets or ownership change
l Franchisor approval of transfer by franchisee	Section 17 2 2 of the F A	Franchisor has the right to approve all transfers but will not unreasonably withhold approval
m Conditions for franchisor approval of transfer	Section 17 2 of the F A	New franchisee qualifies, transfer fee and other fees paid, no default, assignment signed, upgrade of Market, training completed, release by you
n Franchisor's right of first refusal to acquire business	Section 17 3 of the F A	Franchisor can match any offer for the franchisee's business
o Franchisor's option to purchase franchised business	Section 17 3 of the F A	Franchisor has right to purchase business on same terms
p Death or disability of the franchisee	Sections 17 4 and 17 5 of the F A	Franchisee must be assigned by estate to approved buyer in 6 months after death or disability
q Non-competition covenants during the term of the franchise	Section 20 2 of the F A	No involvement by you or your affiliates in competing business anywhere in U S
r Non-competition covenants after the franchise is terminated or expires	Section 20 3 of the F A	No competing business for two years by you or your affiliates within 50 mile radius of your Market or any other Carlsbad Ranch Market location
s Modification of the agreement	Section 28 4 of the F A	No modification generally unless in writing and signed by you and franchisor but Operations Manual subject to change
t Integration/merger clause	Section 28 of the F A	Only the terms of the franchise agreement are binding subject to state law Any representation or promise outside of the disclosure document and franchise agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 27 of the F A	Except for certain claims, all disputes must first be submitted to mediation, which will take place in San Diego, California If you cannot resolve the dispute by mediation, you must submit to arbitration in accordance with Franchise Arbitration and Mediation, Inc (F A M) rules
v Choice of forum	Section 27 of the F A	Mediation will be conducted in San Diego, California or other place as mutually agreed by

Provision	Section in franchise or other agreement	Summary
		the parties Arbitration will be conducted by F A M in San Diego County, California
w Choice of law	Section 27 of the F A	California law applies

18 PUBLIC FIGURES

GMD does not use any public figure to promote our franchise

19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Doug Matheson, 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011, 760 438 3202, the Federal Trade Commission and the appropriate state regulatory agencies

20 OUTLETS AND FRANCHISE INFORMATION

Table No 1
System wide Outlet Summary
For Years 2014-2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets At The Start of the Year	Column 4 Outlets At The End of The Year	Column 5 Net Change
Franchised	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Company-Owned (1)	2014	1	1	0
	2015	1	1	0
	2016	1	1	0
Total Outlets	2014	1	1	0
	2015	1	1	0
	2016	1	1	0

(1) An affiliate owned Market that is substantially similar to the franchise Market offering has been open and operating during the years 2013, 2014, and 2015 and 2016 year to date as per the registration date of this FDD

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2014-2016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2014	0
	2015	0
	2016	0
	2014	0
	2015	0
	2016	0
	2014	0
	2015	0
	2016	0

Table No 3
Status of Franchised Outlets
For Years 2014-2016

Column 1 State	Col 2 Year	Col 3 Outlets At Start Of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired By Franchisor	Col 8 Ceased Opera-tions-Other Reasons	Col 9 Outlets At End of The Year
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Total	Table	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets (1)
For Years 2014-2016

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired From Franchisor	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
CA	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Totals	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

(1) An affiliated Market that is substantially similar to the franchise Market offering has been open and operating during the years 2013, 2014, and 2015 and 2016 year to date as per the registration date of this FDD

Table No 5
Projected Openings As Of April 1 2017

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company Owned Outlet In The Next Fiscal Year
CA	0	0	0
Total	0	0	0

There are currently no franchisees in the organization There are no names, addresses, telephone numbers to disclose If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

No franchisee has signed confidentiality clauses during the last three fiscal years

There is no trademark specific franchise organization other than CRM and GMD associated with the franchise system being offered

21. FINANCIAL STATEMENTS

Attached as Exhibit A are Audited Financial Statements of the Company as of Dec 31st 2016 including Consent of Independent Auditors, Independent Auditor's Report, Balance Sheet, Income Statement, Statement of Cash Flow, and Notes

22 CONTRACTS

The following contracts are offered in this state

Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Franchise Agreement
Exhibit D	Confidentiality and Nondisclosure Agreement
Exhibit E	Personal Guaranty
Exhibit J	Franchise Disclosure Questionnaire
Exhibit K	Salesman Disclosure Form

EXHIBIT A
AUDITED FINANCIAL STATEMENTS

Auditors Consent To Use of Audited Financial Statements

Consent of Independent Accountants

We consent to the incorporation of references in this Uniform Franchise Disclosure Document and Offering Circular of our report dated March 20, 2017, on our audit of the financial statements of Green Market Development Corporation as of December 31, 2016

Robert Davis, CPA
March 20, 2017

804 Pier View Way, Suite 204, Oceanside CA 92054 (760) 434-7762 FAX (760) 966-7417
P O Box 820, Oceanside, California email bob davis@cpabob com website www cpabob com

March 20 2017

Independent Auditor's Report

To the Stockholders of Green Market Development Corporation

We have audited the accompanying balance sheet of Green Market Development Corporation as of December 31, 2016, and the related statements of income, and cash flows for the year then ended These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with the generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Market Development Corporation as of December 31, 2016 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Robert W Davis, CPA

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GREEN MARKET DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 31, 2016

ASSTS

Cash in bank	$ 192
Accounts Receivable	-0-
Organizational costs	1,000
Lease deposit	1,000
	$ 2,192

LIABILITIES AND EQUITY

Accounts payable, shareholder	$ 1,398
Common stock, no par value, 1,000,000 shares authorized 2,000 shares issued and outstanding	7,355
Additional paid in capital	9 300
Retained earnings (deficit)	(15,861)
	$ 2,192

See accompanying accountants' report and notes to financial statements.

GREEN MARKET DEVELOPMENT CORPORATION
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

INCOME

Income	$ -0-
	-0-

EXPENSES

Memberships	1,500
License and fees	475
Postage	59
Professional fees	1,000
Office Expenses	375
	3,409
Operating income (loss)	3,409
State Income Taxes	800
Net income (loss)	$ 4,209

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATIO
STATEMENT OF CASH FLOW
FRO THE YEAR ENDED DECEMBER 31, 2016

Net Income (loss)	$ (4,209)
Cash Flow from operating activities	0
Cash flow from financing activities	
Additional paid in capital	4,300
Return of Capital	(20,000)
Net decrease in cash	$ (19,909)

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1 Summary of significant accounting policies.

Nature of Operation

The Company is engaged in the franchising of Organic Grocery Stores in the United States It was incorporated in the state of California on August 11, 2014 it had not yet sold any franchises

Use of Operations

The preparation of financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Balance Sheet Classification

The Company includes in current assets and liabilities retainage amounts receivable and payable under construction contracts, which may extend beyond one year A one-year time period is used as the basis for classifying all other current assets and liabilities

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

2 Contingent liability and related party transactions

The Company has entered into two contracts fro corporate consulting and for training of staff Each contract is with an existing shareholder and calls for payment of $5,000 per month to each shareholder Since the Company has not commenced operations no payments have been made or accrued The contracts were entered into in February of 2015

Robert W Davis, C P A

Auditors Consent To Use of Audited Financial Statements

Consent of Independent Accountants

We consent to the incorporation of references in this Uniform Franchise Disclosure Document and Offering Circular of our report dated June 26, 2015, on our audit of the financial statements of Green Market Development Corporation as of June 26, 2015

Robert Davis, CPA
June 26, 2015

804 Pier View Way, Suite 204, Oceanside CA 92054 (760) 434-7762 FAX (760) 966-7417
P O. Box 820, Oceanside, California email bob davis@cpabob com website www cpabob com

Robert W Davis, C P A

June 26, 2015

Independent Auditor's Report

To the Stockholders of Green Market Development Corporation

We have audited the accompanying balance sheet of Green Market Development Corporation as of December 31,2014 and the related statements of income, and cash flows for the period August 11, 2014 (date of inception) through December 31, 2014. These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with the generally accepted auditing standards in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Market Development Corporation as of December 31, 2014, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Robert W Davis, CPA

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GREEN MARKET DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 31 2014

ASSETS

Cash in bank	$ 355
Accounts Receivable	25 000
Organizational costs	1.000
Lease deposit	1.000
	$ 27,355

LIABILITIES AND EQUITY

Accounts payable. shareholder	$ 765
Common stock, no par value. 1,000,000 shares authorized 2.000 shares issued and outstanding, (note 3)	27.355
Retained earnings (deficit)	(765)
	$ 27 355

See accompanying accountants' report and notes to financial statements.

GREEN MARKET DEVELOPMENT CORPORATION
INCOME STATEMENT
FOR THE PERIOD AUGUST 11, 2014 (DATE OF INCEPTION)
THROUGH DECEMBER 31, 2014

INCOME	
Income	$ 0
	0
EXPENSES	
Advertising	765
	765
Operating income (loss)	(765)
Net income (loss)	$ (765)

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
FOR THE PERIOD AUGUST 11, 2014 (DATE OF INCEPTION)
THROUGH DECEMBER 31, 2014

Net Income (loss)	$ (765)
Cash Flow from operating activities	
Increase in Accounts Receivable	(25,000)
Increase in Organization cost	(1,000)
Increase in Accounts payable-shareholder	765
Increase in Lease deposit	(1,000)
Net cash flow from operations	(27,000)
Cash flow from financing activities	
Common stock issued	27,355
Net increase in cash	$ 355

See accompanying accountants report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1 Summary of significant accounting policies

Nature of Operations

The Company is engaged in the franchising of Organic Grocery Stores in the United States It was incorporated in the state of California on August 11, 2014, but did not issue stock or open accounts until 2015 As of December 31, 2014 it had not yet sold any franchises

Use of Estimates

The preparation of financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Balance Sheet Classification

The Company includes in current assets and liabilities retainage amounts receivable and payable under construction contracts, which may extend beyond one year A one-year time period is used as the basis for classifying all other current assets and liabilities

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

2 Contingent liability and related party transactions.

The Company has entered into two contracts for corporate consulting and for training of staff Each contract is with an existing shareholder and calls for payment of $5,000 per month to each shareholder Since the Company has not commenced operations no payments have been made or accrued The contracts were entered into in February of 2015

3 Common Stock

In 2015, the Company received $25,000 from it's to two shareholders for common stock.

Robert W. Davis, C.P.A.
Certified Public Accountant

March 18, 2016

Independent Auditor's Report

To the Stockholders of Green Market Development Corporation

We have audited the accompanying balance sheet of Green Market Development Corporation as of December 31,2015, and the related statements of income, and cash flows for the year then ended These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with the generally accepted auditing standards in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Market Development Corporation. as of December 31, 2015 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Robert W Davis, CPA

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P O Box 820, Oceanside, California 92049 e-mail bob davis@cpabob com website www cpabob com

GREEN MARKET DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 31, 2015

ASSTS

Cash in bank	$ 20,101
Accounts Receivable	-0-
Organizational costs	1,000
Lease deposit	1,000
	$ 22,101

LIABILITIES AND EQUITY

Accounts payable, shareholder	$ 1,398
Common stock, no par value, 1,000,000 shares Authorized 2,000 shares issued and outstanding	27,355
Additional paid in capital 2,000 shares issued and outstanding	5,000
Retained earnings (deficit)	(11,652)
	$ 22,101

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATION
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

INCOME

Income	$ -0-
	-0-

EXPENSES

Advertising	4,541
License and fees	1,290
Postage	256
Professional fees	1,000
Rent	3,000
	10,087
Operating income (loss)	10,087
State Income Taxes	800
Net income (loss)	$10,887

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATIO
STATEMENT OF CASH FLOW
FRO THE YEAR ENDED DECEMBER 31, 2015

Net Income (loss)	$ (10,887)
Cash Flow from operating activities	
Decrease in Accounts Receivable	25,000
Increase in Accounts payable-shareholder	633
Net cash flow from operations	14,746
Cash flow from financing activities	
Additional paid in capital	5,000
Net increase in cash	$ 19,746

See accompanying accountants' report and notes to financial statements

GREEN MARKET DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1 Summary of significant accounting policies

Nature of Operation.

The Company is engaged in the franchising of Organic Grocery Stores in the United States It was incorporated in the state of California on August 11, 2014 it had not yet sold any franchises

Use of Operations.

The preparation of financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Balance Sheet Classification

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EXHIBIT B
FRANCHISE AGREEMENT
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GREEN MARKET DEVELOPMENT CORP (GMD)
FRANCHISE AGREEMENT

In consideration of the mutual promises contained herein, and intending to be legally bound, Franchisor and Franchisee hereby agree as follows

1 CERTAIN DEFINITIONS

A **Franchisor**· Green Market Development Corp (GMD) a California corporation

B **Franchisee** The person(s) or entities who execute this Agreement at Section 29 herein

For the purposes of this Agreement, Franchisee shall include the person(s) or entity referred to above and

(i) if Franchisee is a sole proprietorship, the spouse of Franchisee,

(ii) if Franchisee is a corporation, shareholders who own 15% or more of the voting power and all directors and officers of Franchisee,

(iii) if Franchisee is a partnership, all partners of Franchisee,

(iv) if Franchisee is any other form of business organization, all persons holding an ownership interest in, an interest in the capital, profits or revenues of, and all persons actively participating in the business of, Franchisee

C **Franchisor's Address** 6120 Q1 Paseo Del Norte, Carlsbad CA 92011 760 438 8800

D **Franchise:** The right and license (the License) to own and operate a Carlsbad Ranch Market franchise and to use Franchisor's Names and Marks as defined in 1 I below, in accordance with Franchisor's System, as described in Section 2, and the terms and conditions of this Agreement Upon expiration or sooner termination of this Agreement, the Franchise and License shall immediately terminate

E **Market** The premises and all structures, appurtenances, fixtures, equipment, signs, furnishings, inventory and supplies, rights of ingress and egress and parking areas now or at any time located at the address and in the exclusive territory designated at Exhibit A attached hereto (Exclusive Territory), where the Carlsbad Ranch Market business is carried out in accordance with this Agreement

Market shall also mean the franchised business carried out at the premises of the Franchisee in accordance with this Agreement as the context requires

F **License Term**· Fifteen (15) years from the opening of the Market

G **Renewal Fee** Five Thousand Dollars ($5,000 00)

H ***Transfer Fee*** Five Thousand Dollars ($5,000 00)

I **Franchisor's Name and Marks** "Carlsbad Ranch Market" or "Ranch Market " and all other existing or future service marks, trademarks, trade names, logos and copyrights owned or used by Franchisor and related to the System

J **Affiliate** Any sole proprietorship, partnership, limited liability company, corporation, joint venture, association, joint stock company, trust, unincorporated organization or other business entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Franchisor or Franchisee, as the case may be

2 FRANCHISOR'S SYSTEM

2 1 Franchisor (GMD) grants franchises for limited time periods to qualified persons (as determined by Franchisor) who are willing to undertake the investment and effort necessary to establish, develop and operate Carlsbad Ranch Markets The Franchisees operate the Markets pursuant to certain know-how, trade secrets, trade names, trademarks, service marks, designs, systems, methods, specifications, standards and procedures designed to maintain a uniform high quality of service, product and image, all of which may be improved, further developed or otherwise modified from time to time by Franchisor (the System or Franchisor's System)

2 2 Franchisor has devoted and incurred, and will continue to devote and incur, considerable time, effort, cost and expense in developing and maintaining the System The System has value both to Franchisor and to the Franchisee, in addition, it has value to other franchisees of Carlsbad Ranch Market as well In order to enhance the value of the System, this Agreement places detailed and substantial obligations on Franchisee with respect to the Market, including, among others, obligations of strict adherence to Franchisor's present and future requirements regarding procedures for Franchisor's products, marketing, physical aspects of the Markets and related matters, and with respect to the confidentiality of matters relating to the System

3 GRANT OF LICENSE, SALE OF APPROVED PRODUCTS, USE OF NAMES, RESTRICTIONS ON FRANCHISOR

3 1 Grant of License.

Subject to the terms and conditions set forth in this Agreement, Franchisor hereby grants Franchisee the License to offer for sale and market approved products and services meeting Franchisor's quality standards at the Market and within Franchisee's exclusive territory, and to use Franchisor's trade names, trademarks and service marks (Names and Marks), the rights to which are now or hereafter licensed to Franchisor (which trade names, trademarks and service marks may be modified by Franchisor from time to time) during the License Term No person other than Franchisee shall have the right to market or sell any service or product or receive revenues from any sale of any service or product at the Market during the License Term

3 2 Multi-Unit Development Rights

By separate agreement, Franchisor may grant Franchisee multi-unit development rights Such multi-unit development rights, if granted, would permit Franchisee to establish a number of Markets within a defined territory according to a specified schedule The agreement granting multi-unit development rights, if any, is by a separate Multi-Unit Franchise Agreement

3.3 Approved Products and Services

The approved products and services shall consist only of required products and services, optional products and products and services and services being test-marketed in accordance with Section 12 Required products and services are the initial required products and services and other products and services introduced into the System in accordance with Section 12 Optional products and services are products and services which are authorized for sale under Franchisor's Names and Marks, but are not required to be sold As additional required and optional products and services are introduced or withdrawn by Franchisor, Franchisor will give notice to Franchisee of the time and manner of introduction and withdrawal

3.4 Sales at Market and at Special Events

The License includes the right to sell product through catering and at events within the Franchisee's Exclusive Territory or in other territories not yet sold to another franchisee The right to sell any product at or from any place except the Market and within the Franchisee's Exclusive Territory, or the right to provide the services at or from any place other than the Market, except as provided in Section 12, is subject to the Franchisor's approval Franchisee shall give Franchisor at least thirty (30) days' (or such shorter period as may be reasonable under the circumstances) advance notice of any special marketing events planned for the month or for the year (such as a sports event, fair, civic event, farmer's markets, or charity event) outside of the Franchisee's Exclusive Territory

3 5 Use of Franchisor's Names and Marks.

Franchisee shall call the Market "Carlsbad Ranch Market" or "Ranch Market" without any suffix or prefix attached thereto and shall cause all signs, advertising and slogans to denote the Market by that name or registered logo only Franchisee shall comply with all local, state and national governmental requirements in filing with the appropriate agencies notice of the fact that it is doing business as Carlsbad Ranch Market No later than ten (10) business days prior to the actual opening of the Market, Franchisee shall supply evidence satisfactory to Franchisor that Franchisee has complied with all applicable laws regarding the use of fictitious or assumed names

If Franchisee is a sole proprietor, corporation, partnership or limited liability company, Franchisee shall not use Franchisor's Names and Marks or any derivative thereof, or any similar name, or any words contained in any of such names, in its corporate, partnership or limited liability company name Franchisee shall do business as (DBA) Carlsbad Ranch Market

Upon expiration or sooner termination of this Franchise Agreement, Franchisor or any officer of Franchisor may, if Franchisee does not do so, execute, in Franchisee's name, an abandonment of any of Franchisor's Names and Marks, or any derivative thereof, or any similar name, or any of the words contained in such name and Franchisee hereby irrevocably appoints and designates Franchisor and any officer of Franchisor as Franchisee's attorney-in-fact to do so The parties acknowledge that the foregoing power of attorney is coupled with an interest to enable Franchisor to protect the System, shall be irrevocable, shall survive the expiration or sooner termination of this Agreement and shall continue notwithstanding the death, incompetence or dissolution of Franchisee

3 6 Exclusive Territory, Restrictions on Franchisor

Pursuant to this Agreement, Franchisee is designated an exclusive territory comprised of a partial zip code, a zip code or a contiguous group of zip codes which is mutually agreed to (Exclusive Territory), a general description of which is set forth in Exhibit A attached hereto Except as provided herein, during the License Term Franchisor and its Affiliates shall not use, or license others to use, any of Franchisor's Names and Marks and the know-how, practices, systems, procedures, methods and techniques licensed hereunder in connection with the sale of, and will not sell, any Market products which are the same as those offered by Carlsbad Ranch Market within the Exclusive Territory

During the License Term Franchisor grants Franchisee a right of first refusal, exercisable for 48 hours only after notice is mailed to Franchisee, or given verbal notice upon such terms as Franchisor in its discretion shall determine, to acquire additional franchises within or contiguous to the Exclusive Territory described in Exhibit A Franchisee acknowledges and agrees that it is Franchisor's intent to establish either Franchisor owned or franchised Markets in any and all areas that are not within the Exclusive Territory given to Franchisee

During the License Term Franchisor and its Affiliates may not establish other franchises or company-owned Markets or another channel of distribution selling products similar to Carlsbad Ranch Market products under different trademarks or service marks in Franchisee's Exclusive Territory provided, however, Franchisor may market its products and services through the Internet or through "800 numbers" in Franchisee's Exclusive Territory If Franchisor receives orders or an invitation to work an event for Carlsbad Ranch Market products through its use of the Internet or "800 numbers", Franchisor will refer the order to the Franchisee in whose Exclusive Territory the order is to be delivered In the event there is no Franchisee in the Exclusive Territory in which the product is to be delivered, Franchisor may sell the Carlsbad Ranch Market products and services and receive all compensation from the sale The Franchisee must refer customers who call or otherwise request Carlsbad Ranch Market products and services outside of their Exclusive Territory to the Franchisee located in that Exclusive Territory, who shall be solely entitled to the compensation for such order If there is no Franchisee operating in such Exclusive Territory, the Franchisee may make the delivery or provide the service and receive the compensation therefore

The existence and extent of the Exclusive Territory of the Franchisee is not dependent upon the achievement of any particular sales volume, revenue, Market penetration or other contingency, except as set forth in a Multi-Unit Franchise Agreement, if applicable

4 LICENSE TERM AND RENEWAL

4 1 Term.

This Agreement shall be for the License Term set forth in Section 1 F

4 2. Renewal.

Subject to the terms and provisions set forth in this Section 4, by written notice to Franchisor not more than one (1) year and not less than two hundred (200) days prior to the expiration of the License Term, Franchisee may renew the License Term for the term Franchisor then is customarily granting new franchises Franchisee may renew the License Term only if

(b) At the time of such notice and at the time of such renewal

(i) Franchisee is not in default under this Agreement or any other agreement or obligation Franchisee has with Franchisor or its Affiliates,

(ii) Franchisee is, and for the immediately preceding twelve (12) months was, current in all monetary obligations to Franchisor and its Affiliates,

(iii) Franchisee has not engaged in more than two breaches of this Agreement within the immediately preceding twenty-four (24) months,

(iv) Franchisee and any Affiliates that are parties to this Agreement have signed a general release of claims in a form satisfactory to Franchisor with respect to its past dealings with Franchisor and its Affiliates, and

(v) Franchisee has renewed or has the right to renew the lease at the Market for a term equal to or greater than the License Term

(c) At the time of notice Franchisee agrees

(i) that he/she is required to promptly renovate and modernize the Market at its own expense so as to reflect the then current image of Carlsbad Ranch Market Markets and thereafter diligently proceeds to make such renovations and modernizations in compliance with the provisions of Section 11 and of any Lease or Mortgage (as both are defined in Section 10 and completes same before the expiration of the License Term, or

(ii) if renovation and modernization of the Market are not possible or feasible, to relocate the Market before the expiration of the License Term and operate a new Market in the renewal term within the Exclusive Territory described in Section 3 6 or such other area as may be approved by Franchisor in writing in accordance with Franchisor's relocation procedures, and

(d) At the time of the notice, Franchisee pays Franchisor the Renewal Fee as specified in Section 1 G and executes a new franchise agreement and such ancillary agreements covering the renewal term as are then customarily used by Franchisor in the grant of new Carlsbad Ranch Market franchises The new franchise agreement and ancillary agreements (and not this Agreement) shall establish the terms and conditions of the franchise during the renewal term, including the right, if any, to further extend the term

4.3 Holding Over

If Franchisee continues to operate the Market after the expiration of the License Term without renewing the term in the manner prescribed in Section 4 2, Franchisee shall, and shall be deemed to, be operating on a month-to-month basis under the terms and conditions of the franchise agreement then customarily used by Franchisor with new franchisees, subject, however, to Franchisor's right to terminate the franchise upon thirty (30) days written notice to Franchisee

4 4 Notice Required by Law

If applicable law requires Franchisor to give Franchisee notice of the expiration of the License Term before such expiration, this Agreement shall remain in effect on a month-to-month basis following such expiration until Franchisor has given Franchisee the notice required by law

5 INITIAL LICENSE FEES

5 1 Initial License Fee

The Initial License Fee is Thirty Five Thousand Dollars ($35,000) for one (1) Carlsbad Ranch Market (one "Market"), and shall be payable in a lump sum upon execution of this Agreement The Thirty Five Thousand Dollars ($35,000) Initial License Fee is non-refundable Additional franchises may be purchased within the Franchisee's exclusive territory when Market conditions require additional Markets The fee for additional franchises **within the Franchisee's exclusive territory** is Ten Thousand Dollars ($10,000) Additional Carlsbad Ranch Market franchises will be granted in the sole discretion of the Franchisor In the event a Multi-Unit Franchise Agreement is executed, the Initial License Fee for up to the initial three (3) Markets, and any additional Markets to be operated thereunder shall be as set forth in the Multi-Unit Franchise Agreement For a period of one year from executing the Franchise Agreement, Franchisee has the right to purchase additional franchises at the reduced rate as set forth in the Multi-Unit Agreement Franchisor reserves the right, in its sole discretion, to sell additional franchises at the reduced rate and to change the Initial License Fee at any time With respect to an individual or multi-unit franchise, in the event no Market location is specified in

Exhibit A and no site is designated and approved pursuant to this Agreement within thirty six (36) months after the last date the Franchise Agreement is signed following diligent efforts by Franchisee and Franchisor, the Franchisor may terminate this Agreement by delivering notice of termination to the Franchisee

6 ADVERTISING REQUIREMENTS

6 1 General.

All advertisements or marketing by Franchisee for the Carlsbad Ranch Market shall be factual, ethical and in good taste in the judgment of Franchisor Franchisee shall in all dealings with its customers, suppliers, Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct Franchisee agrees to refrain from any business or advertising practice which, in Franchisor's judgment, may be injurious to the business of Franchisor, the goodwill associated with the Marks or System or the business of any other Carlsbad Ranch Markets Franchisee shall not use, disseminate or publish any advertisement promoting the Carlsbad Ranch Market which has not been approved by Franchisor in writing in accordance with this Section 6

6 2 Approval

The term advertisement or marketing is used in this Agreement in its broadest sense to include, without limitation, any written or printed communication or communication by means of a recorded telephone message or spoken on radio, television or similar communication media created by, or for, Franchisee, used to promote the Carlsbad Ranch Market, whether or not the communication includes or contains any of the Marks or is prepared by a third party at Franchisee's request The term advertisement also includes promotional items, the use of any of the Marks on displays, signs and equipment To obtain Franchisor's approval to a proposed advertisement, Franchisee shall submit a true and correct copy or transcript of the proposed advertisement to Franchisor and Franchisor shall have two (2) business days from the date of receipt in which to approve or disapprove the same If written disapproval is not received with said two (2) business day period, Franchisor shall be deemed to have given the required approval, whereupon Franchisee shall be permitted to use the advertisement, but only in the exact form as submitted to Franchisor A material condition of this Agreement includes, without limitation, Franchisee's compliance with any advertising obligations imposed by the lease of the Market

6.3 Classified Advertisements.

Franchisee shall maintain a business phone and may list in the classified or Yellow Pages of the local telephone directory under the listing "Carlsbad Ranch Market" and other such listings as may be deemed appropriate by Franchisor, using mats of the type and size approved by Franchisor Each advertisement shall list the addresses of all Carlsbad Ranch Markets located within the geographic area covered by the telephone directory, and the addresses of the Carlsbad Ranch Markets located in the vicinity immediately outside of, or adjacent to, such geographic area, and those located in such other neighboring areas as Franchisor may require If an advertisement is placed by the Franchisee, the cost of a classified advertisement which lists other Carlsbad Ranch Markets in addition to the Carlsbad Ranch Market of Franchisee, may be divided equally among the owners of the Carlsbad Ranch Markets, including Franchisee, whose establishment is listed in the classified advertisement

6.4 Advertising Payments

Franchisee shall, each month during the first year of this Agreement, incur and pay advertising and marketing payments to third parties and not the Franchisor of an amount of at least two percent (2%) of its monthly Gross Revenue for local advertising and marketing to promote and market Franchisee's Carlsbad Ranch Market Franchisee shall be solely responsible for the nature, extent, scope, medium and all other matters relating to the advertising and marketing payments, provided however, all advertising must be approved by Franchisor Franchisee shall verify to Franchisor that it has paid at least 2% of its monthly Gross Revenue by providing Franchisor with a form approved by Franchisor, which is certified by Franchisee as true and correct, which states the advertising and marketing payments for the prior month This form must be submitted to the Franchisor by the 5th day of each month for the preceding month, and shall be accompanied by such evidence of the advertising and marketing payments and the Gross Revenue for such month as Franchisor shall request in its sole discretion Failure to make such monthly advertising and marketing payments shall be grounds for termination of this Agreement.

Franchisee shall not advertise, or otherwise use in any form of promotion, the Marks without appropriate copyright and registration marks or the designations R, TM or SM, where applicable, applied in accordance with Franchisor's instructions

7 CONTINUING LICENSE FEE, INTEREST ON LATE PAYMENTS

7 1 Continuing License Fee.

Franchisee shall pay to Franchisor, without offset, credit or deduction, commencing on the date the Carlsbad Ranch Market opens for business to the public and continuing as long as this Agreement is in effect, a weekly Continuing License Fee equal to five percent (5%) of the Gross Revenue as defined in Section 8, derived from the Carlsbad Ranch Market during the time the Carlsbad Ranch Market is open for business The Continuing License Fee shall be paid weekly in the manner specified below or as otherwise prescribed in the Confidential Operations Manual

7 2 Fee Payments

On or before Tuesday of each week, Franchisee will submit to Franchisor, on a form approved by Franchisor, a statement, certified by Franchisee as true and correct, stating the Gross Revenue of the Carlsbad Ranch Market for the week ended the preceding Sunday The weekly statement shall be accompanied by payment in full of the Continuing License Fee computed based on the Gross Revenue reported Franchisee will make available for reasonable inspection, at reasonable times by Franchisor, all original books and records that Franchisor may deem necessary to ascertain Franchisee's Gross Revenue

7 3 Late Payment Charges

If Franchisee fails to pay when due any Continuing License Fee, or amounts due based upon purchases by Franchisee from Franchisor or its Affiliates, or other amounts due to Franchisor or its Affiliates, the amount not timely paid will bear interest at the highest applicable legal rate for open account business credit not to exceed one and one-half percent (1-1/2%) per month from the date such payment was due Franchisee acknowledges that this provision shall not constitute agreement by Franchisor or its Affiliates to accept any payment after the same is due or a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee's operation of the Carlsbad Ranch Market Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 18 hereof, notwithstanding this provision

7 4 Application of Payments.

Franchisor may apply any payments which are made by Franchisee to any past due indebtedness of Franchisee for Continuing License Fees, expenses, purchases from Franchisor and its Affiliates, interest or any other indebtedness owed by Franchisor or its Affiliates Franchisor shall have the right to make such application irrespective of how Franchisee may label a particular payment

8. GROSS REVENUES

8 1 Defined

For purposes of this Agreement, except as provided below, Gross Revenues include the total of all monies, charges, deposits and other receipts of Franchisee (whether in the form of cash, credit, checks, food certificates, stamps, scrip, coupons, services, property or other means of exchange) from products or services performed, made or sold at the Market, by delivery, at special events and from all sales and/or orders made, solicited or received at the Market or at special events, whether such sales are of services, merchandise or products of any nature whatsoever

8 2 Exclusions

Gross Revenues shall not include the amount of any

(a) Sales taxes or other taxes measured on the basis of Gross Revenues imposed by governmental authorities directly on sales and collected from customers, provided the taxes are added to the selling price and are in fact paid by Franchisee to the appropriate governmental authorities,

(b) Promotional or discount coupons to the extent that Franchisee realizes no gross revenue from or through issuance, redemption or otherwise, or

(c) Cash or credit refunded to customers shall be deducted in computing Gross Revenues to the extent that such cash or credit represents amounts previously included in Gross Revenues on which the Continuing License Fee was paid

8 3 Time of Receipt

Gross Revenues shall be deemed received by Franchisee at the time the services, products or merchandise from which they derive are rendered or at the time the relevant sale takes place, whichever occurs first Gross Revenues consisting of property or services shall be valued at the prices applicable, at the time such Gross Revenues are received, to the products or services exchanged for such Gross Revenues

8 4 Miscellaneous

No mention of services or products in this Section 8 is intended to mean or imply that such services or products are approved for sale at the Market

9. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

9 1 Records

Franchisees shall maintain during the term of this Agreement, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Operations Manual or otherwise in writing The books, records and accounts shall be retained by Franchisee for a period of five (5) years during, and following, the expiration, termination or Franchisee's assignment of this Agreement Said books, records and accounts shall include, without limitation, all sales and income tax returns which reflect operation of the Carlsbad Ranch Market, sales checks, point of sale or cash register tapes, purchase orders, invoices, payroll records, check stubs, cash receipts and disbursements, journals, general ledgers, bank statements and deposit slips

9 2 Monthly and Yearly Reports

Franchisee shall furnish to Franchisor, on or before the 30th day of each calendar month, in the form approved by Franchisor, a monthly sales report and a profit and loss statement and balance sheet for the last preceding calendar month Additionally, Franchisee shall submit to Franchisor within ninety (90) days after the end of Franchisee's fiscal year or, if none, the end of each calendar year, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements

9.3 Tax Returns.

Franchisee shall furnish exact copies of all state sales tax returns within ten (10) days following the date of their filing Upon request, Franchisee shall furnish Franchisor with an exact copy of Franchisee's federal and state income tax returns which reflect operation of the Carlsbad Ranch Market If any of the financial statements or tax returns which Franchisee furnishes to Franchisor are the subject of an independent audit, Franchisee shall provide Franchisor with a duplicate copy of the audit report at no cost to Franchisor

9 4 Other Reports.

Franchisee shall submit to Franchisor such other periodic reports, weekly forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or as Franchisor shall otherwise require in writing from time to time All activity reports, financial statements and other records and reports which are required to be completed by Franchisee and filed with Franchisor shall be prepared at Franchisee's sole cost and expense

9 5 Cash Control System and Access by Franchisor

Franchisee shall record all sales on the type and model of point-of-sale system approved by Franchisor or on such other types of cash control systems as are designated by Franchisor, from time to time, in the Confidential Operations Manual or otherwise in writing Franchisee agrees that Franchisor shall have the right to require Franchisee to utilize point-of-sale cash registers which are fully compatible with any software program or system which Franchisor, in its discretion, may employ If Franchisor requires such other point-of-sale systems, all gross and net receipts and sales information shall be recorded on such equipment Franchisor shall have reasonable access to Franchisee's data and related information by means of direct access whether in person or by telephone/modem/computer file/internet

9 6 Franchisor's Right to Audit.

Franchisor shall have the right at any time during business hours, with reasonable prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns, and other records of the Market and the books and records of any corporation, partnership or other entity which holds the Franchise Franchisee shall fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any such inspection or audit In the event any such inspection or audit shall disclose an understatement of the Gross Revenue of the Market, Franchisee shall pay to Franchisor within fifteen (15) days after receipt of the inspection or audit report, the Continuing License Fees due on the amount of such understatement, plus interest, at the rate and on the terms provided in this Agreement, from the date originally due until the date of payment Further, in the event such inspection or audit is made necessary by the failure of Franchisee to furnish reports, supporting records or other information, as herein required, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Revenue for the period of any audit, which shall not be for less than four (4) weeks, is determined by any such audit or inspection to be greater than five percent (5%), Franchisee shall reimburse

Franchisor for the cost of such audit or inspection, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor The foregoing remedies shall be in addition to and not in lieu of all other remedies and rights of Franchisor hereunder or under applicable law

10 LOCATION OF MARKET; LEASE, COLLATERAL ASSIGNMENT OF LEASE; MORTGAGE, CONSTRUCTION; OPENING FOR BUSINESS

10.1 Selection of Location

If no location is specified for the Market in Section 1, Franchisee shall proceed with diligence to locate and designate a site for the Market within the area specified in Section 1, which site shall be Franchisee's sole responsibility Franchisor shall approve Franchisee's site Upon such designation, such site shall be deemed to be the location specified in Section 1 as if originally described therein Franchisee acknowledges that the location of the Market is a major factor in the potential for success both of Franchisor's System and of the Market and Franchisor strongly recommends that Franchisee procure, at its own cost and expense, an independent market feasibility study prior to the selection of a location for the Market Franchisor provides Franchisee the right to transfer its exclusive territory to any other territory not sold to another franchisee for a period of one year from the date of signing the Franchise Agreement

10.2. Lease.

If Franchisee leases or will lease the Market, the lease (Lease) shall be subject to Franchisor's prior written approval, which shall not be unreasonably withheld Franchisor may withhold its approval if any material term of the Lease conflicts with this Agreement or the standard operating procedures manual In the sole discretion of the Franchisor, the Franchisee will ensure the lease provides the following

(a) Upon expiration or termination of this Agreement and any renewals and for any reason whatsoever, Franchisor or its designee shall have the option, exercisable on or before thirty (30) days after such expiration or termination, to succeed to Franchisee's rights, including but not limited to any rights or options of renewal and/or purchase under the Lease, and assume Franchisee's obligation under the Lease accruing from and after the effective date of such assumption without responsibility for any liability accruing under the Lease prior to such date, or to enter into a new lease for the remaining term on the same terms and conditions,

(b) As long as Franchisee or Franchisor is not in default under the terms of the Lease or any renewal or extension thereof, no foreclosure of the lien of any mortgage, trust deed or ground lease now or hereafter affecting the Market or any interest therein or other action taken by the holder thereof shall divest, impair, modify, abrogate or otherwise adversely affect any interest or rights whatsoever of Franchisee or Franchisor;

(c) Copies of all notices under the Lease, and of any lawsuit seeking termination of the Lease or of Franchisee's right to possession of the Market, shall be sent to Franchisor;

(d) In the event of Franchisee's default under the Lease, Franchisor or its designee shall, in its sole discretion, have an opportunity to cure such default;

(e) All signs, advertising, logos or other forms or insignia indicative of the franchise or Franchisor's System shall be removed from the Market at Franchisee's sole expense upon termination of this Agreement or in the event that neither Franchisee, Franchisor nor its designee is the tenant under the Lease,

(f) If Franchisee fails to exercise any option or right of first refusal to purchase the Market or the real estate upon which it is located, Franchisor may exercise such right;

(g) No subletting of any part of the Market shall be permitted and Franchisor shall have a right of first refusal upon any assignment of Franchisee's interest in the Lease,

(h) Franchisee shall use its best efforts to insure that Landlord shall not, without Franchisor's prior written approval, operate or permit another Market operation which features the same or similar products to the approved products and services in any retail or commercial center of which the Market is a part during the term of this Agreement, and

(i) That it meets the requirements for tenant improvements and space requirements of Franchisor

A default by Franchisee under the Lease shall constitute a material breach of this Agreement

10.3. Collateral Assignment of Lease.

Upon expiration or termination of the Agreement or any extensions thereof, Franchisee agrees to sell, assign, transfer, set over and deliver to Franchisor in consideration of the execution of this Agreement and in order to secure Franchisee's obligations to Franchisor under this Agreement, all of Franchisee's right, title and interest in, under and to the Lease when requested by Franchisor

Unless and until Franchisor exercises the rights described in this Agreement, Franchisor shall not be deemed to have assumed or become liable for any of the obligations or liabilities of Franchisee under the Lease, whether provided for by the terms thereof, arising by operation of law or otherwise

10.4 Mortgage

If the Market or the real estate upon which it is located are now or hereafter become subject to a mortgage, trust deed or ground lease (collectively Mortgage) made by or on behalf of Franchisee, such Mortgage shall be subject to Franchisor's prior written approval, which approval shall not be unreasonably withheld Franchisor may withhold its approval if any material term of the Mortgage conflicts with this Agreement In the sole discretion of the Franchisor, the Mortgage shall provide that

(a) Upon expiration or termination of this Agreement for any reason whatsoever, Franchisor or its designee shall have the option exercisable on or before thirty (30) days after such termination to purchase the Market and/or the real estate subject to the Mortgage and to undertake the remaining obligations of Franchisee under the Mortgage without personal liability and without responsibility for any liability accruing pursuant to the Mortgage prior to the date of such purchase, and such purchase shall not cause the acceleration of the indebtedness secured by the Mortgage,

(b) Copies of all notices under the Mortgage and of any lawsuit seeking to foreclose or otherwise remove Franchisee from possession of the Market shall be sent to Franchisor;

(c) In the event of Franchisee's default under the Mortgage, Franchisor or its designee shall, in its sole discretion, have an opportunity to cure such default; and

(d) All signs, advertising, logos or other forms or insignia indicative of the Franchise or Franchisor's System shall be removed from the Market at Franchisee's sole expense upon termination of this Agreement or in the event neither Franchisee, Franchisor nor its designee occupies or operates the Market

A default by Franchisee under the Mortgage shall constitute a material breach of this Agreement

10 5. Construction.

Franchisee shall construct and equip, alter and improve, remodel and upgrade the Market at Franchisee's expense, in a good and workmanlike manner and in conformity with all laws, rules, regulations and requirements of governmental authorities having jurisdiction, any Lease or Mortgage to which the Market is subject, and the specifications of Franchisor or, subject to Franchisor's prior written approval, the plans and specifications of Franchisee Approval of Franchisee's plans and specifications by Franchisor shall not constitute the assumption of any responsibility by Franchisor for their accuracy or sufficiency, for which Franchisee shall be solely responsible

All plans and specifications proposed by Franchisee shall be submitted to Franchisor not less than thirty (30) days prior to the proposed date for commencement of construction If Franchisor approves said plans and specifications subject to any changes or modifications, Franchisee shall submit such changed or modified plans and specifications within fifteen (15) days or the plans and specifications shall be deemed disapproved

(a) Prior to undertaking any construction Franchisee shall

(i) employ a qualified professional to prepare a site layout and plan for construction of the premises of the franchised business and submit to the Franchisor a statement identifying the person and their qualifications The Franchisee must also submit to the Franchisor and the Franchisor must approve a site layout and plan adapting the Franchisor's then current standard specifications to the Franchisee's location and to local and state laws, regulations and ordinances Also, establish a construction escrow with a licensed title company, or secure, at its own expense, a performance and payment bond equal to the estimated costs of labor and materials for the construction, or take other appropriate means reasonably satisfactory to Franchisor to ensure protection against mechanic's liens or

materialmen's liens against the Market Evidence of such protection shall be delivered to Franchisor five (5) days prior to the start of any construction Franchisee shall employ a qualified general contractor to supervise construction of the Carlsbad Ranch Market and completion of all improvements, and Franchisee shall submit to Franchisor a statement identifying the general contractor and describing the general contractor's qualifications and financial responsibility

(ii) at its sole cost and expense, obtain all building permits and certification required for lawful construction and operation of a Carlsbad Ranch Market including without limitation, zoning, access, sign and fire requirements and shall certify in writing to Franchisor that all such permits and certifications have been obtained

(iii) furnish Franchisor with evidence of statutorily adequate amounts of worker's compensation insurance and public liability insurance covering both Franchisor and Franchisee for all risks of accident or injury due to such construction work

(b) During construction Franchisee shall

(i) not materially deviate from the plans and specifications approved by Franchisor without Franchisor's prior written consent, which consent shall not be unreasonably withheld For purposes of this subparagraph a material deviation is one which materially impacts the integrity of the concept franchised hereunder,

(ii) inform Franchisor in writing of the construction schedule and the nature and extent of any nonmaterial modification being made within five (5) days of such nonmaterial modification having been made,

(iii) perform and complete all construction, improvements and alterations with first class materials and workmanship expeditiously,

(iv) at all times protect and save harmless Franchisor, its Affiliates and the Market from all liens, claims or charges attaching thereon in favor of mechanics, materialmen, contractors or subcontractors or any other person or persons who could or might have any lien or claim against the Market arising out of any contracts made or knowingly permitted by Franchisee for construction work In the event any such lien or claim for lien is filed and Franchisee fails to contest or cause said lien or claim for lien to be effectively removed of record within ten (10) days after Franchisor's or landlord's notice to do so, Franchisor, may, at its election, remove such lien or claim for lien by paying the full amount therefor or otherwise without any investigation or contest of validity thereof, and Franchisee shall pay to Franchisor upon demand the amount paid out by Franchisor on its behalf, including Franchisor's reasonable costs, expenses and counsel fees In the event Franchisee contests any claim, Franchisee shall provide security against such claim reasonably satisfactory to Franchisor; and

(v) permit Franchisor or its architect or other representative to inspect the construction at any time and from time to time

Upon completion of any construction, Franchisee shall furnish Franchisor with the certificate of occupancy, if applicable, contractor's affidavits and full and final waivers of lien or receipted bills covering all labor and materials expended and used

Franchisee's failure to comply with any provisions of this Section 10 5 shall constitute a material breach of this Agreement

10 6. Opening Date, Penalty for Late Opening.

In the event that the Market is not open for business within thirty six (36) months following execution of this Agreement, subject to a reasonable extension in the discretion of Franchisor, Franchisor may terminate this Agreement by notice to Franchisee, whereupon this Agreement shall automatically terminate on the date ninety (90) days after the date of such notice unless the Market shall open for business in accordance with the terms of this Agreement within such ninety (90) day period

10 7. Opening for Business

Franchisee acknowledges that opening the Market for business prior to satisfaction of all of Franchisor's conditions specified in this Agreement or in the Manuals shall be seriously detrimental to the financial prospects of the Market and will irreparably damage

the goodwill and reputation of Franchisor and the System Franchisee shall not open the Market to the general public until such time as

(a) All construction has been completed in accordance with Section 10 5,

(b) The Initial License Fee has been paid in full,

(c) Certificates of insurance have been given to Franchisor in accordance with Section 16,

(d) Franchisee and all employees of Franchisee have been duly trained and the Market is ready for opening in all other respects (including, without limitation, signage, inventory, Market products, fixtures and other equipment), and

(e) Franchisee is in compliance with all the terms of this Agreement, including without limitation those set forth in Section 12

If Franchisee fails to comply with the provisions of Section 10 7, Franchisee agrees that Franchisor shall have the right, without prior notice to Franchisee and without bond, to obtain immediate injunctive relief to prevent Franchisee from opening the Market for business, without limiting any other rights or remedies of Franchisor

11 MAINTENANCE AND UPGRADING OF MARKET

11 1 Market Maintenance

Franchisee shall at all times comply, and cause the Market to comply, with all standards, specifications, processes, procedures, requirements and instructions of Franchisor regarding the Market's physical layout, including the layout of furnishings and fixtures

Franchisee shall maintain the Market in good condition and any parking areas included therein shall be kept free of debris and other obstructions Franchisee shall at all times comply, and cause the Market to comply, with all applicable laws, ordinances, regulations and orders of any building inspector, fire commissioner or board of insurance underwriters and the terms and provisions of any lease or mortgage to which the Market is subject

11.2. Remodeling, Upgrading.

Franchisee, acknowledges the value of uniform and reasonable standards for Franchisee and the System Franchisee shall from time to time be allowed, at Franchisee's expense, to remodel and upgrade the Market to comply with standards then applicable to new franchises, Franchisee shall bear the entire cost of any changes in or additions of equipment to the Market in connection with such upgrading or remodeling Franchisor may not require any remodeling or upgrading at the expense of Franchisee before the end of Franchisee's first five (5) full years of business In the event Franchisor requires remodeling, and before directing Franchisee to remodel or upgrade Franchisor shall reasonably determine in good faith that such direction shall not impose an undue economic burden upon Franchisee, giving due consideration to all relevant factors, including the investment required by Franchisee, and the likelihood that such remodeling or upgrading will increase sales, profitability or the efficiency of the Market

All remodeling or upgrading required by this Section 11.2 shall be performed in accordance with the provisions of Section 10 5

11.3. Equipment Changes; Alterations; Service and Product Changes

At Franchisor's reasonable direction, but at Franchisee's expense, Franchisee shall add equipment and alter the Market for optional products and services which Franchisee desires to sell or for required products and services which Franchisor requires Franchisee to sell Franchisor cannot foresee with precision what products and services may become required products and services in the future Certain optional products and services may become required products and services, and Franchisor may require Franchisee to test other products and services which may become optional and then required products and services Before directing Franchisee to add equipment or alter the Market because of product changes Franchisor shall give due consideration to all relevant factors, including the investment required and the likelihood that such additions or alterations will increase profitability or the efficiency of the Market

12. OPERATING PROCEDURES AND STANDARDS

12 1. Best Efforts.

Franchisee shall, consistent with the terms of this Agreement, diligently develop the business of the Market and use its best efforts to market and promote the approved products and services offered for sale at the Market

12 2. Management.

It is a material consideration of Franchisor in granting this Franchise and the stated intent of Franchisor that this Franchise is granted to a sole proprietor, a partnership, limited liability company or a corporation, as the case may be, on the basis that Franchisee shall actively participate in the management of the operations of the Franchise, as follows

(a) If the Franchisee is a sole proprietorship, the proprietor agrees to engage actively and personally in the management and supervision of the franchise operations, however, Franchisee may designate one natural person as Franchise Manager, who shall be approved in advance in writing by Franchisor and who shall be responsible for managing and supervising the affairs and operations of the franchised Market and who shall be responsible for assuring compliance by Franchisee and Franchisee's personnel with all terms of this Agreement;

(b) If the Franchisee is a partnership or a limited liability company, Franchisee shall designate one natural person as Franchise Manager, who shall be approved in advance in writing by Franchisor and who shall be responsible for managing and supervising the affairs and operations of the Franchise and who shall be responsible for assuring compliance by Franchisee and Franchisee's personnel with all terms of this Agreement,

(c) If Franchisee is a corporation, Franchisee shall designate the Franchise Manager, who shall be approved in advance in writing by Franchisor and who shall be responsible for managing and supervising the affairs and operations of the Franchise and who shall be responsible for assuring compliance by Franchisee and Franchisee's personnel with all terms of this Agreement;

(d) Franchisee shall procure approval by Franchisor of any replacement of any Franchise Manager specified above, Franchisor shall not unreasonably withhold its approval of a replacement for the Franchise Manager,

(e) If at any time the Market is not being managed by Franchisee or a Franchise Manager who shall have satisfactorily completed the Franchisor's training program, the Franchisor may, but shall be not required to, immediately appoint a manager to maintain the operations of the Market for and on behalf of Franchisee The Franchisor's appointment of a manager of the Market shall not relieve Franchisee of his obligations hereunder or constitute a waiver of the Franchisor's right to terminate the Franchise pursuant to this Agreement The Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operation of the Market or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Market during any period in which it is managed by the Franchisor appointed manager The Franchisor shall have the right to charge a reasonable fee for such management services and to cease to provide such management services at any time,

(f) Any change in the relationship of the owners, partners, members, managers, officers, directors or shareholders as to the management and ownership of Franchisee is subject to the provisions of this Agreement and must be approved in advance in writing by Franchisor, which approval shall not be unreasonably withheld Furthermore, Franchisee agrees that it will incorporate in its organizational documents (Partnership or Operating Agreement, Articles of Incorporation or Bylaws, as the case may be) provisions that are expressly designed to carry out the provisions of this subparagraph,

(g) Franchisee agrees that he/she or the Franchise Manager, as the case may be, shall attend the first available initial training program conducted by Franchisor at the location and time designated by Franchisor prior to opening the Market for business Franchisee agrees and acknowledges it may be required to pay $1000 per day per person for any additional parties other than the Franchise Manager and one other person other than the Franchisee who attend the required training program of Franchisor set forth at Section 22 herein Franchisee acknowledges that it shall pay for all transportation, food and lodging, and incidental expenses incurred in connection with attendance at this program, provided, however, attendance at this program is voluntary upon a renewal of a franchise and is mandatory for any assignee of Franchisee, and

(h) Franchisee, the Franchise Manager and employees at the Market, as the case may be, shall attend and satisfactorily complete such courses, programs and seminars at such location as Franchisor may from time to time reasonably require, in order that such person may be fully trained and instructed on a continuing basis in various aspects of operating a Carlsbad Ranch Market; provided that Franchisee shall bear the salary, travel, hotel, meal or other expenses of persons attending such training

12.3 Operations

Franchisee shall strictly comply with all standards, specifications, processes, procedures, requirements and instructions of Franchisor regarding the operation of the Market which now exist or may be established from time to time and Franchisee shall take such actions and precautions as shall be necessary to assure that

(a) All approved products and services offered for sale at the Market shall be performed and sold at the Market The approved products and services and optional products and services shall be described to the Franchisee in the Confidential Operations Manual and in any additional instructional materials, procedures and requirements delivered to the Franchisee,

(b) All approved products and services shall be offered for sale on a continuing basis at the Market at the times and in the manner required by Franchisor;

(c) No sale of any products except approved products shall be solicited, accepted or made at or from the Market, and no services except approved services shall be performed at the Market, unless specifically authorized in writing by Franchisor;

(d) If requested by Franchisor at least ninety (90) days in advance, as part of a general program or standardization effort by Franchisor, the marketing of any optional product shall be discontinued, and the discontinued product shall cease to be an approved product; provided that Franchisee may continue to sell such discontinued product if it seeks and obtains written approval of Franchisor;

(e) Only signs, decorations, advertising and promotional material, equipment, supplies, packaging, furnishings and fixtures which meet Franchisor's standards and specifications (as established from time to time) shall be used at the Market or in connection with its business,

(f) All equipment, signs, supplies and other items necessary in connection with adding new approved products or discontinuing approved products shall be acquired, installed and utilized or modified or eliminated, and the marketing of such approved products shall begin or end at the Market in accordance with the reasonable requirements of Franchisor;

(g) The Market and everything located at the Market shall be maintained in first-class condition and repair, shall be adequately lighted and shall be kept and operated in a clean, neat and sanitary manner in accordance with all applicable legal requirements and consistent with Franchisor's requirements, and all employees shall be clean and neat in appearance,

(h) The Market shall comply with all applicable laws, ordinances and governmental rules, regulations and other requirements including, but not limited to, health and sanitation requirements, the orders of any building inspector, fire commissioner or local underwriting bureau, and Franchisor shall be advised promptly in the event of a conflict between this requirement and any other requirement of this Agreement;

(i) Advertising materials furnished by Franchisor from time to time for use by Franchisee shall be used only in the manner and during the period specified by Franchisor;

(j) Franchisee shall answer the telephone at the Market using only the names "Carlsbad Ranch Market" or "Ranch Market" and thereafter indicating the general location of the Market;

(k) The Market shall be open for business every day during the License Term for such hours as Franchisor may direct or approve in writing upon written request by Franchisee, except those days designated by Franchisor in advance in writing, or such days as the Market is closed for repairs,

(l) The employees, the equipment and supplies, the inventory and other items on hand at the Market, shall be at all times sufficient to efficiently meet the anticipated volume of business of the Market;

(m) Franchisee shall cooperate in Franchisor's market research and testing to determine consumer trends and the salability of new Market products and services by, upon request, participating in Franchisor's market research programs, test-marketing new Market products and services in the Market and providing Franchisor with timely reports and other relevant information regarding such marketing research,

(n) Franchisee shall timely pay all debts and taxes in connection with the Market and the Franchise, except those duly contested in a bona fide dispute, when due, including, but not limited to, debts payable to Franchisor and its Affiliates,

(o) Franchisee shall take all necessary and appropriate measures to avoid receiving an unsatisfactory or equivalent safety, sanitation or health rating at any time from any governmental agency or authority and shall timely comply with all notice requirements of various health agencies having jurisdiction over the Market Conditions or practices disapproved by any such agency or authority shall be promptly corrected, except that, after consultation with Franchisor, Franchisee may contest in good faith an action by such agency or authority as unlawful, and

(p) Franchisee shall be fair and honest in all dealings and transactions with customers and suppliers

12.4 No Control of Operations

Although Franchisor may prescribe standards, specifications, processes, procedures, requirements or instructions under Section 12 3 or any other provision of this Agreement or in the Confidential Operations Manual, Franchisor shall take no part in determining the prices charged by Franchisee for products or services of any kind and, except as provided in this Agreement, shall not have control over the day-to-day operations of the Franchise

12 5 Inspection.

Franchisor and its representatives shall have the right, during business hours without notice and at all other reasonable times with notice, to enter and inspect the Market and all other facilities used for production, storage, sale and transportation of any approved products or services, to discuss with Franchisee or such other persons as Franchisee may designate matters that may pertain to compliance with this Agreement and with the standards, specifications, processes, procedures, requirements and instructions hereunder or in the Confidential Operating Manuals, to take photographs of the Market and such other facilities, and to interview customers Franchisor and its representatives shall also have the right to instruct Franchisee, and Franchisee shall immediately comply with such instruction, to cease and desist any activity or procedure to which Franchisor and its representatives may object with respect to the operation of the Market Franchisee shall in all respects cooperate with Franchisor in its exercise of rights under this Section

13 PURCHASE OF EQUIPMENT AND SUPPLIES

13 1 Specifications, Lists

Franchisor shall promptly (and in any event within thirty (30) days of receipt of a written request) furnish to Franchisee (a) the then current standards and specifications applicable to any equipment, supplies or other products including, but not limited to, various items required by Franchisor to be utilized in the Market or (b) the names and addresses of all manufacturers and distributors currently approved by Franchisor from whom such equipment, supplies and other products are available for sale to Franchisee However, Franchisor shall not be obligated to disclose any of its trade secrets

13 2 Manufacturers and Distributors.

Franchisee may purchase directly from any manufacturer or distributor approved by Franchisor, the equipment, supplies and other products required by Franchisor to be utilized in the operation of the Market Franchisor shall not be required to approve sources of equipment, supplies or other products which do not meet Franchisor's standards and specifications or which constitute or embody trade secrets of Franchisor Franchisor shall not be obligated to disclose any of its trade secrets

13.3 Approval of New Supplier, Manufacturer or Distributor.

Subject to the provisions of Section 13 2, if Franchisee desires to purchase any equipment, supplies, paper goods or other products from a manufacturer or distributor not then approved by Franchisor, Franchisee, at its expense, shall provide Franchisor with all information regarding such manufacturer or distributor reasonably requested by Franchisor and, where appropriate, samples of the products that Franchisee desires to purchase Any tests reasonably required by Franchisor to determine whether the products meet Franchisor's standards and specifications shall be performed by or under the direction or supervision of Franchisor at the cost of the manufacturer or distributor On the completion of any such tests and any other procedures reasonably required by Franchisor, and upon Franchisor's determination as to whether the manufacturer or distributor possesses adequate capacity and facilities to supply Franchisee's (and, if appropriate, other franchisees') needs in the quantities and at the times and with the reliability requisite to an efficient operation, Franchisor shall promptly notify Franchisee and the manufacturer or distributor whether Franchisor approves the manufacturer or distributor as a source of supply of the products, and, if not, Franchisor shall advise Franchisee and the manufacturer or distributor of the basis for its decision

13 4 Inspection, Disapproval.

Franchisor shall have the right from time to time to review the quality of equipment, supplies and other products produced or supplied by approved manufacturers and distributors and their capacity and facilities, and shall have the right to monitor the

production, use and ultimate disposition of items bearing Franchisor's Names and Marks (and Franchisee's contracts with approved manufacturers and distributors shall so allow) If Franchisor determines that any manufacturer or distributor is not meeting its then current standards and specifications or does not possess adequate capacity and facilities, Franchisor may remove such manufacturer or distributor from the list of approved manufacturers and distributors and shall notify Franchisee of such action

14. CONFIDENTIAL OPERATIONS MANUAL (MANUAL)

14.1. Compliance.

In order to protect the reputation and goodwill of Franchise, and to maintain uniform standards of operation under Franchisor's Marks, Franchisee shall conduct its business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed in the set of Manuals and any supplemental bulletins, notices, revisions, modifications or amendments thereto, and procedures, provided by Franchisor One registered set of the Manuals shall be provided to Franchisee on loan from Franchisor during the training program, and Franchisee shall sign a corresponding receipt therefore for the term of this Agreement

14 2. Use.

Franchisee agrees to immediately adopt and use the programs, services, methods, standards, materials, policies and procedures set forth in the Manuals, as they may be modified by Franchisor from time to time Franchisee acknowledges that Franchisor is the owner of all proprietary rights in and to the System and the Manuals, and any changes or supplements thereto All of the mandatory requirements which are now or anytime during the term of this Agreement contained in the Manual, as it may be revised from time to time, or which are otherwise communicated to Franchisee in writing, are incorporated in this Agreement by this reference A breach of any mandatory requirement contained in the Manual or in any other written communication to Franchisee shall constitute a breach of this Agreement and grounds for termination in accordance with Section 18 hereof

14.3 Confidentiality

Franchisee shall at all times treat the Manuals, and any other manuals created for or approved for use in the operation of the Market, and all of the information contained therein, as proprietary and confidential, and shall use all reasonable efforts to maintain such information as confidential

14 4. Trade Secrets

Franchisee acknowledges, knows and agrees that designated portions of the Manuals are trade secrets owned and treated as such by Franchisor

14 5 Access

Trade secrets must be accorded **maximum security** consistent with Franchisee's need to make frequent reference thereto Franchisee shall strictly limit access to the Manuals to employees who have a demonstrable and valid "a need to know the information" contained therein in order to perform their position at the Market and strictly follow any provisions in the Manuals regarding the care, storage and use of the Manuals and all related proprietary information

14 6 Duplication

Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce in any manner any part of the Manuals, updates, supplements or related materials, in whole or in part, or otherwise make the same available to any unauthorized person

14 7 Franchisor's Property

The Manuals shall at all times remain the sole property of Franchisor Upon the expiration or termination for any reason of this Agreement, Franchisee shall return to Franchisor the set of Manuals and all supplements thereto

14 8 Updates or Revisions.

Franchisor retains the right, in its absolute discretion, to prescribe additions to, deletions from, or revisions of the Manuals, which shall become binding upon Franchisee upon being mailed or otherwise delivered to Franchisee, as if originally set forth therein The Manuals, and any such additions, deletions or revisions thereto, shall not alter Franchisee's rights and obligations hereunder

14 9. Master Set.

Franchisee shall at all times ensure that its set of the Manuals is kept current and up to date, and in the event of any dispute as to the contents of the Manuals, the terms contained in the master set of the Manuals maintained by Franchisor at Franchisor's headquarters shall be controlling

15 CONFIDENTIAL INFORMATION

15 1 *Confidentiality Relationship.*

The Parties expressly understand and agree that the relationship established between Franchisor and Franchisee by this Agreement is one of confidence and trust, and that as a result thereof Franchisor will be disclosing and transmitting to Franchisee certain trade secrets and other confidential and proprietary information concerning various aspects of Franchisee's operation of the Carlsbad Ranch Market, its methods of operation and techniques, and all proprietary products, systems, procedures and materials relevant thereto pursuant to the System under this Agreement

15 2 Obligations of Franchisee.

In order to preserve and protect the trade secrets and the confidential and proprietary information (hereinafter Confidential Information) which are disclosed to Franchisee during the term of this Agreement, Franchisee agrees that

(a) Franchisee shall treat and maintain Confidential Information as confidential both during the term of this Agreement and thereafter

(b) Franchisee shall use such Confidential Information only for its operation of the franchised business under this Agreement

(c) Franchisee shall disclose such Confidential Information only as necessary to its employees, agents or Affiliates who have a demonstrable and valid need to know said Confidential Information and not to anyone else

(d) Franchisee shall restrict disclosure of such Confidential Information to only those of its employees, agents or Affiliates who are directly connected with the performance of work requiring knowledge thereof and shall disclose only so much of the Confidential Information as is required to enable those employees or agents to carry out their assigned duties

(e) Franchisee shall advise its employees, agents or Affiliates of the confidential nature of such information and the requirements of nondisclosure thereof

(f) Franchisor and Franchisee shall conduct a review to determine which employees will have access to Franchisor's Confidential Information and to the Manuals Franchisee shall not disclose any such Confidential Information or provide access to the Manuals to an employee or agent until that person executes a nondisclosure agreement in a form prescribed by the Franchisor, acknowledging the confidential and proprietary nature of such Confidential Information and agreeing not to disclose such information during the course of employment or thereafter Franchisor shall be designated a third-party beneficiary of this nondisclosure agreement with the right to enforce its provisions independently of Franchisee

15.3. Confidential Information Defined

Any and all information, knowledge, know-how, systems, programs and other methods and techniques which Franchisor designates as confidential shall be deemed Confidential Information for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain through publication or communication by others It is understood and agreed that information, improvements to the System, or procedures or techniques prepared, compiled or developed by Franchisee, its employees or agents during the term of this Agreement and relating to the franchised business, whether it be developed separately or in conjunction with Franchisor, shall be considered as part of Franchisor's Confidential Information, and Franchisee hereby grants to Franchisor an irrevocable, worldwide, exclusive, royalty-free license, with the right to sub-license, to such information, improvement or technique

15 4 Protection of Information

Franchisee acknowledges that it has knowledge of confidential matters, trade secrets, management and training techniques, operational, accounting, quality control procedures, programs and other methods developed by Franchisor through and in its System

which, for purposes of this Agreement are owned by Franchisor and which are necessary and essential to the operation of the Carlsbad Ranch Market, without which information Franchisee could not efficiently, effectively, and profitably operate the same Franchisee further acknowledges that such Confidential Information was unknown to it prior to negotiation for and execution of this Agreement and that the unique and novel combination of know-how and methods developed by Franchisor and licensed to Franchisee by Franchisor for the operation of the franchised business are proprietary to Franchisor Franchisee shall take all steps necessary, at its own expense, to protect such Confidential Information and shall not divulge the same, either during or upon the termination of this Agreement, without the prior written consent of Franchisor

15 5 Remedies.

Franchisee and Franchisee's officers, directors, shareholders, partners, owners and members (Principals) acknowledge and agree (a) that any failure to comply with the covenants in this Section 15 or any failure to obtain execution of the covenants in Section 20 shall constitute a material event of default under Section 18, (b) that any such failure will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and (c) therefore, Franchisor shall be entitled, in addition to any other remedies which it may have hereunder, at law or in equity, to obtain specific performance of, or to an injunction against violation of, the requirements of this Section 15, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security Franchisee and Franchisee's Principals further agree to pay all court costs and reasonable attorney's fees incurred by Franchisor in connection with the enforcement of this Section 15

15.6. Communication with Customers

In order to maintain the high standards of quality control throughout the System, Franchisor reserves the rights to use test customers from time to time, without prior notification to Franchisee, in order to determine whether the franchised business is maintaining high standards of quality, integrity, safety, appearance and customer service

16 INSURANCE AND INDEMNIFICATION

16 1 Insurance Coverages.

Prior to the date the Carlsbad Ranch Market is open for business and at all times thereafter, Franchisee shall purchase and maintain in full force and effect with companies and in a form satisfactory to Franchisor

(a) Workers' compensation and employer's liability and unemployment compensation insurance in amounts prescribed by law;

(b) Fire and lightning, extended coverage, vandalism, malicious mischief and sprinkler leakage insurance on the Market and all fixtures, equipment, supplies and other property used in the operation of the Market, for not less than eighty per cent (80%) of the actual replacement cost of the same, except that a reasonable deductible clause approved in advance by Franchisor shall be permitted,

(c) Comprehensive general liability insurance with not less than a combined single limit of One Million Dollars ($1,000,000) including products liability/completed operations and broad form property damage coverage, insuring both Franchisor and Franchisee against all claims, suits, obligations, liabilities, damages and costs, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about, or otherwise relating to the use or condition of the Market, and One Million Dollars ($1,000,000) excess liability for bodily injury and property damage, provided that the amount specified herein may be increased from time to time by Franchisor to reflect inflation or trends with respect to claims asserted against similar Markets, and

(d) Such additional insurance as may be required by the terms of any Lease or Mortgage

The insurance afforded by the policies described in this Section shall be considered primary without recourse to any insurance carried by Franchisor

16.2. Certificates of Insurance

No later than ten (10) business days prior to the actual opening of the Market, Franchisee shall furnish to Franchisor certificates of insurance issued by each of Franchisee's insurers which

(a) Name Franchisor as an additional insured party not subject to defenses the insurer may have against Franchisee,

(b) Indicate that all premiums due have been paid on a monthly basis and that such insurance is in full force and effect; and

(c) Confirm that such insurance will not be terminated or changed without at least thirty (30) days prior written notice from the insurer to Franchisor

New certificates evidencing renewal of each insurance policy shall be furnished to Franchisor at least thirty (30) days prior to the date of expiration of each such policy Within five (5) days of any request by Franchisor, Franchisee shall deliver a copy of any insurance policy to Franchisor for examination

16.3 Failure to Maintain Insurance

Franchisee's failure to obtain or maintain the insurance required by Section 16 1, or to deliver certificates of insurance to Franchisor as required by Section 16 2 shall constitute a material breach of this Agreement Without limiting its ability to terminate this Agreement or seek any other remedy, if Franchisee has not complied with Section 16 1 or 16 2 Franchisor may, but shall not be obligated to, obtain and maintain any such insurance for and in the name of Franchisee Within three (3) days of any written demand of Franchisor, Franchisee shall furnish all information necessary to obtain and maintain such insurance and pay all costs thereof, including reimbursement of any insurance premiums or fees paid on behalf of Franchisee by Franchisor

17 TRANSFER OF INTEREST

17 1 Transfer by Franchisor.

Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity

17.2. Transfer by Franchisee.

17 2 1 General Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's business skill, financial capacity and personal character Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this franchise nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this franchise without the prior written consent of Franchisor Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 18 of this Agreement

17 2 2 **Conditions for Approval.** Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this franchise, provided, however, that if a transfer, alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring a controlling interest in the franchised business, Franchisor may, in its sole discretion, require as a condition of its approval that

(a) All of Franchisee's accrued monetary obligations to Franchisor, its subsidiaries and its Affiliates and all other outstanding obligations related to the franchised business shall have been satisfied,

(b) Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, or its subsidiaries and Affiliates,

(c) The transferor shall have executed a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances,

(d) The transferee shall enter into a written assignment in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement;

(e) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets Franchisor's educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, has the aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business,

(f) The transferee shall upgrade, at transferee's expense, the Market to conform to the then-current standards and specifications of System Markets, and shall complete the upgrading and other requirements within a reasonable time as specified by Franchisor;

(g) Franchisee and Franchisee's principals shall remain liable for all of the obligations to Franchisor in connection with the franchised business incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability,

(h) At transferee's expense, transferee or transferee's manager shall complete any training programs then in effect for franchisees upon such terms and conditions as Franchisor may reasonably require,

(i) Except in the case of a transfer to a corporation formed for the convenience of ownership, a transfer fee of up to Five Thousand Dollars ($5,000 00) determined in the discretion of Franchisor, plus all actual expenses incurred by Franchisor in connection with the transfer shall have been paid, and

(j) If a majority interest in the Franchise entity is being transferred, an escrow approved by the Franchisor will be required

17 2 3 **Prohibition on Security Interests.** Franchisee shall grant no security interest in the franchised business without the prior written consent of Franchisor Franchisee shall grant no security interest in any of the assets of the franchised business unless the secured party also agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to purchase the rights of the secured party upon payment of all sums then due to such secured party

17 2 4 **Franchise Acknowledgment.** Franchisee acknowledges and agrees that each condition which must be met by the transferee franchisee is necessary to assure such transferee's full performance of the obligations hereunder

17.3 Right of First Refusal.

17 3 1 Any party holding any interest in Franchisee or in this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest shall notify Franchisor in writing of the terms of each such offer, and Franchisor shall have the right and option, exercisable within forty-eight (48) hours after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor or such later date as may have been provided in the offer Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer Failure of Franchisor to exercise the option afforded by this Section 17 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 17, with respect to a proposed transfer

17 3 2 In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest in the franchised business proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated, and its determination shall be binding

17 4. Transfer upon Death

Upon the death of any person with an interest in the franchise or in Franchisee, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by Franchisor within six (6) months after such death Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any transfer pursuant to Section 17 2 2 herein However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 17, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement

17.5. Transfer upon Permanent Disability.

Upon the permanent disability of any person with an interest in this Agreement, the franchised business or in Franchisee, Franchisor may require such interest to be transferred to a third party approved by Franchisor within six (6) months after notice to Franchisee Permanent disability shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely Permanent disability shall be determined by a licensed practicing physician, or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 17 5 The costs of any examination required of the franchised entity by this Section shall be paid by Franchisor

Upon the claim of permanent disability of any person with an interest in this Agreement, the franchised business or in Franchisee, Franchisee or a representative of Franchisee must promptly notify Franchisor of claim of permanent disability Any transfer upon permanent disability shall be subject to the same terms and conditions as described in Section 17 2 for any inter vivos transfer unless the transfer is to approved family members, partners, the current manager or to the officers or directors of the franchised entity If an interest is not transferred upon death or permanent disability as required in this Section 17 5, in accordance with the terms and conditions of Section 17 2, such failure shall constitute a material event of default for which Franchisor may terminate this Agreement without opportunity to cure pursuant to Section 18 hereof

17 6 Non-Waiver of Claims

Franchisor's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's rights to demand exact compliance with any of the terms of this Agreement by the transferee

18 DEFAULT AND TERMINATION

Franchisee acknowledges and agrees that each of the Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee, that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System, and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable

18 1 Automatic Termination Without Notice

Franchisee shall be deemed to be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed under any Chapter of Title 11 of the United States Code by Franchisee or such a petition is filed against and not opposed by Franchisee, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction and not dismissed within thirty (30) days, or if proceedings for a composition with creditors under any law should be instituted by or against Franchisee, or if a final, non-appealable judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not vigorously defended, or not dismissed or not satisfied within thirty (30) days after a final, non-appealable judgment, or if the real or personal property of the franchised business shall be sold after levy thereupon by any sheriff, marshal or constable

18.2 Termination without Opportunity to Cure Upon Notice.

Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default effective immediately upon notice to Franchisee, upon the occurrence of any of the following events

(a) If Franchisee ceases to do business or otherwise abandons the Market, loses the right to possession of the premises or otherwise forfeits the right to do or transact business in the jurisdiction where the franchised business is located, provided, however, that if through no fault of Franchisee, the premises are damaged or destroyed by an event such that it cannot, in Franchisor's judgment, reasonably be restored within ninety (90) days thereafter, then Franchisee has sixty (60) days after such event in which to apply for the Franchisor's approval to relocate and/or reconstruct the Market, which approval shall not be unreasonably withheld

(b) If Franchisee or any of Franchisee's Principals (officers, directors, shareholders, general partners, members, managers, owners) pleads nolo contendere to or is convicted of a felony or a crime involving moral

turpitude or any other crime or offense that Franchisor believes is reasonably likely to adversely affect the System or the Marks, or the goodwill associated therewith, or Franchisor's interest therein

(c) If Franchisee or any of Franchisee's Principals purport to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent, contrary to the terms of Section 17 of this Agreement

18.3. Termination with Notice and Opportunity to Cure

Except as provided in Sections 18 1 and 18 2 of this Agreement, Franchisee shall have ten (10) days with respect to monetary defaults and thirty (30) days with respect to non-monetary defaults (unless otherwise specifically stated below) after written notice to Franchisee within which to remedy such default and provide evidence thereof to Franchisor If any such default is not cured within the appropriate time period, or such longer period as applicable law may require, the Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the respective time period or such longer period as applicable law may require Franchisee shall be in default hereunder for any failure to substantially comply with any of the requirements imposed by this Agreement or to carry out the terms of this Agreement in good faith Such defaults shall include, but shall not be limited to, the occurrence of any of the following events

(a) If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or Franchisor's subsidiaries or Affiliates when due

(b) If Franchisee fails, refuses or neglects to submit the financial information or reports required by Franchisor or makes any false statements in connection therewith

(c) If the personnel of Franchisee do not follow the procedures, methods and requirements established by Franchisor for conducting the Market business

(d) If Franchisee fails to maintain the standards required by Franchisor

(e) If any two audits conducted by Franchisor pursuant to Section 9 6 during any thirty-six (36) month period each disclose an understatement by Franchisee of payments due Franchisor for the twelve (12) month period immediately preceding each such audit of five percent (5%) or more of Gross Revenue

(f) If Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by any provision of this Agreement

(g) If Franchisee fails to cure a default under any mortgage, lease or deed of trust relating to the premises of the Market within thirty (30) days or fails to properly contest same in a court of law, in which case said thirty (30) day cure period shall not apply until after a final, non-appealable judicial determination

(h) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein

(i) If Franchisee fails, refuses or neglects to commence construction of the Market in accordance with Section 10 5 or to open the Market for business in accordance with Section 10 6 hereof

(j) If Franchisee fails, refuses or neglects to comply with the insurance requirements set forth in Section 16 hereof

(k) If Franchisee breaches any of the material terms or conditions of this Agreement

(l) If Franchisee's right to do business at the Market in full conformity with the System is suspended twice within any twelve (12) month period for violation of any sanitation, health or other legal requirement or regulation relative to the operation of the Market

(m) If Franchisee or any of Franchisee's Principals violate or otherwise breach any covenants concerning confidentiality contained in this Agreement, including but not limited to those referred to at Section 15 hereof

(n) If Franchisee or any of Franchisee's Principals breach the covenants against competition described in Section 20 hereof

(o) If Franchisee is in default of an obligation for which Franchisor has previously given written notice of default to Franchisee within the preceding twelve (12) month period, notwithstanding Franchisee's cure of such previous default

(p) If Franchisee fails to timely obtain the execution of confidentiality covenants pursuant to Section 15 or the conflict of interest and covenants not to compete from the persons designated by Franchisor pursuant to Section 20 hereof

(q) If Franchisee violates, breaches or fails to comply with any of the representations, warranties or covenants set forth in Section 26 hereof

(r) If an approved transfer is not effected within the time periods provided in Section 17 hereof following the death or permanent disability of a person covered under such Section

(s) If in connection with the operation of the Market, Franchisee repeatedly violates any law, ordinance, rule or regulation of a governmental agency, unless Franchisee is involved in a good faith dispute over the application or legality of such law, rule or regulation or Franchisee has promptly contacted the appropriate administrative or judicial forum for relief therefrom

The rights granted to Franchisee in this Agreement have been granted in reliance on Franchisee's representations and assurances that the obligations of Franchisee set forth in this Agreement will be met by Franchisee in a timely manner Time is of the essence in relation to all obligations of Franchise in this Agreement

All rights granted to Franchisee in this Agreement have been granted in reliance on Franchisee's representations and assurances that the obligations of Franchisee set forth in this Agreement will be met by Franchisee in a timely manner Time is of the essence in relation to all obligations of Franchisee in this Agreement

Nothing herein shall bar or impair Franchisor's right to obtain injunctive or other equitable relief

19 OBLIGATIONS UPON TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall immediately terminate and Franchisee agrees and acknowledges it shall perform and comply with the following provisions

19.1. Cessation of Operation

Immediately cease to operate the Carlsbad Ranch Market and not thereafter directly or indirectly represent to the public or hold itself out as a present or former franchisee of Franchisor

19.2 De-identification of Market.

Franchisee must, within thirty (30) days of the termination, modify the design, decor and operating methods of the former Market in a manner acceptable to Franchisor so that it no longer suggests or indicates a connection with the System and stop using Franchisor's Marks Deidentification of the former Market shall require, among other things, that Franchisee change color schemes and remove all signs and other physical objects, which display any of Franchisor's Marks, trade dress or other distinguishing features of the System

19.3. Cessation of Use of Marks.

Within forty-eight (48) hours after termination to permanently cease to use, by advertising or in any manner whatsoever, any Confidential Information, confidential methods, procedures and techniques associated with the System, the Marks, and all other distinctive forms, slogans, signs, symbols, logos or devices associated with the System In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks

19 4 Cancellation of Name

Take such action as may be necessary to cancel all fictitious or assumed name or equivalent registrations filed with the state, county or municipal authorities which contain the name "Carlsbad Ranch Market or Ranch Market" or any other Mark of Franchisor In addition, Franchisee must cease using all telephone numbers, including yellow pages numbers, and listings used by the Carlsbad Ranch Market and must, if Franchisor so directs, either assign such numbers or listings to Franchisor or disconnect same Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within ten (10) days after termination or expiration of this Agreement

19.5 Non-Usage of Confusing Marks.

Not use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with any other business or the promotion of such business, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition

19 6 Payment on Termination.

Promptly pay all sums owing to Franchisor, and Franchisor's Affiliates and related companies In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default

19.7. Payment of Enforcement Costs.

Pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of the obligations imposed on Franchisee by this Agreement

19 8. Return of Materials

Immediately return to Franchisor all Manuals, including the Confidential Operations Manual, if any, customer lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Carlsbad Ranch Market

19 9 Survival of Obligations

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to such termination or expiration until they are satisfied in full

19 10 Failure of Franchisee to Act

Any actions not timely taken by Franchisee to de-identify the Carlsbad Ranch Market after termination or expiration may be taken at Franchisee's expense by Franchisor or its agents, except that Franchisor may immediately, upon termination or expiration, remove or cover all of the signs and other physical objects which bear any of the Marks

19 11 Maintenance of Records

Franchisee must keep and maintain all financial records, reports and accounts pertaining to the Carlsbad Ranch Market for five (5) years after the effective date of termination or expiration During this period, Franchisee must permit Franchisor to make as many inspections of all such books, records and accounts as Franchisor deems necessary

19 12 Continuing Liability for Prior Obligations

Franchisee remains fully liable for any and all obligations of the Carlsbad Ranch Market incurred prior to and following the effective date of expiration or termination of this Agreement, including, without limitation, obligations arising under this Agreement or under any other agreement between Franchisee and Franchisor relating to the Carlsbad Ranch Market obligations owed to third parties (including sums owed to Franchisor's Affiliates), obligations for the payment of salaries, taxes and other expenses associated with the Carlsbad Ranch Market

20 COVENANTS

20 1 Best Efforts.

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee or Franchisee's manager shall devote full time, energy and best efforts to the management and operation of the business franchised hereunder Franchisee shall provide Franchisor full information concerning the financial background, employment history and experience of its designated manager at least 30 days prior to the date on which the designated manager commences employment.

20.2 Non-Solicitation and Non-Competition

Franchisee covenants that during the term of the Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company or corporation

(a) Divert or attempt to divert any business or customer of the business franchised hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System

(b) Employ or seek to employ any person who is at that time employed by Franchisor, employed by a Carlsbad Ranch Market, employed by any Affiliate which is a supplier to a Carlsbad Ranch Market, or employed by any other franchisee of Franchisor, or otherwise directly or indirectly to induce such person to leave his or her employment

(c) Own, maintain, operate, engage in, or have an ownership interest in, including any right to share in profits or revenues or have any interest as an owner, investor, partner, lender, officer, director, officer, manager, member, employee, consultant, representative or agent in any business offering the same or similar products or services as offered by Carlsbad Ranch Markets

20.3 Restrictive Covenants

Franchisee covenants that, except as otherwise approved in writing by Franchisor, neither Franchisee nor any of Franchisee's officers, directors, shareholders, partners, members or managers shall, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or themselves, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, be a consultant for, advise, assist, invest in, franchise, make loans to, be an officer, director, manager, representative or agent for, or have any interest in any business which is the same as or substantially similar to a Carlsbad Ranch Market and which is located within a radius of fifty (50) miles of the Market or the location of any company or Franchisee-operated Market under the System which is in existence on the date of expiration or termination of this Agreement

If the period of time or the area specified above should be adjudged unreasonable in any proceeding, then the period of time shall be reduced by such number of months or the area shall be reduced by the elimination of such portion thereof or both, so that such restrictions may be enforced in such area and in such time as is adjudged to be reasonable

20 4 Inapplicability of Section 20 2.

Section 20 2 shall not apply to ownership by Franchisee of less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934

20.5. Independence of Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 20 is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 20

20.6 Modification of Covenants

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 20, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable

20 7. Enforcement of Covenants.

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 20 Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 20

20 8 Injunctive Relief

Franchisee acknowledges that Franchisee's violation of the terms of this Section 20 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to, and Franchisor shall be entitled to, in addition to any other remedies which it may have hereunder, at law or in equity, the issuance of an injunction prohibiting

any conduct by Franchisee in violation of the terms of this Section 20, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security

20 9 Written Agreements

At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 20 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons (1) all managers of Franchisee and any other personnel employed by Franchisee who have received training from Franchisor; (2) all officers, directors and holders of a beneficial interest of fifteen percent (15%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation, and (3) the general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficiary interest of fifteen percent (15%) or more of the securities of any corporation which controls, directly or indirectly any general or limited partner), if Franchisee is a partnership, and the members and managers if Franchisee is a limited liability company All covenants required by this Section 20 shall be in forms satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them Failure by Franchisee to obtain execution of a covenant required by this Section 20 shall constitute a material breach of this Agreement

21. PROPRIETARY MARKS

21.1. Grant of License.

The Franchisor has been granted the exclusive license to use and license others to use the Mark or Logo "Carlsbad Ranch Market" or "Ranch Market " The rights to the Carlsbad Ranch Market Mark are owned by the Franchisor The Franchisor hereby grants the Franchisee the right and license to use the Mark and logo in connection with the operation of its franchised business and the provision of products and services to its customers

21 2 Conditions for Use.

With respect to Franchisee's use of the Marks pursuant to the license granted under this Agreement, Franchisee agrees that:

(a) Franchisee shall use only the Marks designated by Franchisor and shall use them only in the manner required or authorized and permitted by Franchisor

(b) Franchisee shall use the Marks only in connection with the right and license to operate the franchised business granted hereunder

(c) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as a licensee and not the owner of the Marks and shall make any necessary filings under state law to reflect such status In addition, Franchisee shall identify itself as a licensee of the Marks on all invoices, order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations at the premises of the franchised business as Franchisor may designate in writing

(d) Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement or in the Manuals, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and grounds for termination of this Agreement

(e) Franchisee shall not use the Marks to incur nor secure any obligation or indebtedness

(f) Franchisee shall not use the Marks as part of its corporate or other legal name (other than logos licensed by the Franchisor to the franchisee)

(g) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability

21.3. Acknowledgment.

Franchisee expressly understands and acknowledges that

(a) Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them

(b) The Marks serve to identify the System and those who are licensed to operate a franchised business in accordance with the System

(c) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as a licensee and not the owner of the Marks and shall make any necessary filings under state law to reflect such status In addition, Franchisee shall identify itself as a licensee of the Marks on all invoices, order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations at the Market as Franchisor may designate in writing

(d) Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Marks, except the nonexclusive license granted herein

(e) Any and all goodwill arising from Franchisee's use of the Marks at the franchised business in accordance with the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System except where any goodwill attributable to Franchisee can be proved to the satisfaction of Franchisor that no part of such goodwill results from the use of the Franchisor's Marks, trade secrets, confidential information or other proprietary information of Franchisor

(f) The license and rights to use of the Marks granted hereunder to Franchisee are nonexclusive, and Franchisor thus may (i) itself use, and grant franchises and licenses to other to use, the Marks and the System, (ii) establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems, and (iii) modify or change, in whole or in part, any aspect of the Marks or the System If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice to Franchisee by Franchisor Franchisor shall not be obligated to compensate Franchisee for any cost, expense, loss or damage incurred by Franchisee in connection with Franchisee's modification or discontinuance of any Mark

(g) Franchisor reserves the right to substitute different names and Marks for use in identifying the System, the franchised business and other Carlsbad Ranch Markets operating thereunder

(h) Franchisor shall have no liability to Franchisee for any senior users which may claim rights to the Franchisor's Marks

(i) The Franchisee shall not register or attempt to register the Marks in Franchisee's name or that of any other person, firm, entity or corporation

(j) Franchisor makes no representation or warranty, express or implied, as to the use, validity or enforceability of the Marks

21 4. Claims and Disputes

Franchisor shall have the sole right to handle disputes with third parties concerning the Marks and the System in accordance with the following

(a) If Franchisee receives notice, or is informed, of (i) any claim, suit or demand against it on account of any alleged infringement, unfair competition or similar matter by reason of its use of the System in accordance with this Agreement or its use of the Marks, or (ii) any claim by any person of any rights in the System or in any of the Marks, Franchisee shall promptly notify Franchisor in writing of such claim, suit or demand Franchisee has no right to settle or compromise any such claim, suit or demand Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, administrative proceeding or any Patent and Trademark Office or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to the System or any Mark Franchisor shall defend Franchisee in connection with its Name and Marks only provided Franchisee used the Name and Marks in accordance with this Agreement, but shall not be required to indemnify or reimburse Franchisee for any losses and expenses as defined in Section 25 7 herein Franchisee shall cooperate fully with Franchisor and execute such documents and perform such actions as may, in the judgment of Franchisor, be necessary, appropriate or advisable in the defense of such claims, suits or

demands and to protect and maintain the interests of Franchisor in the System and/or in the Marks which are the subject of challenge

(b) If Franchisee otherwise receives notice, or is informed, of any infringing or unauthorized use of the System or of the Marks, Franchisee shall promptly notify Franchisor in writing of such infringing use Franchisor shall have sole discretion to take such action, or not to take any action, as it determines against said third parties

(c) Both Franchisor and Franchisee shall make every effort consistent with the foregoing to protect the Marks and the System

22 DUTIES OF FRANCHISOR

22 1 Pre-Opening Obligations

The duties of the Franchisor prior to the opening of the Carlsbad Ranch Market are as follows

(a) Franchisor shall designate an Exclusive Territory consisting of a partial zip code, a zip code, or a group of contiguous zip code(s) to serve as the territory in which Franchisor is authorized to search for an acceptable Market location to operate its Carlsbad Ranch Market Franchisor recommends Franchisee procure an independent market feasibility study to assist in locating an acceptable site Franchisee is solely responsible for locating the site for its Market The Franchisor approves the Franchisee's site The Franchisee, prior to opening the Market, may transfer the Exclusive Territory to another territory not sold to another franchisee

(b) Franchisor shall provide a sample floor plan and sample architectural blueprint plans to be used as a model only to assist Franchisee in procuring its own floor plan and specifications at Franchisee's expense The plans must be copied, modified and adapted for Franchisee's use at its expense The plans as modified by the Franchisee must be submitted to Franchisor for written approval, which will not be unreasonably withheld

(c) Franchisor shall loan to Franchisee a single copy of Franchisor's Manual, as amended from time to time which specifies standard operation procedures, policies, rules and regulations with which Franchisee must comply

(d) Franchisor shall provide to Franchisee the then current standards and specifications for all approved and optional products and services, required equipment, inventory, supplies, services, furnishings, fixtures, decorations, software and signage and a list of approved suppliers

(e) Franchisor shall provide a training program for Franchisee and its manager The initial training shall consist of a minimum of two (2) days of training at Franchisor's corporate headquarters or any other place deemed appropriate by Franchisor The Franchisee and its designated Franchise Manager, for a total of two persons, must attend and successfully complete the initial training program The Franchisor shall provide instructions and training materials only and the Franchisee shall be responsible for all meals, travel, lodging and all other expenses incurred in attending Franchisor's initial training program and any additional support programs All such training expenses are non-refundable Franchisee may have more than two (2) persons participate in the initial training program provided however, each such additional person may pay to Franchisor in its discretion up to $1000 per day, per person for any training provided to them In its sole discretion, Franchisor may make available such other mandatory or optional initial and ongoing training programs or seminars as Franchisor deems advisable

22 2. Post-Opening Obligations

The obligations of the Franchisor following the opening of the Carlsbad Ranch Market are as follows

(a) After and before opening, Franchisor will provide additional training and on-site assistance at Franchisee's Carlsbad Ranch Market as determined in Franchisor's sole discretion A designated representative of Carlsbad Ranch Market from its headquarters staff will provide such on-site assistance

(b) Franchisor shall review all advertising and promotional material which Franchisee purposes to use before Franchisee may use any such advertising and promotional materials

(c) Franchisor shall verify that Franchisee is spending at least two percent (2%) of its monthly Gross Revenue on advertising and marketing in accordance with Section 6 4 herein, upon receipt and review of the monthly reports provided to Franchisor

(d) Franchisor may, in its discretion, provide from time to time a representative from its headquarters staff to assist in Franchisee's Carlsbad Ranch Market and observe and monitor compliance with Franchisor standards, specifications and procedures, and shall provide such other inspections of Franchisee's business, methods, procedures and staff as determined in its sole discretion

All of the obligations of Franchisor hereunder are to Franchisee, and no other party is entitled to rely on, enforce or obtain relief for breach of such obligation either directly or by subrogation

23. BANKRUPTCY PROCEEDINGS

In the event that Franchisee should become subject to a proceeding (whether voluntary or involuntary) under the Bankruptcy Code and Franchisor does not exercise its right to terminate this Agreement as provided in this Agreement, the debtor in possession, trustee (or similar officer) appointed for Franchisee's estate shall either reject or assume this Agreement If this Agreement is rejected, Franchisor shall continue to have and may exercise all remedies provided for herein or at law for a default by Franchisee under this Agreement If this Agreement is assumed, the debtor in possession, trustee (or similar officer) must comply with all requirements of this Agreement and must

(a) Perform in a timely and complete manner all obligations of Franchisee under this Agreement and all related agreements with Franchisor or its Affiliates from and after the date of such assumption,

(b) Cure all defaults existing at the date of such assumption and compensate for any monetary loss to Franchisor and its Affiliates or provide adequate assurance that such defaults will be promptly cured,

(c) Provide adequate assurance of full and complete future performance by the debtor in possession, trustee (or similar officer) under this Agreement Such adequate assurance shall include adequate assurance of the source of all consideration (monetary or otherwise) due Franchisor under this Agreement and that the Continuing License Fee and other fees due hereunder will not decline, and

(d) In no event shall this Agreement be assumed by or transferred to any individual or entity who does not comply with all requirements for assignment in this Agreement

24. CONDEMNATION OR CASUALTY LOSS

24 1 Casualty Loss

If the Market licensed hereunder is damaged by fire or other casualty, Franchisee shall, at its cost, expeditiously repair such damage as soon as possible after the occurrence thereof In the event such casualty loss requires the closing of the Market for more than three (3) consecutive months, then, unless repair and reconstruction work has commenced in earnest within such three (3) month period after closing and unless the Market is reopened in full operation no later than two (2) years from the date of such casualty loss, this Agreement shall terminate automatically and without notice to Franchisee Provided that, in lieu of reconstructing and reopening the damaged Market as required hereby, Franchisee may construct and open a different Market within the trade area of such damaged Market within two (2) years from the date of such casualty loss

24.2 Condemnation Proceedings

Franchisee shall give Franchisor written notice as soon as it receives any knowledge of any condemnation or exercise of the power of eminent domain, or threat thereof, by any applicable governmental authority If, in the reasonable opinion of Franchisor, a substantial part of the Market is to be condemned or taken under eminent domain and the portion not so taken or condemned could not be operated practicably and profitably as a Market, Franchisor shall give good-faith consideration to transferring the franchise granted hereunder to another location reasonably near the condemned Market which decision shall be made by Franchisor not more than four (4) months after Franchisor's determination of condemnation If such transfer of franchise is authorized by Franchisor and Franchisee opens for business at such other location within two (2) years of the closing of the condemned or taken Market, the substituted Market in such area shall be deemed to be open under this Agreement in the same manner and for the same term as was the previous Market In the event Franchisee has used its best efforts to vigorously replace such condemned location but has been unable to do so on account of its failure to obtain the requisite licenses and permits for such other location, Franchisor may, but shall not be required to, grant additional time for Franchisee to open such other location

25 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

25 1 Independent Contractor

It is understood and agreed by the Parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement or arising from the franchise relationship is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise or servant of the other for any purpose whatsoever Franchisee shall hold itself out to the public to be an independent contractor operating the business pursuant to a franchise from Franchisor Franchisee agrees to take such actions as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous space on the Market premises, the content of which Franchisor reserves the right to specify in the Manuals or otherwise in writing

25 2 No Liability For Actions of Franchisee.

Franchisee and Franchisee's Principals understand and agree that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for or be deemed liable hereunder as a result of any such action, nor shall Franchisor be deemed liable by reason of any act or omission of Franchisee in its conduct of the business franchised by this Agreement, or for any claim or judgment arising therefrom against Franchisor or Franchisee

25.3. Indemnification

Franchisee and each of Franchisee's Principals will, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its Affiliates, successors and assigns and the respective directors, officers, employees, agents and representatives of each (Franchisor and all others hereinafter collectively Indemnitee) from all losses and expenses (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon the construction, operation, maintenance or occupancy of the Market, including without limitation any of the following

(a) The infringement, alleged infringement or any other violation or alleged violation by Franchisee or any of Franchisee's Principals of any patent, Mark or copyright or other proprietary right owned or controlled by third parties provided, however, where Franchisee and its Principals used the Names and Marks in accordance with this Agreement, Franchisor shall, at its cost, defend Franchisee in any infringement claim, but Franchisor shall not be obligated to reimburse Franchisee for its losses and expenses as defined in Section 25 7 herein

(b) The violation, breach or asserted violation or breach by Franchisee or any of Franchisee's Principals of any contract, federal, state or local law, regulation, ruling, standard or directive or any industry standard

(c) Libel, slander or any other form of defamation of Franchisor or the System, by Franchisee or any of Franchisee's Principals

(d) The violation or breach by Franchisee or any of Franchisee's Principals of any warranty, representation, agreement or obligation in this Agreement

(e) Acts, errors or omissions of Franchisee or any of its agents, servants, employees, members, managers, contractors, partners, Affiliates or representatives

25 4 Notice and Procedure

Franchisee and each of Franchisee's Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation Provided the exercise of the rights reserved to Franchisor in this Section 25 4 does not materially and adversely affect the insurance coverage required to be maintained by Franchisee pursuant to Section 16 hereof, at the expense and risk of Franchisee and each of Franchisee's Principals, Franchisor may elect to assume (but under no circumstances is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claims, demand, inquiry or investigation If the exercise of the rights reserved to Franchisor in this Section 25 4 would materially and adversely affect the insurance coverage required to be maintained by Franchisee pursuant to Section 16 hereof, then in that event Franchisor shall have the right, in place of other rights, to associate counsel of its own choosing, to monitor the defense and/or settlement of any such action, suit, proceedings, claims, demand, inquiry or investigation at its own cost if any only if Franchisee is already paying its own costs for its counsel, it being understood, however, that the foregoing is not intended to limit Franchisor's right to seek equitable relief by way of injunction or otherwise to take reasonable actions to mitigate damage, injury or harm to persons or property Any such undertakings by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of Franchisee's Principals to indemnify Franchisor and to hold it harmless

25 5 Franchisor Resolution of Claims

Subject to the provisions of Section 25 4 above in order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that

(a) any of the acts or circumstances enumerated in Section 25 4 above have occurred, or

(b) any act, error or omission of Franchisee or any of Franchisee's Principals may result directly or indirectly in damage, injury or harm to any person or any property

25.6. Franchisee Liability for Losses and Expenses.

Subject to the provisions of Section 25 4, above, all losses and expenses incurred under this Section shall be chargeable to and paid by Franchisee or any of Franchisee's Principals pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense

25 7 Definition of Losses and Expenses

As used in this Section, the phrase losses and expenses shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expense of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described

25.8. Limitations on Indemnities Liabilities

Indemnities do not assume any liability whatsoever for acts, errors or omissions of those with whom Franchisee or any of Franchisee's Principals may contract, regardless of the purpose Franchisee and each of Franchisee's Principals shall hold harmless and indemnify Indemnitee for all losses and expenses which may arise out of any acts, errors or omissions of these third parties

25 9 No Requirement to Mitigate Losses.

Under no circumstances shall Indemnitee be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of Franchisee's Principals Franchisee and each of Franchisee's Principals agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitee from Franchisee or any of Franchisee's Principals

26 REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

Franchisee and each person executing this Agreement who is an owner of the franchise represent and warrant that;

26 1 It has conducted an independent investigation of the business contemplated by this Agreement and recognizes that the business venture contemplated by this Agreement involves significant business risks and that its success will be largely dependent upon the ability of Franchisee as an independent businessperson **Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any representation, warranty or guarantee, express or implied, as to the potential volume, profits, if any, or success of the business venture contemplated by this Agreement.**

26 2 It has no knowledge of any representation by Franchisor or its officers, directors, shareholder, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein Franchisee represents as an inducement to its entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement The Franchisee has not received from Franchisor any projections or representations regarding the amount of income the Franchisee can expect to earn Neither Franchisor nor any other person can guarantee the success of the business contemplated herein

26 3 Franchisee has received, read and understood this Agreement, the attachments hereto, the Operations Manual, and that Franchisor has fully and adequately explained the provisions of each to its satisfaction Prior to signing this Agreement, the Franchisee has had the opportunity to meet with Franchisor to ask questions and receive satisfactory answers about the franchise and related matters, and to obtain additional information for verification purposes

26 4 Franchisee has carefully read and understands the terms of this Agreement, and has been advised to seek independent legal and financial advice with respect to the franchise and this Agreement

26 5 Franchisee, either alone or together with its legal and/or financial advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in a Carlsbad Ranch Market Market and protecting its interests, and in making an informed investment decision with respect thereto

26 6 Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of Agreement, and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in circumstances

26 7 Information Regarding Franchisee Franchisee makes the following additional representations and warranties in the event it is a corporation, partnership or limited liability company

(a) Franchisee is duly organized and validly existing under the state law of its formation,

(b) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification,

(c) Franchisee's corporate charter, written partnership or operating agreement shall at all times provide that the activities of Franchisee are confined exclusively to the development and operation of Carlsbad Ranch Markets,

(d) The execution of this Agreement and the transactions contemplated hereby are within Franchisee's corporate power, or if Franchisee is a partnership or limited liability company, permitted under Franchisee's written partnership or operating agreement, respectively,

(e) If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, Bylaws, other governing documents and any amendments thereto, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished or, if Franchisee is a partnership or limited liability company, copies of the written partnership or operating agreement, respectively, other governing documents and any amendments thereto shall be promptly furnished to Franchisor including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, members or managers, if such approval or consent is required by Franchisee's written partnership or operating agreement,

(f) If Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation, or if Franchisee is a partnership or limited liability company, Franchisee shall maintain a current list of all owners of an interest in the partnership or limited liability company Such list shall be furnished to Franchisor upon request;

(g) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to and that further assignment or transfer thereof is subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 26 8(g) shall not apply to a publicly-held corporation If Franchisee is a partnership or limited liability company, its written partnership or operating agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to and that further assignment or transfer is subject to all restrictions imposed upon assignments by this Agreement; and

(h) Franchisee acknowledges and agrees that the representation, warranties and covenants set forth above are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default for which Franchisor may terminate this Agreement without opportunity to cure pursuant to Section 18 hereof

27 BINDING ARBITRATION

27 1 Informal Resolution.

Except as specifically modified by this Section 27, and excepting matters involving provisional remedies as set forth in Section 27 8 below, any controversy or claim arising out of or relating to this agreement, or any breach thereof, shall be first discussed in a face-to-face meeting between Franchisor and Franchisee, where the parties shall in good faith attempt to resolve the dispute Such meeting shall be held at a location reasonably convenient to Franchisor and within 30 days after either Franchisor or Franchisee provides written notice to the other of the dispute

27 2 Mediation

Except as specifically modified by this Section 27, and excepting matters involving provisional remedies as set forth in Section 27 8 below, in the event that a controversy, claim or dispute should arise between the parties in connection with the rights and/or obligations arising out of or relating to this Agreement or any breach thereof, and after the face-to-face meeting required in Section 27 1 and prior to the commencement of any lawsuit or arbitration by any party, the parties shall participate in a non-binding mediation in accordance with the commercial arbitration rules of the American Arbitration Association AAA) in San Diego County, and mediated before Franchise Arbitration and Mediation, Inc (FAM) or, if FAM is not available, before AAA

27.3 Binding Arbitration.

Except as specifically modified by this Section 27, and excepting matters involving provisional remedies as set forth in Section 27 8 below, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, including without limitation any claim that this Agreement, or any part thereof, is invalid, illegal or otherwise voidable or void, shall be submitted to neutral binding arbitration before FAM, in accordance with the arbitration rules of FAM or if FAM is unable to conduct the arbitration, before and in accordance with the commercial arbitration rules of the AAA Such arbitration shall only be initiated after the parties have attempted mediation as set forth in the paragraph above Franchisor and Franchisee agree that arbitration shall be conducted on an individual, and not a class wide or multiple plaintiff basis Franchisor and Franchisee further agree to execute confidentiality agreements as provided by Franchisor for both the mediation and arbitration, excepting only such public disclosures and filings required by law

27.4. Federal Arbitration Act Governs

The provisions of this Section 27 shall be construed as independent of any other covenant or provision of this Agreement, provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law Notwithstanding any provision of this Agreement relating to under which state laws this Agreement shall be governed by and construed under, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U S C '1 *et seq*) and the federal common law of arbitration

27.5. Waiver of Punitive and Similar Damages.

Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final and non-appealable Franchisor and Franchisee (and their respective owners and guarantors, if applicable) hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, multiple, pain and suffering, mental distress, incidental, consequential, lost income, profits and/or similar damages under any theory whatsoever, and agree that only actual financial losses may be recovered, which shall be the present value of any initial franchise fees, license fees and/or other payments Franchisee would be obligated to make to Franchisor under this Agreement or otherwise

27 6 Location of Arbitration and Failure to Appear

This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after expiration or termination of this Agreement In the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear Arbitration and/or mediation shall take place in San Diego, California, unless otherwise agreed by Franchisor and Franchisee

27.7 Time for Asserting Claims

Franchisor and Franchisee agree that no action (whether for arbitration, damages, injunctive, equitable or other relief, including but not limited to rescission) will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless brought before the expiration of the earlier of (1) one year after the date of discovery of the facts resulting in such alleged liability or obligation or (2) two years after the date of the first act or omission giving rise to such alleged liability or obligation, except that where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply

27 8 Exceptions

The obligation herein to arbitrate or mediate shall not be binding upon either Party with respect to claims relating to either party's trademarks, service marks, patents or copyrights, claims related to any lease or sublease of real property between the parties or their related entities, requests for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties

28. MISCELLANEOUS

28 1 Conflict with Other Agreements

Franchisee represents and warrants that it is not a party to or subject to agreements which might conflict with the terms of this Agreement and shall not enter into any such agreements during the License Term or any renewals or extensions thereof

28 2. Cost of Enforcement.

In any action at law or in equity based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover, in addition to any judgment in its favor, reasonable attorneys' fees, court costs and all expenses incurred in connection with the litigation or arbitration

28.3. Non-waiver

No failure, forbearance, neglect or delay of any kind or to any extent on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's rights to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise No custom, usage or practice with regard to this Agreement, or between Franchisee and Franchisor, or between Franchisor and its other franchisees shall preclude at any time the strict enforcement of this Agreement in accordance with its literal terms No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce such provision at any future time

28.4 Entire Agreement, Amendments

This Agreement together with all the related agreements and exhibits constitutes the entire understanding and agreement of the parties with respect to the subject matter addressed herein and supersedes all prior and contemporaneous understandings and agreements of the parties, whether oral or written, pertaining to this Agreement and subject matter Franchisee expressly acknowledges that no oral representatives or declarations were made to it which are not specifically set forth in this Agreement No modification, change, termination or waiver of any provision hereof shall be binding upon the other party or effective unless in writing signed by Franchisee and Franchisor's President, except that a waiver need be signed only by the party waiving No field representative of Franchisor has the right or authority to modify or waive, either orally or in writing, any portion of this Agreement, and any such modification or waiver shall not be binding upon either party hereto Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished you

28 5 Severability

If any nonmaterial term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect and each term and provision shall be valid and enforced to the fullest extent permitted by law If any material term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement may be terminated by either party upon sixty (60) days notice to the other For purposes of this Agreement a material term or provision is one which goes to the essence of this Agreement, as determined by a court of competent jurisdiction

28.6 Construction of Agreement.

This Agreement has been made and accepted, in San Diego County, California and shall be interpreted in accordance with and governed by the internal laws of the state of California

The titles and subtitles of the various sections of this Agreement are inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement The language in all parts of this Agreement shall in all cases be construed simply according to its fair meaning and not strictly for or against Franchisor or Franchisee

It is the intention of the parties hereto that, if any provision of this Agreement is capable of two constructions, one which would render the provision valid, then the provision shall have the meaning which renders it valid

The words Franchisor and Franchisee herein and all exhibits hereto may be applicable to one or more parties, as the case may be, and the singular shall include the plural and the neuter shall include the feminine and masculine

If there shall be more than one party or persons executing this Agreement on behalf of Franchisee then, unless Franchisor otherwise agrees in writing, their obligations hereunder shall be joint and several

Franchisee and Franchisor shall be excused from performing any obligation or undertaking provided for in this Agreement as long as such performance is prevented, delayed or hindered by acts of God, fire, earthquake, flood, explosion, action of the elements, war, invasion, insurrection, riot, mob violence, sabotage, laws, orders of government or any other cause similar to the foregoing, not within the reasonable control of the party prevented, delayed or hindered thereby

28.7 Notices.

All notices and other communications provided for herein must be in writing and shall be sufficiently given if delivered in person or mailed by certified or other receipted mail, if to Franchisee, at Franchisee's Address or, if to Franchisor, at Franchisor's Address marked Attention Franchising Department Either party, by such notice, may change the address to which notices shall be sent Notices delivered in person shall be deemed given when delivered and mailed notices shall be deemed given seventy-two (72) hours after being mailed If Franchisee is a corporation, partnership, limited liability company or more than one individual, then Franchisee will authorize one natural person as correspondent with authority to bind Franchisee (except that all individuals, partners and/or shareholders holding ownership interests in Franchisee shall be required to execute the Agreement and any renewals thereof)

28 8 Certain References

References to weeks and months mean calendar weeks and calendar months References to persons mean legal entities as well as natural persons Except as otherwise specifically set forth in this Agreement and subject to the limitations and conditions contained in this Agreement, this Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns

28 9 Taxes.

Franchisee shall be liable for and shall pay Franchisor within ten (10) days after notice thereof, all license fees and all state, county, local and other municipal sales and use taxes, business profits taxes, gross receipt taxes and any and all other taxes levied on franchisee's retail operations or on the account of same by the aforesaid jurisdictions in which the Market is located, and assessed upon Franchisor in connection with the Continuing License Fee due Franchisor hereunder

29 SUBMISSION OF AGREEMENT

The submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR

IN THOSE STATES WHERE REQUIRED BY LAW, THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR SUCH DISCLOSURE, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this _____ day of _____, 20_____

FRANCHISOR GREEN MARKET DEVELOPMENT CORP

BY _____

I HAVE READ ALL THE FOREGOING AGREEMENT AND I HEREBY ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF I HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THIS AGREEMENT

FRANCHISEE(S)

BY _____

BY: _____

BY _____

EXHIBIT A
FRANCHISEE'S CARLSBAD RANCH MARKET EXCLUSIVE TERRITORY

Partial Zip / Zip Code(s) _____

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MULTI-UNIT FRANCHISE AGREEMENT
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MARKET DEVELOPMENT CORP. (GMD)
MULTI-UNIT FRANCHISE AGREEMENT

This Multi-Unit Franchise Agreement is made and entered into _____,20___, between Market Development Corp, dba "Carlsbad Ranch Market" or "Ranch Market", a California Corporation (hereinafter "Franchisor") and _____ (hereinafter "Multi-Unit Franchisee")

WHEREAS, Franchisor as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (hereinafter "System") relating to the establishment and operation of Carlsbad Ranch Markets specializing in local, fresh, organic, produce, groceries, deli products, salad bar, and other products and services identified by a service mark for Carlsbad Ranch Market ("Proprietary Marks")

WHEREAS, the Multi-Unit Franchisee wishes to obtain certain multi-unit rights to operate Carlsbad Ranch Markets (hereinafter "Carlsbad Ranch Market") under the System in the territory described in this Multi-Unit Franchise Agreement ("Agreement") Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Franchise Agreement

NOW, THEREFORE, the Parties, in consideration of foregoing, hereby agree as follows

1 MULTI-UNIT FRANCHISE RIGHTS

1 1 Grant of Multi-Unit Franchise Rights and Franchise Fee

Franchisor hereby grants to Multi-Unit Franchisee, pursuant to the terms and conditions of this Agreement, multi-unit rights to obtain licenses to establish and operate a minimum of two (2) and a maximum of ten (10) Carlsbad Ranch Markets, and to use the System solely in connection therewith, at specific locations to be designated in separate Carlsbad Ranch Market Franchise Agreements (hereinafter Franchise Agreements) executed as provided in Section 3 1 hereof, and pursuant to the schedule set forth in Exhibit A of this Agreement Each Carlsbad Ranch Market developed hereunder shall be located in the area described in Exhibit B of this Agreement (hereinafter Assigned Area) The Initial License Fees for the Carlsbad Ranch Markets to be opened and operated by the Multi-Unit Franchisee shall be as described in Section 2 herein

1 2 Franchise Agreement Required

Each Carlsbad Ranch Market for which a multi-unit right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between the Multi-Unit Franchisee and Franchisor in accordance with Section 3 1 hereof

1.3 Protected Area.

Except as otherwise provided in this Agreement, Franchisor shall not establish, nor license anyone other than the Multi-Unit Franchisee to establish any Carlsbad Ranch Market under the System in the Assigned Area during the term of this Agreement

1 4 No Grant of Franchise Rights

This Agreement does not grant to the Multi-Unit Franchisee any right to use Franchisor's Proprietary Marks or System, which shall only be granted pursuant to a separate Franchise Agreement

1.5 No Sublicensing.

The Multi-Unit Franchisee shall not have the right under this Agreement to license others under the Proprietary Marks or System

2 INITIAL FRANCHISE FEES

In consideration of the Multi-Unit Franchisee's agreement to open and operate a minimum of two (2) and a maximum of ten (10) Carlsbad Ranch Markets according to the development schedule attached hereto, the Franchisor shall reduce, as set forth below, the Initial License Fee otherwise payable under the Franchise Agreement for the Carlsbad Ranch Markets purchased The Multi-Unit Franchisee shall pay to Franchisor upon execution of this Agreement, the lump sum of Forty Thousand Dollars ($40,000) for two (2) Markets and Fifty Thousand Dollars ($50,000) for three (3) Markets, which shall represent the Initial Franchise Fees for this respective number of Carlsbad Ranch Markets to be opened and operated under this Agreement The Multi-Unit Franchisee, only upon payment of a three (3) Market package, shall pay Ten Thousand Dollars ($10,000) for each additional Market purchased from the fourth (4th)

Market up to a maximum of ten (10) Markets in total The Initial Franchise Fee shall be fully earned by Franchisor upon execution of this Agreement and is not refundable in whole or in part, regardless of the number of Carlsbad Ranch Markets which may or may not be opened and operated under this Agreement.

3 EXERCISE OF MULTIPLE-UNIT FRANCHISE RIGHTS

3 1 Schedule and Manner of Exercising Multi-Unit Franchise Rights

The Multi-Unit Franchisee shall exercise each multi-unit franchise right granted herein only by executing a Franchise Agreement for each Carlsbad Ranch Market at a site approved by Franchisor in the Assigned Area as hereinafter provided The Franchise Agreement for the first multi-unit franchise right exercised hereunder shall be in the form of the Franchise Agreement to which this Multi-Unit Franchise Agreement is attached as an exhibit. Except for the Initial License Fee, the Franchise Agreement for each additional multi-unit franchise right exercised hereunder shall be the form of the Franchise Agreement being offered by Franchisor at the time each multi-unit right is exercised

3 2. Time is of the Essence

Recognizing that time is of the essence, the Multi-Unit Franchisee agrees to exercise each of the multi-unit franchise rights granted hereunder in the manner specified in Section 3 1 hereof, and to satisfy the multi-unit franchise schedule set forth in Exhibit A hereto Failure by the Multi-Unit Franchisee to adhere to the multi-unit franchise schedule shall constitute a default under the Agreement as provided in Section 6 hereof

3.3 Site Location

Prior to entering into an agreement to purchase or lease any site, the Franchisee must obtain Franchisor's prior written approval of the site and the terms of the purchase agreement or lease After obtaining Franchisor's approval, the Multi-Unit Franchisee shall execute a lease (if the premises are to be leased) or binding agreement to purchase the site, and a Franchise Agreement relating to the approved zip code territory where the site will be located The lease, if any, shall be subject to such terms and conditions as may be contained in the Franchise Agreement relating to that site

4 TERM AND MULTI-UNIT FRANCHISEE'S EXCLUSIVE TERRITORY.

4 1 Term

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the latest date shown on the multi-unit franchise schedule attached hereto as Exhibit A

4 2. Multi-Unit Franchisee's Exclusive Territory.

If the Multi-Unit Franchisee successfully and in a timely manner completes the multi-unit franchise schedule set forth in Exhibit A hereto, then, Franchisor shall not establish, nor license anyone other than the Multi-Unit Franchisee to establish any Carlsbad Ranch Market under the System in the Assigned Area In the event that Multi-Unit Franchisee at any time does not complete the multi-unit franchise schedule, such rights shall terminate, and Franchisor may thereafter establish additional Carlsbad Ranch Markets itself or license others to do so in the Assigned Area, notwithstanding any other provision of this Agreement However, such additional Carlsbad Ranch Markets shall not infringe upon any existing Exclusive Territory, if any, provided for in the Multi-Unit Franchisee's individual Carlsbad Ranch Market Franchise Agreement

5 DUTIES OF THE PARTIES

5 1 Duties of Franchisor

Franchisor shall furnish to the Multi-Unit Franchisee the following

(a) Site selection guidance

(b) One (1) copy of each of Franchisor's Confidential Operating Manual (Manual) on loan for the term of this Agreement, subject to the following conditions

(i) The Multi-Unit Franchisee shall comply with all provisions, standards and procedures set forth in the Manual

(ii) The Manual shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of this Agreement

(iii) Franchisor may from time to time revise the contents of the Manual and the Multi-Unit Franchisee expressly agrees to comply with each new or changed provision, standard or procedure which is incorporated herein by reference

(iv) The Multi-Unit Franchisee shall at all times ensure that its copies of the Manual are kept current and up to date and, in the event of any dispute as to the contents of the Manual, the terms of the master copies of same maintained by Franchisor at Franchisor's home office shall be controlling

5 2 Duties of the Multi-Unit Franchisee

The Multi-Unit Franchisee shall fulfill the following duties

(a) The Multi-Unit Franchisee shall comply with all terms and conditions set forth in this Agreement, the Franchise Agreement and any related agreements with the Franchisor or its Affiliates

(b) The Multi-Unit Franchisee shall ensure that its business complies with all requirements of federal, state and local laws, rules and regulations

(c) The Multi-Unit Franchisee shall designate an individual to serve as Franchise Multi-Unit Manager hereunder who may be the Franchisee The Multi-Unit Franchise Manager shall complete, to Franchisor's satisfaction, any continuing development training required by Franchisor hereunder and shall bear all expenses (including travel, lodging and food) of such training The Multi-Unit Franchisee may attend such optional development training as Franchisor may offer from time to time, subject to the Multi-Unit Franchisee's payment of a reasonable training fee to Franchisor upon request, in addition to the Multi-Unit Franchisee's expenses described above

6 DEFAULT AND TERMINATION.

Multi-Unit Franchisee acknowledges and agrees that each of the Franchisee's obligations described in this Agreement is a material and essential obligation of Multi-Unit Franchisee, that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System, and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable

6 1 Termination Without Notice or Opportunity to Cure

Multi-Unit Franchisee shall be deemed to be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Multi-Unit Franchisee, if Multi-Unit Franchisee shall become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed under any Chapter of Title 11 of the United States Code by Multi-Unit Franchisee or such a petition is filed against and not opposed by Multi-Unit Franchisee, or if a bill in equity or other proceeding for the appointment of a receiver of Multi-Unit Franchisee or other custodian for Multi-Unit Franchisee's business or assets is filed and consented to by Multi-Unit Franchisee, or if a receiver or other custodian (permanent or temporary) of Multi-Unit Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction and not dismissed within thirty (30) days, or if proceedings for a composition with creditors under any law should be instituted by or against Multi-Unit Franchisee, or if a final, non-appealable judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or if execution is levied against Multi-Unit Franchisee's business or property, or if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Multi-Unit Franchisee and not vigorously defended, or not dismissed or not satisfied within thirty (30) days after a final, non-appealable judgment; or if the real or personal property of the franchised business shall be sold after levy thereupon by any sheriff, marshal or constable

6 2. Termination With Notice Without Opportunity to Cure.

Multi-Unit Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Multi-Unit Franchisee any opportunity to cure the default effective immediately upon notice to Multi-Unit Franchisee, upon the occurrence of any of the following events

(a) If Multi-Unit Franchisee ceases to do business or otherwise abandons the Market, loses the right to possession of the premises or otherwise forfeits the right to do or transact business in the jurisdiction where the franchised business is located, provided, however, that if through no fault of Multi-Unit Franchisee, the premises are damaged or destroyed by an event such that it cannot reasonably be remarketed within ninety (90) days thereafter, then Multi-Unit Franchisee has sixty (60) days after such event in which to apply for the Franchisor's approval to relocate and/or reconstruct the Market, which approval shall not be unreasonably withheld

(b) If Multi-Unit Franchisee or any of Multi-Unit Franchisee's Principals (officers, directors, shareholders, general partners, members, managers, owners) plead nolo contendere to or are convicted of a felony or a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to adversely affect the System or the Proprietary Marks, or the goodwill associated therewith, or Franchisor's interest therein

(c) If Multi-Unit Franchisee or any of Multi-Unit Franchisee's Principals purport to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent, contrary to the terms of Section 7 of this Agreement

6.3. Termination With Notice and Opportunity to Cure

Except as provided in Sections 6 1 and 6 2 of this Agreement, Multi-Unit Franchisee shall have ten (10) days with respect to monetary defaults and thirty (30) days with respect to non-monetary defaults (unless otherwise specifically stated below) after written notice to Multi-Unit Franchisee within which to remedy such default and provide evidence thereof to Franchisor If any such default is not cured within the appropriate time period, or such longer period as applicable law may require, the Agreement shall terminate without further notice to Multi-Unit Franchisee effective immediately upon the expiration of the respective time period or such longer period as applicable law may require Multi-Unit Franchisee shall be in default hereunder for any failure to substantially comply with any of the requirements imposed by this Agreement or to carry out the terms of this Agreement in good faith Such defaults shall include, but shall not be limited to, the occurrence of any of the following events

(a) If Multi-Unit Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or Franchisor's subsidiaries or Affiliates when due

(b) If Multi-Unit Franchisee fails, refuses or neglects to submit the financial information or reports required by Franchisor or makes any false statements in connection therewith

(c) If Multi-Unit Franchisee fails to maintain the standards required by Franchisor

(d) A Multi-Unit Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by any provision of this Agreement

(e) If Multi-Unit Franchisee fails to cure a default under any mortgage, lease or deed of trust relating to the Market within thirty (30) days or fails to properly contest same in a court of law, in which case said thirty (30) day cure period shall not apply until after a final, non-appealable judicial determination

(f) If Multi-Unit Franchisee misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein

(g) If Multi-Unit Franchisee fails, refuses or neglects to commence construction of the Market in accordance with the Franchise Agreement or to open a Market for business in accordance with the Franchise Agreement

(h) If Multi-Unit Franchisee fails, refuses or neglects to comply with the insurance requirements set forth in the Franchise Agreement

(i) If Multi-Unit Franchisee breaches any of the material terms or conditions of this Agreement

(j) If Multi-Unit Franchisee or any of Multi-Unit Franchisee's Principals violate or otherwise breach any covenants concerning confidentiality contained in the Franchise Agreement

(k) If Multi-Unit Franchisee or any of Multi-Unit Franchisee's Principals breach the covenants against competition described in the Franchise Agreement

(l) If Multi-Unit Franchisee has defaulted on three (3) or more of its obligations to Franchisee, any one of which Franchisor has previously given written notice of default to Multi-Unit Franchisee within the preceding twelve (12) month period, notwithstanding Multi-Unit Franchisee's cure of such previous default(s)

(m) If Multi-Unit Franchisee fails to timely obtain the execution of confidentiality covenants pursuant to the Franchise Agreement or the covenants not to compete from the persons designated by Franchisor pursuant to the Franchise Agreement

(n) If Multi-Unit Franchisee violates, breaches or fails to comply with any of the representations, warranties or covenants set forth in the Franchise Agreement

(o) If an approved transfer is not effected within the time periods provided in the Franchise Agreement following the death or permanent disability of a person covered under such Section

(p) If in connection with the operation of the Market, Multi-Unit Franchisee repeatedly violates any law, ordinance, rule or regulation of a governmental agency, unless Multi-Unit Franchisee is involved in a good faith dispute over the application or legality of such law, rule or regulation or Multi-Unit Franchisee has promptly contacted the appropriate administrative or judicial forum for relief therefrom

(q) If Multi-Unit Franchisee's right to do business at the Market in full conformity with the System is suspended (except as provided for in subparagraph (4) above) twice within any twelve (12) month period for violation of any sanitation, health or other legal requirement or regulation relative to the operation of the Market

(r) If any two audits conducted by Franchisor pursuant to the Franchise Agreement during any thirty-six (36) month period each disclose an understatement by Multi-Unit Franchisee of payments due Franchisor for the twelve (12) month period immediately preceding each such audit of five percent (5%) or more of Gross Revenue

(s) If Multi-Unit Franchisee fails to timely comply with the development schedule set forth at Exhibit A hereto

6 4. Failure to Cure Default.

If the Multi-Unit Franchisee fails to diligently cure such a default after written notice of such default, which notice has either been personally delivered to the Multi-Unit Franchisee or sent to the Multi-Unit Franchisee postage prepaid by certified or registered mail, Franchisor, in its discretion, may do any one or more of the following

(a) Terminate this Agreement and all rights granted hereunder, upon the mailing of written notice of termination by Franchisor to the Multi-Unit Franchisee Such notice shall be deemed effective when given in accordance with Paragraph 9 7 herein,

(b) Reduce the number of Carlsbad Ranch Markets which the Multi-Unit Franchisee may establish pursuant to Section 1 of this Agreement;

(c) Terminate the territorial exclusivity granted the Multi-Unit Franchisee in Section 1 3 or reduce the area of territorial exclusivity granted the Multi-Unit Franchisee hereunder; or

(d) Accelerate the development schedule (attached hereto as Exhibit A)

6 5 Effect of Termination

Upon termination of this Agreement, the Multi-Unit Franchisee shall have no right to establish or operate any Carlsbad Ranch Markets for which a Franchise Agreement has not been executed by Franchisor at the time of termination and Franchisor shall be entitled to establish and to license others to establish Carlsbad Ranch Markets in the Assigned Area, except as may be otherwise provided under any other agreement which is then in effect between Franchisor and the Multi-Unit Franchisee

6 6 Default Limited to This Agreement.

No default under this Multi-Unit Franchise Agreement shall thereby constitute a default under any Franchise Agreement between Franchisor and the Multi-Unit Franchisee

6 7 Non-Exclusivity of Remedies

No right or remedy conferred upon or reserved to Franchisor by this Agreement is exclusive of any other right or remedy provided or permitted by any Franchise Agreement or contained in law or in equity

7 TRANSFERS OF INTEREST

7 1 Transfer by Franchisor

Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity

7 2 Transfer by Multi-Unit Franchisee

7 2 1 Multi-Unit Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Multi-Unit Franchisee, and that Franchisor has granted this franchise in reliance on Multi-Unit Franchisee's business skill, financial capacity and personal character Accordingly, neither Multi-Unit Franchisee nor any immediate or remote successor to any part of Multi-Unit Franchisee's interest in this franchise nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Multi-Unit Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this franchise without the prior written consent of Franchisor Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 6 of this Agreement

7 2 2 **Conditions for Transfer.** Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Multi-Unit Franchisee or in this franchise, provided, however, that if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring a controlling interest in the franchised business, Franchisor may, in its sole discretion, require as a condition of its approval that

(a) All of Multi-Unit Franchisee's accrued monetary obligations to Franchisor, its subsidiaries and its Affiliates and all other outstanding obligations related to the Market shall have been satisfied,

(b) Multi-Unit Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Multi-Unit Franchisee and Franchisor, or its subsidiaries and Affiliates,

(c) The transferor shall have executed a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances,

(d) The transferee shall enter into a written assignment in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Multi-Unit Franchisee's obligations under this Agreement,

(e) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets Franchisor's reasonable requirements for educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, has the aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business,

(f) The transferee shall upgrade, at transferee's expense, the Market(s) to conform to the then-current standards and specifications of System Markets, and shall complete the upgrading and other requirements within a time as reasonably specified by Franchisor,

(g) Multi-Unit Franchisee and Multi-Unit Franchisee's Principals shall remain liable for all of the obligations to Franchisor in connection with the franchised business incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability,

(h) At transferee's expense, transferee or transferee's manager shall complete any training programs then in effect for Multi-Unit Franchisees upon such terms and conditions as Franchisor may reasonably require,

(i) Except in the case of a transfer to a corporation formed for the convenience of ownership, a transfer fee of up to Five Thousand Dollars ($5,000 00), determined in the discretion of Franchisor, plus all actual expenses incurred by Franchisor in connection with the transfer shall have been paid

7 2 3 **Prohibition on Security Interests.** Multi-Unit Franchisee shall grant no security interest in the franchised business without the prior written consent of Franchisor Multi-Unit Franchisee shall grant no security interest in any of the assets of the franchised business unless the secured party also agrees that in the event of any default by Multi-Unit Franchisee under any documents related to the security interest, Franchisor shall have the right and option to purchase the rights of the secured party upon payment of all sums then due to such secured party

7 2 4 **Franchisee Acknowledgment.** Multi-Unit Franchisee acknowledges and agrees that each condition which must be met by the transferee Multi-Unit Franchisee is necessary to assure such transferee's full performance of the obligations hereunder

7.3. Right of First Refusal.

7 3 1 Any party holding any interest in Multi-Unit Franchisee or in this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest shall notify Franchisor in writing of the terms of each such offer, and Franchisor shall have the right and option, exercisable within forty-eight (48) hours after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor or such later date as may have been provided in the offer Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer Failure of Franchisor to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed transfer

7 3 2 In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest in the franchised business proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated, and his or her determination shall be binding

7 4 Transfer Upon Death

Upon the death of any person with an interest in the franchise or in Multi-Unit Franchisee, the executor, administrator or personal representative of such person shall transfer his or her interest to a third party approved by Franchisor within six (6) months after such death Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 7, the personal representative of the deceased Multi-Unit Franchisee shall have a reasonable time to dispose of the deceased's interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement

7.5 Transfer Upon Permanent Disability

Upon the permanent disability of any person with an interest in this Agreement, the Market(s) or in Multi-Unit Franchisee, Franchisor may require such interest to be transferred to a third party approved by Franchisor within six (6) months after notice to Multi-Unit Franchisee Permanent disability shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely Permanent disability shall be determined by a licensed practicing physician, or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 7 5 The costs of any examination required by this Section shall be paid by Franchisor

Upon the claim of permanent disability of any person with an interest in this Agreement, the franchised business or in Multi-Unit Franchisee, Multi-Unit Franchisee or a representative of Multi-Unit Franchisee must promptly notify Franchisor of claim of permanent disability Any transfer upon permanent disability shall be subject to the same terms and conditions as described in Section 7 2 for any inter vivos transfer If an interest is not transferred upon death or permanent disability as required in this Section 7 5, in accordance with the terms and conditions of Section 7 2, such failure shall constitute a material event of default for which Franchisor may terminate this Agreement without opportunity to cure pursuant to this Agreement.

7 6 Notice

If the Multi-Unit Franchisee desires to make a transfer, the Multi-Unit Franchisee shall serve a written notice (Multi-Unit Franchisee's Notice) upon Franchisor at least sixty (60) days prior to the proposed closing date setting forth

(a) The name and address of the proposed transferee,

(b) The price and all terms and conditions of the proposed transfer;

(c) The date and place of the proposed closing of the transfer;

(d) Financial statements of the proposed transferee for the preceding three (3) years, and

(e) Any other information reasonably requested by Franchisor

Within forty-eight (48) hours of receipt of Multi-Unit Franchisee's Notice (or, if Franchisor requests additional information or documents, within forty-eight (48) hours of receipt of such information or documents), Franchisor shall either approve or disapprove the transfer or notify the Multi-Unit Franchisee of Franchisor's election to exercise its right of first refusal pursuant to Section 7 4 If Franchisor fails to notify the Multi-Unit Franchisee of Franchisor's approval, disapproval or exercise of Franchisor's right of first refusal within the time specified, then the Multi-Unit Franchisee's proposed transfer shall be deemed granted

7 7 Approval of Each Transfer

Any transfer approved by Franchisor (and for which Franchisor has failed to exercise its right of first refusal) shall be consummated on or before ninety (90) days after the date of Multi-Unit Franchisee's Notice Should the transfer not be completed or should the terms and conditions thereof be altered in any way, Franchisor's right of approval and right of first refusal, if applicable, shall be reinstated

Franchisor's approval of a transfer or its failure to exercise its right of first refusal shall not relieve the Multi-Unit Franchisee or any transferee from the requirement of obtaining Franchisor's approval of, or the giving Franchisor a right of first refusal for, any subsequent proposed transfer

8 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

8.1 Independent Contractor.

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Multi-Unit Franchisee shall be an independent contractor, and that nothing in this Agreement or arising from the franchise relationship is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise or servant of the other for any purpose whatsoever

8 2 Identification.

Franchisee shall hold itself out to the public to be an independent contractor operating the business pursuant to a franchise from Franchisor Franchisee agrees to take such actions as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous space in the Carlsbad Ranch Market the content of which Franchisor reserves the right to specify in the Manuals or otherwise in writing

8.3 No Liability

Franchisee and Franchisee's officers, directors, shareholders, members, managers, and partners (Principals) understand and agree that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for or be deemed liable hereunder as a result of any such action, nor shall Franchisor be deemed liable by reason of any act or

omission of Franchisee in its conduct of the business franchised by this Agreement, or for any claim or judgment arising therefrom against Franchisor or Franchisee

8 4 Indemnification

Franchisee and each of Franchisee's Principals will, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its corporate Affiliates, successors and assigns and the respective directors, officers, employees, agents and representatives of each (Franchisor and all others hereinafter collectively Indemnitee) from all losses and expenses (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following

(a) The infringement, alleged infringement or any other violation or alleged violation by Franchisee or any of Franchisee's Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties

(b) The violation, breach or asserted violation or breach by Franchisee or any of Franchisee's Principals of any contract, federal, state or local law, regulation, ruling, standard or directive or any industry standard

(c) Libel, slander or any other form of defamation of Franchisor or the System, by Franchisee or any of Franchisee's Principals

(d) The violation or breach by Franchisee or any of Franchisee's Principals of any warranty, representation, agreement or obligation in this Agreement

(e) Acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, Affiliates or representatives

8 5. Notice and Procedure

Franchisee and each of Franchisee's Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation Provided the exercise of the rights reserved to Franchisor in this Section 8 does not materially and adversely affect the insurance coverage required to be maintained by Franchisee pursuant to the Franchise Agreement, at the expense and risk of Franchisee and each of Franchisee's Principals, Franchisor may elect to assume (but under no circumstances is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claims, demand, inquiry or investigation If the exercise of the rights reserved to Franchisor in this Section 8 would materially and adversely affect the insurance coverage required to be maintained by Franchisee pursuant to the Franchise Agreement hereof, then in that event Franchisor shall have the right, in place of other rights, to associate counsel of its own choosing and at Franchisee's expense, to monitor the defense and/or settlement of any such action, suit, proceedings, claims, demand, inquiry or investigation, it being understood, however, that the foregoing is not intended to limit Franchisor's right to seek equitable relief by way of injunction or otherwise to take reasonable actions to mitigate damage, injury or harm to persons or property Any such undertakings by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of Franchisee's Principals to indemnify Franchisor and to hold it harmless

8 6. Franchisor Resolution of Claims

Subject to the provisions of Section 8 5 above, in order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that

(a) any of the acts or circumstances enumerated in this Section 8 have occurred, or

(b) any act, error or omission of Franchisee or any of Franchisee's Principals may result directly or indirectly in damage, injury or harm to any person or any property

8 7 Franchisee Liability for Losses and Expenses.

Subject to the provisions of Section 8 5 above, all losses and expenses incurred under this Section shall be chargeable to and paid by Franchisee or any of Franchisee's Principals pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense

8 8 Definition of Losses and Expenses

As used in this Section, the phrase losses and expenses shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisors reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expense of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described

8 9 No Requirement to Mitigate Losses

Under no circumstances shall Indemnitee be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of Franchisee's Principals Franchisee and each of Franchisee's Principals agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitee from Franchisee or any of Franchisee's Principals

9 MISCELLANEOUS

9 1 Conflict with Other Agreements

The Multi-Unit Franchisee represents and warrants that it is not a party to or subject to agreements which might conflict with the terms of this Agreement and shall not enter into any such agreements during the term hereof or any renewals or extensions thereof

9 2. Cost of Enforcement.

In any action at law or in equity based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover, in addition to any judgment in its favor, reasonable attorneys' fees, court costs and all expenses incurred in connection with the litigation or arbitration

9 3. Non-Waiver.

No failure, forbearance, neglect or delay of any kind or to any extent on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's rights to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise No custom, usage or practice with regard to this Agreement, or between the Multi-Unit Franchisee and Franchisor, or between Franchisor and its other Multi-Unit Franchisees shall preclude at any time the strict enforcement of this Agreement in accordance with its literal terms No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce such provision at any future time

9 4. Entire Agreement, Amendments

This Agreement together with all the related agreements and exhibits constitutes the entire understanding and agreement of the parties with respect to the subject matter addressed herein and supersedes all prior and contemporaneous negotiations, understandings and agreements of the parties, whether oral or written, pertaining to this Agreement and subject matter The Multi-Unit Franchisee expressly acknowledges that no oral representations, promises or declarations were made to it which are not specifically set forth in this Agreement No modification, change, termination or waiver of any provision hereof shall be binding upon the other party or effective unless in writing signed by the Multi-Unit Franchisee and Franchisor, except that a waiver need be signed only by the party waiving No field representative of Franchisor has the right or authority to modify or waive, either orally or in writing, any portion of this Agreement, and any such modification or waiver shall not be binding upon either party hereto Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished you

9 5. Severability

If any nonmaterial term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect and each term and provision shall be valid and enforced to the fullest extent permitted by law If any material term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement may be terminated by either party upon sixty (60) days notice to the other For purposes of this Section a material term or provision is one which goes to the essence of this Agreement, as determined by a court of competent jurisdiction

9 6 Construction of Agreement.

This Agreement has been made and accepted, in San Diego County, California, and shall be interpreted in accordance with and governed by the internal laws of the State of California

The titles and subtitles of the various sections of this Agreement are inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement The language in all parts of this Agreement shall in all cases be construed simply according to its fair meaning and not strictly for or against Franchisor or the Multi-Unit Franchisee

It is the intention of the parties hereto that, if any provision of this Agreement is capable of two constructions, one which would render the provision valid, then the provision shall have the meaning which renders it valid

The words Franchisor and the Multi-Unit Franchisee herein and all exhibits hereto may be applicable to one or more parties, as the case may be, and the singular shall include the plural and the neuter shall include the feminine and masculine

If there shall be more than one party or persons executing this Agreement on behalf of the Multi-Unit Franchisee then, unless Franchisor otherwise agrees in writing, their obligations hereunder shall be joint and several

The Multi-Unit Franchisee and Franchisor shall be excused from performing any obligation or undertaking provided for in this Agreement as long as such performance is prevented, delayed or hindered by acts of God, fire, earthquake, flood, explosion action of the elements, war, invasion, insurrection, riot, mob violence, sabotage, laws, orders of government or any other cause whether similar or dissimilar to the foregoing, not within the reasonable control of the party prevented, delayed or hindered thereby

9 7 Notices

All notices and other communications provided for herein must be in writing and shall be sufficiently given if delivered in person or mailed by certified or other receipted mail, if to Franchisee, at the Multi-Unit Franchisee's address or, if to Franchisor, at Franchisor's address marked Attention Franchising Department. Either party, by such notice, may change the address to which notices shall be sent Notices delivered in person shall be deemed given when delivered and mailed notices shall be deemed given seventy-two (72) hours after being mailed If the Multi-Unit Franchisee is a corporation, partnership or more than one individual, then the Multi-Unit Franchisee will authorize one natural person as correspondent with authority to bind the Multi-Unit Franchisee (except that all individuals, partners and/or shareholders holding ownership interests in the Multi-Unit Franchisee shall be required to execute the Agreement and any renewals thereof)

9 8 Certain References

References to weeks and months mean calendar weeks and calendar months References to persons mean legal entities as well as natural persons Except as otherwise specifically set forth in this Agreement and subject to the limitations and conditions contained in this Agreement, this Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns

9.9 Taxes

Franchisee shall be liable for and shall pay Franchisor within ten (10) days after notice thereof, all license fees and all state, county, local and other municipal sales and use taxes, business profits taxes, gross receipt taxes and any and all other taxes levied on retail operations or on the account of same by the aforesaid jurisdictions in which the Carlsbad Ranch Market is located, and assessed upon Franchisor

9.10 Acceptance by Franchisor

This Franchise Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by a duly authorized officer of Franchisor

9 11 Binding Arbitration

(a) **Mediation** Except as specifically modified by this Section 9 11, and excepting matters involving provisional remedies as set forth in Section 9 11(g) below, in the event that a controversy, claim or dispute should arise between the parties in connection with the rights and/or obligations arising out of or relating to this Agreement or any breach thereof, and prior to the commencement of any lawsuit or arbitration by any party, the

parties shall participate in a non-binding mediation in accordance with the commercial arbitration rules of the American Arbitration Association (AAA) in San Diego County, California, and mediated before Franchise Arbitration and Mediation, Inc (FAM) or, if FAM is unavailable, before AAA

(b) **Binding Arbitration** Except as specifically modified by this Section 9 11 and excepting matters involving provisional remedies as set forth in Section 9 11(g) below, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, including without limitation, any claim that this Agreement, or any part thereof, is invalid, illegal or otherwise voidable or void, shall be submitted to neutral binding arbitration before FAM, in accordance with the arbitration rules of FAM or before and in accordance with the commercial arbitration rules of the AAA if FAM is unable to conduct the arbitration Such arbitration shall only be initiated after the parties have attempted mediation as set forth in the paragraph above Franchisor and Franchisee agree that arbitration shall be conducted on an individual, and not a class wide or multiple plaintiff basis Franchisor and Franchisee further agree to execute confidentiality agreements as provided by the Franchisor for both the mediation and arbitration, excepting only such public disclosures and filings required by law

(c) **Federal Arbitration Act Governs.** The provisions of this Section 9 11 shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law Notwithstanding any provision of this Agreement relating to under which state laws this Agreement shall be governed by and construed under, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U S C '1 *et seq*) and the federal common law of arbitration

(d) **Waiver of Punitive and Similar Damages** Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final and non-appealable Franchisor and Franchisee (and their respective owners and guarantors, if applicable) hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, multiple, pain and suffering, mental distress, incidental, consequential, lost income, profits and/or similar damages under any theory whatsoever, and agree that only actual financial losses may be recovered, which shall be the present value of any initial franchise fees, license fees and/or other payments Franchisee would be obligated to make to Franchisor, under the Agreement or otherwise

(e) **Failure to Appear** This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after expiration or termination of this Agreement In the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear Arbitration and/or mediation shall take place in San Diego, California, unless otherwise agreed by Franchisor and Franchisee

(f) **Time For Asserting Claims** Franchisor and Franchisee agree that no action (whether for arbitration, damages, injunctive, equitable or other relief, including but not limited to rescission) will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless brought before the expiration of the earlier of (1) one year after the date of discovery of the facts resulting in such alleged liability or obligation or (2) two years after the date of the first act or omission giving rise to such alleged liability or obligation, except that where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply

(g) **Exemptions** The obligation herein to arbitrate or mediate shall not be binding upon either party with respect to claims relating to either party's trademarks, service marks, patents or copyrights, claims related to any lease or sublease of real property between the parties or their related entities, requests for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties

10. BANKRUPTCY PROCEEDINGS.

In the event that the Multi-Unit Franchisee should become subject to a proceeding (whether voluntary or involuntary) under the Bankruptcy Code and Franchisor does not exercise its right to terminate this Agreement as provided in this Agreement, the debtor

in possession, trustee (or similar officer) appointed for the Multi-Unit Franchisee's estate shall either reject or assume this Agreement If this Agreement is rejected, Franchisor shall continue to have and may exercise all remedies provided for herein or at law for a default by the Multi-Unit Franchisee under this Agreement If this Agreement is assumed, the debtor in possession, trustee (or similar officer) must comply with all the requirements of this Agreement and must

(a) Perform in a timely and complete manner all obligations of the Multi-Unit Franchisee under this Agreement and all related agreements with Franchisor or its Affiliates from and after the date of such assumption,

(b) Cure all defaults existing at the date of such assumption and compensate for any pecuniary loss to Franchisor and its Affiliates or provide adequate assurance that such defaults will be promptly cured,

(c) Provide adequate assurance of full and complete future performance by the debtor in possession, trustee (or similar officer) under this Agreement Such adequate assurance shall include adequate assurance of the source of all consideration (monetary or otherwise) due Franchisor under this Agreement and that the Continuing License Fee and other fees due hereunder will not decline, and

(d) In no event shall this Agreement be assumed by or transferred to any individual or entity who does not comply with all requirements for assignment in this Agreement

11 INFORMATION REGARDING THE MULTI-UNIT FRANCHISEE

The Multi-Unit Franchisee makes the following additional representations and warranties

(a) The Multi-Unit Franchisee is a _____(insert partnership, limited liability company, corporation or sole proprietorship)

(b) If the Multi-Unit Franchisee is a corporation, limited liability company or partnership, set forth below are the names and residential addresses of each shareholder, member and/or manager or partner holding an interest in the entity

NAME	ADDRESS	NUMBER OF SHARES OR UNITS HELD	% INTEREST*
			100%

*As to a corporation, this amount shall indicate the percentage owned of outstanding voting stock of the corporation, and as to the partnership or limited liability company, this amount shall indicate the percent owned in the capital and profits of the limited liability company or partnership

(c) The address where the Multi-Unit Franchisee's records are maintained is

_____

(d) The name and residential address of the Multi-Unit Franchisee's Franchise Development Manager is

_____

_____

(e) The names and residential addresses of the partners, members, managers, officers and shareholders who shall devote their full time to the business of the Multi-Unit Franchisee and who shall complete Franchisor's initial training program are

NAMES	TITLE(S)	ADDRESS

12. REPRESENTATIONS AND WARRANTIES OF THE MULTI-UNIT FRANCHISEE

The Multi-Unit Franchisee and each person executing this Agreement as an owner of the Multi-Unit Franchisee represents and warrants that

(a) It received a copy of Franchisor's Franchise Offering Circular and this Agreement at the earlier of (i) the Multi-Unit Franchisee's first personal meeting with Franchisor's representatives held for the purpose of discussing the offer or sale of a franchise, or (ii) at least fourteen (14) days prior to the execution of this Agreement or any other agreement relative to the offering or sale of a franchise and the payment of any consideration in connection with such offer or sale,

(b) It has not received from Franchisor any projections or representations regarding the amount of income the Multi-Unit Franchisee can expect to earn from developing franchise sites or entering into franchise agreements Neither Franchisor nor any representative of Franchisor has made any representation or warranty inconsistent with the Franchise Offering Circular or this Agreement to induce the Multi-Unit Franchisee to execute this agreement Neither Franchisor nor any other person can guarantee the success of the business contemplated herein or any franchise The success of the Multi-Unit Franchisee and/or any franchise site is dependent upon the personal efforts of the Multi-Unit Franchisee and the Multi-Unit Franchisee's partners, members, managers, shareholders or officers, if the Multi-Unit Franchisee is a partnership, limited liability company or corporation, and

(c) It is not becoming a Multi-Unit Franchisee only for speculative purposes and has no present intention to immediately sell or transfer this Agreement or any franchises developed pursuant to this Agreement or its ownership interest in the Multi-Unit Franchisee

(d) It has conducted an independent investigation of the business contemplated by this Agreement and recognizes that the business venture contemplated by this Agreement involves significant business risks and that its success will be dependent upon the ability of Franchisee as an independent businessperson **Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any representation, warranty or guarantee, express or implied, as to the potential volume, profits, if any, or success of the business venture contemplated by this Agreement.**

(e) Franchisee represents as an inducement to its entry into this Agreement, that it has made no misrepresentations or omitted information which may be material regarding its business or financial experience, qualifications, net worth, background, or those of its officers, directors, shareholders, members, managers, partners or Affiliates in obtaining this Agreement

(f) That the Franchisee has received, read and understood this Agreement, the attachments hereto, and that Franchisor has fully and adequately explained the provisions of each to its satisfaction Prior to signing this Agreement, the Franchisee has had the opportunity to meet with Franchisor to ask questions and receive satisfactory answers about the franchise and related matters, and to obtain additional information for verification purposes

(g) That Franchisee has carefully read and understands the terms of this Agreement, and that it has been advised to seek independent legal and financial advice with respect to the franchise and this Agreement

(h) Franchisee, either alone or together with its legal and/or financial advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in a Carlsbad Ranch Market and protecting his interests, and in making an informed investment decision with respect thereto

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the _____ day of _____, 20___

GREEN MARKET DEVELOPMENT CORP

By. _____

Its _____

MULTI-UNIT FRANCHISEE _____

By _____

Its _____

By _____

Its _____

GREEN MARKET DEVELOPMENT CORP
MULTI-UNIT FRANCHISE AGREEMENT

EXHIBIT A

DEVELOPMENT SCHEDULE

This Agreement authorizes and obliges the Multi-Unit Franchisee to establish and operate _____ Carlsbad Ranch Markets pursuant to a Franchise Agreement for each Carlsbad Ranch Market The following is the Multi-Unit Franchisee's development schedule

	Date on which each Carlsbad Ranch Market Shall Be Open and in Operation
1st Market	_____
2nd Market	_____
3rd Market	_____
4th Market	_____
5th Market	_____
6th Market	_____
7th Market	_____
8th Market	_____
9th Market	_____
10th Market	_____

(Refer to Sections _____, _____ and _____ of Agreement)

GREEN MARKET DEVELOPMENT CORP
MULTI-UNIT FRANCHISE AGREEMENT

EXHIBIT B

ASSIGNED AREA

The following describes the Assigned Area within which the Multi-Unit Franchisee may locate the Carlsbad Ranch Markets under this Agreement

EXHIBIT D

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

. The undersigned _____

1 CHECK AND COMPLETE APPROPRIATE BOX

A _____ is the Franchisee under, and signatory to, that certain Franchise Agreement dated _____ (the Franchise Agreement) entered into with Green Market Development Corp dba Carlsbad Ranch Market as Franchisor (Franchisor),

B _____ is an officer, director, member, manager or partner of_____, the entity which executed the Franchise Agreement as Franchisee,

C _____ is a shareholder owning fifteen percent (15%) or more of the outstanding voting stock of _____, the entity which executed the Franchise Agreement as Franchisee,

2 The undersigned acknowledges that to induce Franchisor to grant a Carlsbad Ranch Market franchise to Franchisee, Franchisee has agreed to execute, and to cause certain principals and shareholders in its organization to execute, Franchisor's form of Confidentiality and Nondisclosure Agreement (Agreement) in favor of Franchisor The undersigned acknowledges that by reason of the foregoing, the undersigned is required to execute this Agreement in favor of Franchisor The undersigned has read this Agreement and understands its terms and is willing to execute this Agreement in favor of Franchisor

3 The undersigned hereby agrees as follows

A Nondisclosure of Trade Secrets and Confidential Information The undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Trade Secrets as defined herein of Franchisor to any other person, firm or entity, unless authorized in writing by Franchisor The undersigned agrees not to use any Trade Secrets for its own personal gain or for purposes of others, whether or not the Trade Secrets have been conceived, originated, discovered or developed, in whole or in part, by the undersigned or represents the undersigned's work product To the extent the undersigned has assisted in the preparation of any information which Franchisor considers to be a Trade Secret or has itself prepared or created such information, the undersigned hereby assigns any rights that it may have in such information as its creator to Franchisor, including all ideas made or conceived by the undersigned

B Definition of Trade Secrets For purposes of this Agreement, the term Trade Secrets means any and all knowledge, techniques, processes or information made known or available to the undersigned that Franchisor treats as confidential, whether now existing or hereinafter created, including without limitation, the following

a Methods, procedures and products sold at the Carlsbad Ranch Markets,

b Exterior and interior layout and design of Carlsbad Ranch Markets

c Market research regarding products and related marketing and sales programs

d Knowledge of concepts or results relating to sourcing, ordering and stocking equipment and related equipment and supplies

e Knowledge relating to sources and suppliers of equipment, supplies and other items used in operating Carlsbad Ranch Markets,

f Techniques for selection and training of Franchisees, managers and employees,

g Concepts and results utilized at the company-owned Carlsbad Ranch Market site operated by Affiliates of Franchisor,

h The results of customer surveys and promotional programs,

i In general, methods, techniques, formats, specifications, customer data and lists, pricing and cost date, procedures, information systems and knowledge in the operation of Carlsbad Ranch Markets, whether now existing or hereinafter created, and which is not known to the general public All of the foregoing are collectively referred to as the Trade Secrets

C Return of Proprietary Materials Upon expiration or termination of the Franchise Agreement, the undersigned shall surrender to Franchisor all materials in the possession of the undersigned which is considered confidential or proprietary by Franchisor, technical or non-technical, whether or not copyrighted, which relate to the Trade Secrets The undersigned expressly acknowledges that any such materials of any kind provided to it shall be and remain the sole property of Franchisor

D Irreparable Harm to Franchisor The undersigned understands and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if its Trade Secrets and/or other proprietary or confidential information is obtained by any person, firm or corporation and is used in competition with Franchisor Accordingly, in the event of a breach of this Agreement by the undersigned, the undersigned consents to entry of a temporary restraining order or other injunctive relief as well as to any other equitable relief which may be granted by a court having proper jurisdiction The undersigned agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor

E Severability Each term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such provision is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by a court, agency or tribunal with competent jurisdiction in a proceeding to which both Franchisor and the undersigned are parties, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the undersigned Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the ruling becomes final and unappealable

F Binding Effect This Agreement shall be binding on the undersigned's heirs, executors, successors and assigns as though originally executed by such person(s)

G Applicable Law The validity, enforcement and interpretation of this Agreement shall be governed by the laws of the State of California

H Definitions All capitalized terms in this Agreement shall have the same meaning assigned to them in the Franchise Agreement

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as of the date shown above the undersigned's signature

DATED _____

PERSONS WHO CHECKED BOX 1A

_____
Signature

_____
Print Name

PERSONS WHO CHECKED BOX 1B

Name of Franchisee _____

_____

a _____

By _____
Signature of Officer, Director, Member, Manager or Partner of Franchisee

_____
Print Name of Person Signing Agreement

Its _____
Position

PERSONS WHO CHECKED BOX 1C

Number of Shares Owned as of this Date _____

_____
Signature

_____
Print Name

EXHIBIT E
PERSONAL GUARANTY

The undersigned, in consideration of, as an inducement to, and as a condition of Green Market Development Corp (GMD) ("Franchisor") entering into that certain Franchise Agreement dated _____ (the "Franchise Agreement") with _____ (hereinafter referred to as "Company"), unconditionally, jointly and severally, personally guarantees to Franchisor, its successors or assigns, the prompt full payment and performance of all obligations of the Company which are, or may become, due and owing to Franchisor, including, but not limited to, all obligations arising out of said Franchise Agreement and any other agreement between the parties, and all extensions or renewals thereof, in the same manner as if said Franchise Agreement were executed between Franchisor and the undersigned directly, as Franchisee

1 **Waiver of Notice.** The undersigned expressly waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (3) protest and notice of default to any party with respect to any indebtedness or non-performance of any obligations hereby guaranteed, (4) any right he or she may have to require that an action be brought against Company or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he or she may be entitled

2 **Nature of Liability** The undersigned consents and agrees that (1) his or her direct and immediate liability under this guaranty shall be joint and several, (2) he or she shall render any payment or performance required under Franchise Agreement upon demand if Company fails or refuses punctually to do so, (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Company or any other person, and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Company or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement

3 **Obligation Not Impaired.** Further, the undersigned expressly agrees that this Personal Guaranty shall not be affected by the modification, extension, or renewal of any agreement between Franchisor and Company, the taking of a note or other obligation from Company or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against Company of bankruptcy, insolvency, reorganization of other debtor's relief afforded Company pursuant to the present or future provision of the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Company's obligations or liability to Franchisor, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor The undersigned further covenants and agrees that as long as the Company owes any monies to Franchisor (other than continuing license and advertising fund payments that are not past due) the Company will not pay and the undersigned will not accept payment of any part of any indebtedness owed by the Company to the undersigned, either directly or indirectly, without the consent of Franchisor If this Personal Guaranty is executed by more than one individual, each person executing this Personal Guaranty shall be jointly and severally liable for the obligations created herein. This Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Franchise Agreement including all renewals and extensions thereof, are fully paid and satisfied, or until Franchisor executes a written release in favor of the undersigned covering all of the undertakings and agreements made by the undersigned herein.

4 **Subordination** The undersigned covenants and agrees that any indebtedness by the Company to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by the Company to Franchisor

5 **Costs of Collection** Guarantors agree to pay all costs of collection, including reasonable attorneys' fees and expenses, if this Guaranty is placed in the hands of an attorney for collection or is collected through any court

6 **Successors and Assigns** This Guaranty is for the benefit of Franchisor, its successors and assigns, and in the event of an assignment by Franchisor, its successors or assigns, of the Indebtedness, or any part thereof, the rights and benefits hereunder, to the extent applicable to the Indebtedness so assigned, may be transferred with such indebtedness

7 **Counterparts** This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument; further, the failure of any one or more Guarantors to execute a counterpart hereof shall not affect or impair the validity or enforceability of this Guaranty against any other Guarantors who may execute any guaranty

ADDRESS OF GUARANTORS GUARANTORS

_____ _____

_____

_____

_____ _____

_____

_____

IN WITNESS WHEREOF, the undersigned has executed this Agreement on the date set forth below

Dated _____

_____ _____

(Witness) (Please sign without title)

EXHIBIT F
LIST OF STATE ADMINISTRATORS

CALIFORNIA California Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 866-275-2677	**NORTH DAKOTA** Office of the Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, North Dakota 58505 701-328-4712
HAWAII Commissioner of Securities, Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 808-586-2722	**OREGON** Department of Consumer and Business Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 503-378-4140
ILLINOIS Franchise Bureau Office of the Attorney General Room 12-178, 100 W Randolph Street Chicago, Illinois 60601 312-814-3892	**RHODE ISLAND** R I Department Of Business Reg Securities Division 233 Richmond Street, Suite 232 Providence, Rhode Island 02903-4232 401-222-3048
INDIANA Indiana Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 317-232-6681	**SOUTH DAKOTA** Division of Securities c/o 445 East Capitol Pierre, South Dakota 57501 605-773-5952
MARYLAND Office of the Attorney General Securities Division 200 St Paul Place, 20th Floor Baltimore, Maryland 21202-2020 410-576-7042	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 804-371-9051
MICHIGAN Franchise Administrator 670 Law Building Lansing, Michigan 48913 517-373-7117	**WASHINGTON** Department of Financial Institutions Securities Division 3rd Floor West 210 11th Street South West Olympia, Washington 98504 360-902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198 612-396-6328	**WISCONSIN** Division of Securities PO Box 1768 Madison, Wisconsin 53701 608-266-3432
NEW YORK Bureau of Investor Protection & Securities New York Department of Law 120 Broadway, 23rd Floor New York, New York 10271 212-416-8211	

FDD EXHIBIT G

CARLSBAD RANCH MARKET

STANDARD OPERATING PROCEDURES (SOPM)

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EXHIBIT H
CALIFORNIA APPENDIX

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATIONS OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

CHANGES TO THE UFDD DOCUMENT AS REQUIRED BY CALIFORNIA LAW

1 In addition to the disclosure in Item 3 of the UFDD, the following statement will also apply

Item 3

Neither the franchisor nor any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq suspending or expelling such persons from membership in such association or exchange

2 In addition to the disclosure in item 17 of the UFDD, the following statements will also apply

Item 17

California Business and Professions Code Section 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise (Franchise Agreement, Section 17) If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

Item 17 i

The Franchise Agreement provides for termination upon bankruptcy (Franchise Agreement, Section 18) This provision may not be enforceable under federal bankruptcy law (11U S C A sec 101 et seq)

Item 17 ii

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise (Franchise Agreement, Section 20) This provision may not be enforceable under California law

Item 17 iii

The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages are unenforceable

Item 17 iv

The Franchise Agreement requires arbitration The arbitration will occur in San Diego with the costs being borne by both parties This provision may not be enforceable under California law

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside of the State of California

Item 17 v

Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement The franchise agreement requires application of the laws of the State of California This provision may not be enforceable under your state laws

You must sign a general release if you renew or transfer your franchise California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

OUR WEBITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNAI DEPARTMENT OF BUSINESS OVERSIGHT www db ca gov

EXHIBIT I

LIST OF GREEN MARKET DEVELOPMENT CORP. FRANCHISEES AND COMPANY UNITS

LIST OF UNITS
Apr 1st 2017

EXHIBIT J
GREEN MARKET DEVELOPMENT CORP.
FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Green Market Development Corp (GMD), d b a Carlsbad Ranch Market, hereinafter GMD, and you are preparing to enter into a Franchise Agreement for the operation of a Carlsbad Ranch Market franchise The purposes of this Questionnaire are to determine whether any statements or promises were made to you that GMD has not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims that may be made by you by reason of the purchase and operation of your franchise **The Questionnaire cannot be signed and dated the same day as the Receipt for the Franchise Disclosure Document but must be signed and dated the same day you remit your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question If you answer No to any of the questions below, please explain your answer on the back of this sheet

Yes ____	No ____	1	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
Yes ____	No ____	2	Have you received and personally reviewed the Franchise Disclosure Document we provided you?
Yes ____	No ____	3	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
Yes ____	No ____	4	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
Yes ____	No ____	5	A) Have you reviewed the Franchise Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?
Yes ____	No ____		B) Have you discussed the benefits and risks of operating a Carlsbad Ranch Market franchise with your professional advisor?
Yes ____	No ____		C) Did you discuss the benefits and risks of operating a Carlsbad Ranch Market franchise with an existing GMD franchisee?
Yes ____	No ____		D) Do you understand the risks of operating a GMD franchise?

Yes ____	No ____	6	Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
Yes ____	No ____	7	Do you understand that you have been granted limited territorial rights and that another GMD franchise or company Market may open near your Market?
Yes ____	No ____	8	Do you understand that the exact boundaries of your exclusive territory may not be determined until you determine your final Market's location?
Yes ____	No ____	9	Do you understand that all disputes or claims you may have arising out of or relating to the Franchise Agreement must be settled by arbitration in San Diego, California if not resolved informally, by mediation, or a face-to-face meeting?
Yes ____	No ____	10	Is it true that no employee or other person speaking on behalf of GMD made any statement or promise regarding the costs involved in operating a GMD franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ____	No ____	11	Is it true that no employee or other person speaking on behalf of GMD made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a GMD franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to or different from the information in the Franchise Disclosure Document?

Yes ____ No ____ 12 Is it true that no employee or other person speaking on behalf of GMD made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document

Yes ____ No ____ 13 Do you understand that the Franchise Agreement contains the entire agreement between GMD and you concerning the franchise for the Market, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS EACH FRANCHISE APPLICANT MUST FILL OUT A COPY OF THIS FORM USE REVERSE FOR EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER)

_____ Dated _____, 201__
Signature of Franchise Applicant

_____
Name (please print)

Address _____

_____

_____

EXHIBIT K

Sales Form E – Sales Agent Disclosure From

1 List the persons who will offer or sell franchises in this state For each person state

A Name

B Business address and telephone

C Home address and telephone number

D Present employer

E Present title

F Social Security Number

G Birthdate

H Employment during the past five years For each employment, state the name of the employer, position held, and beginning and ending dates

2 State whether any person identified in 1 above

A Has any administrative, civil or criminal action pending alleging a violation of Franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or any comparable allegations?

YES_____ NO_____

B Had during the ten-year period immediately before the offering circular date

(1) been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable violations of law?

YES _____ NO _____

(2) entered into or been named in a consent judgment, decree, order or assurance under federal or state franchise, securities, anti-trust, monopoly, trade practice or trade regulation law?

YES _____ NO _____

(3) been subject to an order or national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934 suspending or expelling the person from membership in the association or exchange?

YES _____ NO _____

C For each above question answered "YES" state

(1) the name of the person or entity involved,

(2) the court, agency, association or exchange involved,

(3) a summary of the allegations,

(4) if applicable, the date of the conviction, judgment, decree, order or assurance, and

(5) the penalty imposed, damages assessed, terms and conditions of the judgment, decree, or order or assurance

EXHIBIT L

AGENT FOR SERVICE OF PROCESS

Douglas Matheson
Green Market Development Corp
Douglas Matheson, Green Market Development Corp
6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011, 760 438 8800

23. RECEIPTS

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this Franchise Disclosure Document and all agreements carefully

If Green Market Development Corp (GMD) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with a proposed franchise sale **(or sooner if required by applicable state law)**

If Green Market Development Corp does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D C 20580 and Department of Business Oversight, 1515 K St Suite 200 Sacramento, CA 95814-4052

Green Market Development Corp 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011, 760 438 3202

Issuance Date _3/23/17

Registered Agent of Process Douglas Matheson, Green Market Development Corp 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011, 760 438 8800

I received a disclosure document date _____ that included the following Exhibits

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Franchise Agreement
Exhibit D	Confidentiality and Nondisclosure Agreement
Exhibit E	Personal Guaranty
Exhibit F	State Administrators
Exhibit G	Operations Manual Table of Contents
Exhibit H	California Appendix
Exhibit I	List of Franchisees
Exhibit J	Franchise Disclosure Questionnaire
Exhibit K	Salesman Disclosure Form
Exhibit L	Agent For Service of Process

Franchise Seller offering the franchise is Doug Matheson, Green Market Development Corp 6120 Paseo Del Norte Suite Q1, Carlsbad, CA 92011, 760 438 8800

Prospective franchisee signature

Date _____ Signature _____

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this Franchise Disclosure Document and all agreements carefully

If Green Market Development Corp (GMD) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with a proposed franchise sale **(or sooner if required by applicable state law)**

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Exhibit L	Agent For Service of Process

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Prospective franchisee signature

Date _____ Signature _____