ChickPeas Kitchen

FRESH MEDITERRANEAN ™

FRANCHISE DISCLOSURE DOCUMENT

INFORMATION FOR PROSPECTIVE FRANCHISEES

REQUIRED BY FEDERAL TRADE COMMISSION

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TO PROTECT YOU, WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. <u>WE HAVE NOT CHECKED IT AND DO NOT KNOW IF IT IS CORRECT</u>. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION,
WASHINGTON, D.C.

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 E 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.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. 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.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: **______________**

FRANCHISE DISCLOSURE DOCUMENT

The Franchisee will operate a single retail establishment devoted to the preparation and sale of Mediterranean and other food items under the trade name Chickpeas Kitchen.

The total investment necessary to begin operation of a Chickpeas Kitchen franchise is $217,000 to $319,500. This includes $25,000 that must be paid to the franchisor, Chickpeas Franchise Systems.

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 you 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 government agency has verified the information contained in this document.**

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on this disclosure document alone to understand your Franchise Agreement. Read all of your Franchise Agreement carefully. Show your Franchise Agreement and this disclosure document to an advisor, like a lawyer or 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, DC 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 Agency about them.

Issuance Date: ______________

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ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The name of the Franchisor is Chickpeas Franchise Systems, Inc. For ease of reference, Chickpeas Franchise Systems, Inc. will be referred to as "we" or "us" or "our" or "CPK" or "Chickpeas" or Chickpeas Kitchen" in this Disclosure Document. "You" means the person who, or company which, buys the franchise from us, and includes the shareholders, members, partners or owners of a corporation, limited liability company, partnership or other entity that buys a franchise from us. If you are a corporation, partnership or limited liability company, certain provisions also apply to your owners and will be noted. We refer to the stores offering Chickpeas' products as "Restaurants."

We are a California corporation, incorporated February 19, 2019. Our principal business address is 640 W Covell Blvd, Suite A, Davis, California 95616. Attached as Exhibit F is a list of Agents for Service of Process.

Mike Ben Namer, our founder and the CEO of ChickPeas Kitchen, was born in 1974 in Tel Aviv, Israel. He served 4 years in the Army from 1993 to 1997. Post his stint with the army, Mike learned business and economy for the next 2 years. In the year 2000, he won a bid to take care of all the food business of Levinsky College in Tel Aviv. This was the beginning of his journey into the food business. Growing his business further, he opened 2 restaurants and a coffee shop in Israel, which served an average of 3,000 people daily.

In 2005 Mike sold his business in Israel and migrated to the United States with his family. For the first few years, he worked with various companies in their marketing division and contributed to the growth of their businesses. Mike always wanted to introduce real authentic Middle Eastern and Mediterranean flavors to the US customers. Driven by this urge, Mike entered the restaurant business and opened his first Chickpeas Kitchen in Davis, California. Chickpeas Kitchen received a lot of love and appreciation from his customers for the fresh authentic flavors and open salad bar concept. Encouraged by the success of the branch in Davis, Mike decided to expand his business further and present the Middle Eastern and Mediterranean flavors to a larger customer base.

The Franchise model was then introduced, with the opening of a main production kitchen and a few more branches at different locations. All Chickpeas branches and main production kitchen work together with a single aim to deliver fresh food to the customer always.

As a franchisee, you will offer products and services to the general public and individual consumers, for on-site consumption and carry out. Chickpeas' Restaurants currently feature Mediterranean and Middle Eastern food, and our approved menu may be expanded to include other food products. You will be competing with other businesses offering similar food services, including food trucks, cafes, and full service and fast food restaurants. These businesses may be associated with national or regional chains or may be local independent restaurants and other businesses.

ITEM 2. BUSINESS EXPERIENCE

President and Treasurer	**DeKristie Adams** has been the President and Treasurer of Chickpeas Franchise Systems, in Davis, California, since the corporation's inception. She has also been the President and Treasurer of Chickpeas Kitchen, in Davis, California (the predecessor of Chickpeas Franchise Systems, Inc.), since the corporation's inception.
Secretary	**Michael Ben Namer** has been the Secretary of Chickpeas Franchise Systems, in Davis, California, since the corporation's inception. He has also been the Secretary of Chickpeas Kitchen, in Davis, California (the predecessor of Chickpeas Franchise Systems), since September 2018.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4. BANKRUPTCY

There are no bankruptcies required to be disclosed in this Disclosure Document.

ITEM 5. INITIAL FEES

A. Initial Fee. Your initial franchise fee is $25,000. The Initial Franchise Fee is uniform, payable when you sign your Franchise Agreement and is nonrefundable. The Initial Franchise Fee will be offered at a 30% discount of the then current Initial Franchise Fee for additional units for existing franchisees in good standing with Chickpeas Franchise Systems. Veterans of any military service who did not get dishonorably discharged will be offered a discount of 25% of the Initial Franchise.

B. Refund or Adjustment. If we terminate your Franchise Agreement at any time before you begin training, we will refund all amounts received. Otherwise, if after you sign a Franchise Agreement you refuse or are unable to perform, we can retain all fees.

C. Concessions. We may company-operate one or more franchise territories as research and training facilities and at some point, transfer the territory to a separate but affiliated company to operate under a Franchise Agreement. Such an affiliated company, in this circumstance, will pay no initial franchise fee nor transfer fee upon acquisition nor will it pay continuing royalties, unless it otherwise agrees, but it shall contribute equitably to any advertising fee program which benefits it, should there be one to which other franchisees are required to contribute.

ITEM 6. OTHER FEES

Type of fee	Amount	Due Date	Remarks
Royalty[1]	6 % of weekly gross sales.	Payable weekly by Wednesday (for the week immediately following).	Gross Sales includes all business revenue except sales and use taxes, properly documented refunds, permit fees, etc.
Advertising fee[1]	2% of weekly gross sales	Payable weekly by Wednesday (for the week immediately following).	Funds will be used for advertising, marketing, and related purposes in various mediums as we determine to be currently necessary to promote the brand locally and regionally.
Required Local advertising	2% of gross sales	As incurred	Paid to third party vendors
Renewal fee[1]	$1,000.00	During 5th year of initial term.	If in good standing with Franchisor, you may renew your five-year term one time, but you are not obliged to renew. Renewal terms will be those in existence at the time of renewal.
Additional training and assistance[1]	Trainer's Per Diem rate, which is $250	Within 30 days after invoice.	Tuition free seminars also may be offered. You pay expenses (e.g. lodging, travel, food) for self and your employees.
Transfer application fee[1]	$500	With each transfer application.	Applies toward the transfer fee if applicant is approved and transfer occurs; otherwise, we keep it to cover our expenses.

Transfer fee[1]	$5,000	Prior to transfer of the franchise.	No charge if control does not shift or if transfer is to a corporation you control and co-guarantee or to your spouse or adult child or to a named beneficiary upon your death.
Relocation fee[1]	$10,000	Upon approval of new location	
Audit fee[1]	The cost of audit	Within 10 days after we discover 3% underpayment in a gross sales report.	You also must pay the underpayment, if any. We pay for the audit if no 3% underpayment is discovered.
Late payment fee[1]	Highest lawful interest rate, not to exceed 18%[2]	With payment asap, no later than next regular payment due date.	Avoided if you pay on time.
Hold harmless[1]	If any, will depend on unknown factors.	Defense costs when suit occurs. Indemnification when or before we pay out.	You agree to defend, indemnify and hold us harmless should we get sued as a result of something you do or fail to do. This is an insurance issue, mostly, but could result in you having to pay us.
Cost reim-bursement[1]	Depends on costs and expenses we incur, plus interest thereon	Immediately once incurred.	Duty to make such payment to us arises only if you fail to perform a contractual duty (e.g. to maintain insurance or provide reasonable customer satisfaction (Franchise Agreement, paragraph 12.7) and we elect to do it for you.
Attorney's fees and costs[1]	Depends on what we reasonably expend liti-gating or arbitrating with you.	When court or arbitrator orders.	Attorney's fees and costs go to the prevailing party and are paid by the one judged non-prevailing. This is thought to deter meritless litigation. We could have to pay you too, if we lose.

	Also, we must win.		

[1.] All fees are imposed by and payable to Franchisor. All fees are non-refundable.
[2.] The maximum interest rate in California is 10% annually.

ITEM 7. ESTIMATED INITIAL INVESTMENT

It is impossible to provide an estimate of your initial investment that will be accurate for all franchisees. Your initial costs will depend upon many factors, including whether or not you convert an existing business, the size of your territory, the amount of your commercial lease, how quickly you are able to achieve cash flow, the payroll liability you initially incur, local labor factors, local advertising costs, and other factors, etc.

With this caution, the following tables of estimates should assist you to estimate your initial investment.

Type of Expenditure[1]	Low Amount	High Amount	Method of payment	When Due	To whom Payment to be Made
Initial Franchise Fee	25,000	25,000	Lump sum	Upon signing agreement	Chickpeas Franchise Systems
Architectural Design Fees	2,500	10,000	As required by contract	As incurred	Consultant
Inventory and small wares	4,000	6,000	Lump sum	As incurred	Us or approved vendor
Tenant Improvement[2]	90,000	135,000	As required by contract	As incurred	Contractor
Equipment, Fixtures, Furniture, and Signs	35,000	50,000	As required by contract	As arranged	Supplier
Rent 1st 3 month[3]	12,000	18,000	Lump sum	Monthly	Lessor
Lease & Utility Security Deposits[4]	3,000	8,000	Lump sum	As incurred	Lessor, utilities supplier
Grand Opening Advertising	2,000	5,000	As arranged	As incurred	Media & suppliers
Insurance (Initial premium payment)	500	1000	As arranged	As incurred	Insurance provider
Licenses, Permits, Taxes and Misc.	1500	2,500	Lump sum	As incurred	Local agencies
Catering Vehicles	25,000	30,000	As incurred	As incurred	Car Dealership

Travel & Living Expenses While Training	1,500	3,000	As incurred	As incurred	Airlines, hotels, and restaurants
Additional Funds – 3 months[5]	15,000	26,000	As arranged	As incurred	Suppliers
Total Estimated Initial Investment[6]	217,000	319,500			

Explanatory Notes

[1] All expenditures are non-refundable
[2] We expect that you will either buy and remodel an existing retail outlet or lease and improve a retail space in a single or multiple tenant building. The cost of commercial land, by purchase or lease, can range considerably depending upon the location and conditions affecting the market for commercial property.
[3] The rent under a lease for approximately 1,300 square feet of retail space may range from $3,500 to $6,000 per month. Our estimate is for one month's rent. However, your rent may vary based on geographic area, size of locations, and local rental rates.
[4] Landlords may require a security deposit and utility companies may require that you place a deposit before they connect telephone, gas, electricity, water or other services.
[5] This item estimates your initial startup expenses in addition to those included in the chart and includes payroll, inventory, rent and cash on hand. We recommend that you have cash for the cash drawer, other immediate cash needs and adequate working capital to cover negative cashflow.
[6] All of the above figures in the Total Estimated Initial Investment are estimates and we cannot guarantee you will not have additional expenses in starting your Restaurant. Your costs will vary depending on such factors as how much you follow our systems and procedures, your management and marketing skill, experience and general business ability, local and general economic conditions including disposable income, the local market for our services, levels of competition, changes in traffic patterns and easements, changes in food, diet and health trends, prevailing wage rates and the sales levels reached by you during the initial period.

Since costs can vary with each Franchisee, it is strongly recommended that you (1) obtain, before purchasing a franchise or making any other expenditures or commitments, independent estimates from third-party vendors and your accountant of the costs which would apply to your proposed establishment and continued operation of a Restaurant; and (2) carefully evaluate the adequacy of your total financial reserves.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Restaurant according to all applicable laws and governmental regulations and in strict compliance with the Operation Manual, which we issue and revise from time to time. The Operation Manual includes standard procedures for quality control, food preparation, design and color of uniforms, size of servings, standards of sanitation, maintenance and repair requirements, and several other matters that we think must be standard in all Restaurants. You may offer only those products, services and other items that we have approved in writing.

Approved Suppliers

Various ingredients used in the preparation of our menu items and related products are unique and their formula and the preparation process are our trade secrets. You must purchase any item proprietary to us only from us or from a distributor approved by us or from a qualified manufacturer that has satisfied our requirements. In the case of certain products, we or an affiliate of ours may be the only approved supplier.

The items proprietary to us include all food and packaging. The cost of purchasing such items from us or from approved suppliers will represent approximately 99% of your total purchases in operating the Restaurant. As we have not previously operated any franchises, we cannot state the percentage of revenue from sales of products to franchisees. Based on operation of other Chickpeas store fronts, we project $112,000 in total revenues, of which 99% will be from required purchases.

You may purchase products from other approved sources so long as these products meet our standards and specifications. We keep a list of approved vendors to accommodate you.

If you want to purchase or lease from an unapproved supplier, you or the supplier must send us a written request for approval. Our representatives must be allowed to inspect the supplier's facility and we may require that samples from the supplier be delivered to us or to an independent consultant designated by us for testing. You or the supplier must pay our reasonable inspection costs and the actual testing costs. Our inspection costs may include round trip air fare from our headquarters to the supplier location in addition to all related travel expenses such as food, lodging and auto rental. The testing costs may include the expenses and fees of outside companies to evaluate nutritional components and quality of the food or other products. If a supplier meets our criteria for approval, we will not unreasonably withhold approval. After all required testing and inspection is completed, we will approve or disapprove your proposed supplier within 30 days. We may re-inspect the facilities and re-test the products of approved suppliers. If, at any time, an approved supplier fails to meet our criteria for approval, we may revoke our approval.

If you wish to recommend a source of supply for any item, we will test and evaluate each source with reasonable promptness. You must submit a written request to us for approval of the supplier. Within 30 days of receipt of the written request, we will approve or disapprove the proposed supplier based on that company's product quality, business reputation and financial capability, among other things. We may approve a supplier for only one or more of the products or services requested, and we may also grant the approval for only a specified period of time so that we can evaluate the supplier's performance Nothing obligates us to approve any particular supplier. You must pay all of the costs we incur in investigating the proposed supplier.

You must purchase computer software designated or as specified by our performance and compatibility standards.

We issue and modify purchase specifications by publication in an amendment of our Operations Manual. In so doing, we use our own best-informed judgment concerning your business needs and the products and services available. You are invited to let us know any times you believe the specifications in place are inappropriate.

If there are no specifications or standards addressing the particular services, product or materials you wish to offer or use, you must nevertheless ensure that all services, products and materials sold or used in the Franchised Business are of a high quality and consistent with our image. We may in our sole discretion require you to discontinue offering or using any services, products or materials that in our opinion are inconsistent with the foregoing requirement.

We may, and any of our affiliates may receive payments, rebates or other consideration from approved suppliers. We reserve the right to be compensated by any supplier for creating or maintaining a relationship or arrangement with approved or recommended suppliers in the future. These fees may be used by us to defray overhead costs and for advertising at our sole discretion. These fees may or may not be credited to you for any fees owed to us at our sole discretion. You are not required to purchase from suppliers that give rebates or promotional fees to us. However, it may be beneficial for you and other Franchisees to purchase from this type of vendor. We do not provide renewals, grant additional franchises or bestow any other material benefits to our Franchisees based on a Franchisee's use of a designated or approved source of supply.

If Chickpeas Franchise Systems or anyone we authorize develops private-label or exclusive merchandise, whether or not under the Marks, you must carry it and keep a representative selection of the products at all times, as specified in Item 16 below.

You must buy before opening and maintain at minimum the following insurance coverage:

Worker's compensation and employer's liability insurance as prescribed by state law; and public liability insurance to protect against injury to property or person caused in the operation of the Franchised Business in the minimum aggregate amount of $1,000,000; and motor vehicle liability insurance covering each and every vehicle operated by or on behalf of the Franchised Business in the minimum amount of $1,000,000; and business interruption insurance.
We may increase the minimum coverage requirement if necessary, to reflect inflation or other changes in circumstances. Each insurance policy that is required under the Franchise Agreement must contain a provision that the policy cannot be canceled without 30 days' written notice to us. It must be issued by an insurance company of recognized responsibility and having at least an "A" Rating Classification as indicated in Best's Key Rating Guide, designate us as an additional name insured and be satisfactory to us in form, substance and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within 30 days after the policy is issued or renewed.

We estimate that the cost of all required purchases and leases (i.e., those which must be from our approved and designated sources or in accordance with our specifications) necessary to establish a Franchised Business is approximately 90% of the total cost for new Franchisees.

For any realty or facility lease related to the Business, your lease must provide for certain rights of Chickpeas Franchise Systems. You and the landlord are required to sign a Lease Rider attached to the Franchise Agreement as an exhibit. It provides that we can take over the lease under certain circumstances, including your failure to cure lease defaults, termination of the Franchise Agreement, your abandonment of the premises or your failure to exercise any option to renew the lease.

ITEM 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 disclosure document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENTS ITEM
a. Site selection and acquisition/lease	§ 4	Item 11
b. Pre-opening purchases/leases	§§ 4 and 5	Items 7 and 8
c. Site development and other pre-opening requirements	§§ 4, 5 and 6	Items 7 and 11
d. Initial and ongoing training	§ 6	Items 6 and 11
e. Opening	§ 5	Item 11
f. Fees	§§ 2, 3 and 12	Items 5 and 6
g. Compliance with standards and policies/ Operations Manual	§§ 7 and 11 and in Operations Manual	Item 11
h. Trademarks and proprietary information	§§ 8, 9 and 11.12	Items 13 and 14
i. Restrictions on products/services offered	§ 10	Item 16
j. Warranty and customer service requirements	§ 11 and Operations Manual	Item 11
k. Territorial development and sales quotas	§ 11	Item 12
l. Ongoing product/service purchases	§§ 10 and 11	Item 8

m. Maintenance, appearance and remodeling requirements	§ 11	Item 11
n. Insurance	§ 14	Item 6
o. Advertising	§§ 11 and 12	Items 6 and 11
p. Indemnification	§ 15	Item 6
q. Owner's participation/management/staffing	§§ 6 and 11	Items 11 and 15
r. Records and reports	§§ 13 and 14.1	Items 6 and 11
s. Inspections and audits	§§ 12.4, 13 and 14	Item 6
t. Transfer	§§ 17, 18 and 19	Item 17
u. Renewal	§ 3	Items 6 and 17
v. Post-termination obligations	§§ 11.17, 19 and 20	Item 17
w. Non-competition covenants	§§ 8, 11.17, 16.4, and 19.7	Item 17
x. Dispute resolution	§ 20	Item 17
y. Other (describe)		

ITEM 10. FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease or other obligations.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, the franchisor is not required to provide you with any assistance.

A. Pre-Opening Obligations:

Before you open your business, we will:

1. <u>Designate your exclusive territory</u> (Franchise Agreement, section 4). Designate your exclusive territory.

2. Sight Location and Lease Negotiation (Franchise Agreement, section 4). Assist you in locating a site for the restaurant and negotiating a lease. At our option, negotiate a lease of the premises in our name. If we negotiate a lease in our name, we will then sublease the premises to you. We do not warrant the success of your location.

3. Sight Development (Franchise Agreement, section 4). Provide you with prototype construction or schematic plans, specifications, and layout for Restaurants, and ensure that the premises are developed by you in accordance with our standards.

4. Equipping Premises (Franchise Agreement, section 10). Provide you with the name of approved suppliers for the necessary equipment, signs, menus, fixtures, opening inventory, supplies, etc.

5. Training (Franchise Agreement, section 6). If you have not previously owned, operated, or served as manager of a Chickpeas Restaurant, within the last 2 years, we will send one or more individuals to assist in opening a Restaurant for a total stay of up to 5 days, at our expense. If you require more allotted time, you will be billed for travel, meals, lodging, and incidental expenses, plus a per diem charge of $250 per person per day. In addition, if you qualify for opening assistance as described above, we will also require and provide general operation training for up to three individuals. The training program will generally follow this guideline:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-job training	Location
Orientation	1-2	0	Designated training store in California
Operations (including production preparation, customer service, inventory control, sanitation, safety, maintenance)	0	Up to 30 hours, depending on prior experience	Designated training store in California
Administration (including staffing, sales reporting, and inventory)	0	Up to 8 hours	Designated training store in California
Marketing	0	Up to 2 hours	Designated training store in California

5. Operations Manual (Franchise Agreement, section 7). Loan you a copy of our Operations Manual, which contains mandatory and suggested specifications, standards and procedures. The operations manual is our property and must be kept confidential. It may not be loaned out, duplicated or copied in whole or in part in any manner. We may add to and otherwise modify the operations manually periodically, as we think necessary, but no such addition or modification

will alter your fundamental status and rights under the Franchise Agreement. You must follow the directives of the operation manual throughout the term of the Franchise Agreement. A copy of the Table of Contents of the operations manual as of the date this disclosure document was written is attached to this disclosure document and marked Exhibit I.

B. Time Between Signing Franchise Agreement and Opening of Franchisee's Business

We estimate the time from execution of a Franchise Agreement to your takeover of operations and opening of a new Restaurant to be approximately six months to one year and may depend on such factors as your ability to obtain a lease and adequate financing, to satisfy local requirements and procedures for necessary permits and zoning, and special circumstances affecting construction in a particular area, none of which are within our control.

C. Post-Opening Obligations

During the operation of your business, we may furnish such continuing advice on the following matters as we, in our sole judgment deem reasonably required by you:

1. Additional Specific Services (Franchise Agreement, sections 6.10 and 12.8). We may provide one or more individuals not more than once per year to consult with you concerning business operations. All expenses we may incur during this consultation will be our responsibility. We may offer additional specific services to some or all Franchisees, including accounting services, payroll services, various personnel-related services and/or dispatching, inventory control, etc. Franchisee shall be permitted, but not required, during the initial term of the agreement, to purchase available services from Franchisor.

2. Additional Training (Franchise Agreement, section 6). If you request further assistance, on at least 60 days' notice we will send one or more person(s) to assist you in operational areas and/or to train your management employees on a "train-the-trainer" basis We will not be responsible for training your general employees. You may not request these visits more often than once per year, and these visits will not be more than two weeks duration. You will pay for all of our travel, meals, lodging and incidental expenses plus a per diem charge of $1,000 per person per day, including travel time.

3. Audit (Franchise Agreement, section 12.4). We may, under certain circumstances as detailed in the Franchise Agreement, periodically audit your books and records. You will permit us, on no less than three business days advance notice, to audit all of your books and records, and all other documents related to the Franchise that we require in order to determine your compliance with your payment obligations to us.

4. Inspection (Franchise Agreement, section 13). We may periodically inspect all aspects of the Restaurant during business hours to ensure uniformity and quality control. You also authorize us to allow our personnel and/or agents to monitor the operation of the cash registers at the Restaurant as we find necessary.

5. Menu Pricing (Franchise Agreement, section 11.13). We may provide you with suggested menu item price ranges. However, all prices appearing on the menu boards and cards shall be set solely by you.

6. Revisions to Operations Manual (Franchise Agreement, section 22). We will provide you with copies of any revisions to the Operations Manuals. You will comply with all revisions to the Operations Manuals.

7. Data Reporting (Franchise Agreement, section 10.5). We will require you to use the Clover® POS system to record sales and make reports to us. Franchisee will be required to send data reporting on a weekly basis to us.

8. Accounting Software (Franchise Agreement, section 10.5). We will require you to use QuickBooks™ Plus online accounting system.

D. Advertising Fund

You are required to pay us an advertising fee as described in Item 6 of this Disclosure Document. This fee will be used as part of our expenditures for public relations, advertising, marketing, creative services, graphic arts and any other promotional programs on a system wide basis and may include overhead and other such related costs as we may deem appropriate. These programs are developed both by Chickpeas Kitchen's marketing department and/or by national and regional agencies. Advertising is conducted mostly through online marketing materials. The advertising is usually conducted regionally. The advertising is intended to benefit both franchised and company-owned Restaurants. We do not guarantee or promise that expenditures paid with these fees will benefit your Restaurant directly or in proportion to your contribution. Any fees not spent in the fiscal year in which they are collected will be used to pay for expenditures in the next year. You may use your own advertising material if you send the material to our Marketing Department and the material is approved by the Marketing Department for your use. Currently none of the advertising funds are used for advertising that is principally a solicitation for the sale of franchises.

E. Point of Sale System

Franchisee is required to use the Clover® POS system to record sales, accept payments, and report them to Franchisor. The system is to be maintained by Franchisee, including any updates and upgrades. All updates and upgrades must be applied within 30 days of release by provider. Franchisor shall have access to system data.

ITEM 12. TERRITORY

The franchise is granted for a specific geographical Exclusive Territory.

Territory boundaries are determined by calculating a certain mile radius based on population density (normally 2-5 mile radius), to include a minimum population of 50,000, in an area to be agreed upon by franchisor and franchisee. Franchisor reserves the right to utilize any published data sources to determine area population.

If a specific office location is not designated when you sign the Franchise Agreement, you shall attempt to locate the office at a site we will approve to be located within close proximity of the Exclusive Territory described in the Franchise Agreement. (Franchise Agreement, section 4.8). You must locate your own office site.

We reserve the right during the initial term of this Agreement to establish other Restaurants, whether company or franchisee owned, at any location outside your Exclusive Territory.

You can relocate your office within your Exclusive Territory.

There are no options or rights of first refusal to obtain contiguous or other territories.

Franchisees are not prevented from soliciting, advertising or accepting business from any distance. This same rule applies to franchises or company-owned Restaurants owned by us or any affiliate.

Neither we nor any affiliate has any present plan to establish other franchises or company owned offices selling competing or interchangeable products or services under a different channel of distribution or trade name or trademark within your Exclusive Territory or elsewhere. However, we and our affiliates reserve all rights in the future to do so, except that within the initial term of any agreement now being offered, we will not do so within your Exclusive Territory unless the product or services are, in our judgment, more complementary to than competitive with those you offer and unless you are offered a first right to acquire the franchise within your Exclusive Territory.

ITEM 13. TRADEMARKS

We authorize you, as a Chickpeas Kitchen Business, to operate under the following trademarks, for which State registration has been applied for: “Chickpeas Kitchen Fresh Mediterranean”. These trademarks will be owned by us.

There are no pending interference, opposition, or cancellation proceedings, nor any litigation, involving any of the above marks, names, logotypes and commercial symbols.

Trademark Agreements. There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks.

Whether We Must Protect Your Rights to Use the Principal Marks. A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our marks, names, logotypes and/or commercial symbols or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you should immediately notify us. Any action to be taken in that event is strictly within our discretion.

Known Prior Rights or Infringing Uses. We know of no infringing use of the above marks, names, logotypes and/or commercial symbols which could materially affect your use of them. We are not aware of any companies who are or were operating under names or symbols that may be confusingly similar to our registered trademarks.

You must immediately notify us of any claim of infringement by or challenge to your use of any names or marks licensed to you by the Franchise Agreement. We have the sole discretion to determine what action to take, if any, regarding the matter. Should we elect to take legal or administrative action, you agree to join as a party to such action, or allow the action to be brought solely in your name, as and only if we so direct. We will bear the legal fees and court costs of prosecuting or defending any such action, if we decide to prosecute or to defend. We will pay all damages for which you are held liable in any such infringement proceeding on the condition that you have used the licensed marks and names only in strict accordance with the Franchise Agreement and the Operations Manual, have promptly notified us of any claim against or challenge to your use of the marks and/or names, have fully cooperated with us in the handling of any legal and/or administrative proceedings, and have at all times, including after a controversy has arisen, followed our directives concerning use, including discontinuation of use, of the marks, names, logotypes and/or commercial symbols in question.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own rights in or to any patents that are material to the franchise. However, we claim and reserve common law copyright protection for the Operation Manual and certain marketing, sales, and operations literature. There are no presently effective determinations of the Copyright Office, any pending interference, opposition or cancellation proceedings or any pending material litigation involving such copyrights which is relevant to their use. There are no agreements currently in effect which significantly limit our rights to use or license the use of such copyrights in any manner material to the franchise. We are not obligated by the Franchise Agreement or otherwise to protect any or all such rights or to protect you against claims of infringement of such rights. You must notify us immediately when you learn about any infringement. While we are not required by the Franchise Agreement to defend you against any infringement, it is our policy to take any and all appropriate action necessary to defend such rights against any claims and to seek legal recourse in the event of any infringement. We have the right to control litigation. You must cooperate fully with us in any proceeding. If we change or discontinue any copyrighted materials, you must comply and you will not be reimbursed. There are no infringing uses known to us which could materially affect your use of such rights.

You may use our copyrighted materials in the performance of permitted activities. Ownership of all right, title and interest in and to these copyrighted materials remains with us. You must keep these materials confidential and they must be returned to us on the expiration, termination or transfer of your rights under the Franchise Agreement.

You will obtain knowledge of proprietary techniques, business procedures and other matters that are necessary and essential to the operation of the Restaurant, without which information, you could not effectively operate such business, including, knowledge regarding the franchise, the layout of the Restaurant and the Operation Manual. You must acknowledge that this proprietary information was not known to you prior to signing the Franchise Agreement and that it is unique to the franchise.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you or your business manager must directly supervise the franchised business on its premises or aboard its vehicles. If you are a corporation, an LLC or a partnership the direct, on-site supervision must be done by a particular person, identified to us in the Franchise Agreement (paragraph 6.1) and trained in the Chickpeas Kitchen system. Also see paragraphs 11 and 16 of the Franchise Agreement.

All shareholders, partners and other owners in the franchise if franchisee is not an individual must sign the Owner's Guaranty and Assumption of Franchisee's Obligations attached as Exhibit D to the Franchise Agreement personally guaranteeing and agreeing to be bound by the obligations under the Franchise Agreement to the same extent as the franchisee.

Chickpeas Franchise Systems may require you and all of your personnel performing managerial or supervisory functions and all personnel receiving special training from Chickpeas Franchise Systems, to sign confidential information agreements as required by Franchisor.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved (see Item 8). You must offer all goods and services that we require all franchisees to offer. These required goods and services are the offering of Mediterranean style cuisine to the public.

We have the right to add additional authorized services that you will be required to offer. There are no limits on our right to do so except that the services shall pertain generally to Mediterranean style cuisine and the related investment required of you (for equipment, supplies and initial inventory) shall not exceed a reasonable amount given the nature of the industry.

If we develop private-labeled merchandise for Chickpeas Kitchen businesses, you must carry a reasonable quantity of such items as we specify. You must sell such private-labeled merchandise only from your franchise premises and not by mass marketing or on a wholesale basis for resale except with our written approval. (Franchise Agreement, paragraph 10.2).

You set the prices you charge to customers. If we consult with you on costs and prices, or if we or our agents suggest prices to you from time to time, you are under no obligation to follow our suggestions. If we conduct advertising in which prices for items are indicated or suggested, these prices do not bind you. (Franchise Agreement, paragraph 11.13).

ITEM 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.

Provision	**Section in franchise or other agreement**	**Summary**
a. Length of the franchise term		Term is 5 years.
b. Renewal or extension of the term		One five-year option if you are in good standing and pay the option price.
c. Requirements for franchisee to renew or extend		Sign new agreement, pay fee, upgrade equipment, and sign release.
d. Termination by franchisee		Selling, transferring, assignment, etc.
e. Termination by franchisor without cause		None.
f. Termination by franchisor with cause		Non-compliance, non-payment of fees, felony conviction, expiration of term without renewal, etc.
g. "Cause" defined - curable defaults	19.2	Non-compliance, non-payment, under-reporting, and the like. See cited section of Franchise Agreement.
h. "Cause" defined - non-curable defaults	19.1	Foreclosure, seizure by authorities, felony conviction, and the like. See cited section of Franchise Agreement. [Note: The agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Sec. 101 et seq.)]
i. Franchisee's obligations on termination/non-renewal		Immediately bring all accounts current, cease to use Marks, assign phone numbers, return Operations Manual to us, etc.; certain continuing non-compete obligations.
j. Assignment of contract by franchisor		We may freely assign our rights and duties under the Agreement.
k. "Transfer" by franchisee - definition		Very broadly defined; but transfer fees apply only for certain transfers.

l. Franchisor approval of transfer by franchisee		Transfers to third parties must meet conditions listed in "m" below. Ownership by or transfer to entity which is wholly-owned by same individual(s) approved by us as the Franchisee is permitted if: the owners guarantee and agree to be bound by Franchise Agreement; the entity is not engaged in any other business; you provide specified information about the entity and its ownership to us; ownership in the entity is subject to same transfer restrictions as are applicable to Franchisee.
m. Conditions for franchisor approval of transfer		Application fee, right of first refusal, approval of transferee, full payment of outstanding debts, execution of documents, payment of transfer fee etc.
n. Franchisor's right of first refusal to acquire franchisee's business		We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business.		
p. Death or disability of franchisee		Your qualifying heirs may take the franchise by assignment under normal rules; or estate may sell; the business must be kept open.
q. Non-competition covenants during the term of the franchise		No involvement in competing business within 50 miles of territory or 20 miles of any other Franchise; no involvement in competing franchisor. Restrictions against diverting business, employing employees in system, inducing other franchisees to breach.
r. Non-competition covenants after the franchise is terminated or expires		No involvement in competing business within 50 miles of territory or 20 miles of any other Franchise; no involvement in competing franchisor. Restrictions against diverting business, employing employees in system, inducing other franchisees to breach. Without conceding it to be so, we are required to state that this provision may not be enforceable under California law.
s. Modification of the agreement		No modifications generally except in writing signed by both parties, but Operations Manual subject to change
t. Integration/merger clause		Only the terms of the Franchise Agreement are binding (subject to state law). Any promises outside the disclosure document and franchise agreement may not be enforceable.

u. Dispute resolution by arbitration or mediation		Except for certain claims, all disputes must be arbitrated in Sacramento County, CA, after informal resolution first attempted.
v. Choice of forum		ADR Services Inc., San Francisco, CA (if any).
w. Choice of law		California law applies (except where otherwise required by your state)

These states and territories have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise ARKANSAS (Stat Section 70-807), CALIFORNIA (Bus & Prof Code Sections 20000-20043), CONNECTICUT (Gen Stat Section 42-13'3e et seq), DELAWARE (Code Sections 2551-2556), HAWAII (Rev Stat Section 482E-I), ILLINOIS (ILCS, Ch 815, Sections 705/19-705/20), INDIANA (Stat Section 23-2-2 7), IOWA (Code Section 523H 1-523H 17), MICHIGAN (Stat Section 19 854(27), MINNESOTA (Stat Section 80C 14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat Section 407 400), NEBRASKA (Rev Stat Section 87-401), NEW JERSEY (Stat Section 56 10-11), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13 1-557-574-13 1-564), WASHINGTON (Code Section 19 100 180), WISCONSIN (Stat Section 135 03), DISTRICT OF COLUMBIA (Title 29, Chapter 12, Sections 29-1201 through 29-1208) These and other states may also have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 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 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 the 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 representations 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 Mike Ben Namer or DeKristie Adams, Chickpeas Franchise Systems, 640 W Covell Blvd Ste A, Davis, California 95616, (530) 753-3729, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2016 - 2018

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Company-Owned	2016	1	1	0
	2017	1	3	2
	2018	3	3	0
Total Outlets	2016	1	1	0
	2017	1	3	2
	2018	3	3	0

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR YEARS 2016 – 2018

STATE	YEAR	NUMBER OF TRANSFERS
California	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Table No. 3

STATUS OF FRANCHISED OUTLETS
FOR YEARS 2016 - 2018

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
California	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2016 - 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2016	1	0	0	0	0	1
	2017	1	2	0	0	0	3
	2018	3	0	0	0	0	3
Total	2016	1	0	0	0	0	1
	2017	1	2	0	0	0	3
	2018	3	0	0	0	0	3

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2018

STATE	FRANCHISE AGREEMENT SIGNED BUT OUTLETS NOT YET OPEN	PROJECTED NEW FRANCHISED STORES OPENING IN 2018	PROJECTED NEW COMPANY STORES OPENING IN 2018
California	0	1	0
Total	0	1	0

We estimate that one (1) franchise will be sold during the next twelve months in California.

There have been no cancellations, terminations, non-renewals, or reacquisitions of Chickpeas Kitchen franchises.

OUTLETS CURRENTLY IN OPERATION

Attached as Exhibit H is a list of current and former franchisees. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21. FINANCIAL STATEMENTS

We have not been in operation for three years or more, and thus cannot provide financial statements as normally required. In lieu thereof, we include unaudited statements, to include opening balance sheet.

ITEM 22. CONTRACTS

Copy of the following contracts or documents are attached as Exhibits hereto:

A	FRANCHISE AGREEMENT
B	FRANCHISE APPLICATION/REQUEST FOR CONSIDERATION
C	FRANCHISOR'S FINANCIAL STATEMENTS
D	OWNER’S GUARANTY
E	STATE ADMINISTRATORS & INFORMATION
F	AGENTS FOR SERVICE OF PROCESS
G	POWER OF ATTORNEY
H	CURRENT AND FORMER FRANCHISEES
I	OPERATIONS MANUAL – TABLE OF CONTENTS

ITEM 23. RECEIPTS

Attached is an Acknowledgment of Receipt to be signed by the prospective Franchisee receiving this Disclosure Document.

RECEIPT

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

If Chickpeas Franchise Systems 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 the proposed sale.

If Chickpeas Franchise Systems 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 the California Department of Business Oversight.

Listed below are all persons who assisted in the sale of the franchise on behalf of Chickpeas Franchise Systems:

Mike Ben Namer	DeKristie Adams	____________________
640 W Covell Blvd, Ste A	640 W Covell Blvd, Ste A	____________________
Davis, CA 95616	Davis, CA 95616	____________________
(530) 753-3729	(530) 753-3729	____________________

I received a disclosure document dated _____________________ that included the following exhibits:

A FRANCHISE AGREEMENT
B FRANCHISE APPLICATION
C FRANCHISOR'S FINANCIAL STATEMENTS
D OWNER’S GUARANTY
E STATE ADMINISTRATORS & INFORMATION
F AGENTS FOR SERVICE OF PROCESS
G POWER OF ATTORNEY
H CURRENT AND FORMER FRANCHISES
I OPERATIONS MANUAL – TABLE OF CONTENTS

As an officer or individually or partner on behalf of the potential franchisee:

Signed:____ Dated: __________________

Print Name: ____________________________________

As an officer on behalf of Chickpeas Franchise Systems:

Signed:____ Dated: __________________

Print Name: ____________________________________

FRANCHISOR COPY, PLEASE RETURN TO US

RECEIPT

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

If Chickpeas Franchise Systems 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 the proposed sale.

If Chickpeas Franchise Systems 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 the California Department of Business Oversight.

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G POWER OF ATTORNEY
H CURRENT AND FORMER FRANCHISES
I OPERATIONS MANUAL – TABLE OF CONTENTS

As an officer or individually or partner on behalf of the potential franchisee:

Signed:____ Dated: __________________

Print Name: ____________________________________

As an officer on behalf of Chickpeas Franchise Systems:

Signed:____ Dated: __________________

Print Name: ____________________________________

FRANCHISEE COPY, KEEP FOR YOUR RECORDS

Addendum to Chickpeas Franchise Systems
Franchise Disclosure Document
For the State of California

The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law. To the extent that the Franchise Disclosure Document and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 3 of the Franchise Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker (if any) in Item 2 of the Franchise Disclosure Document 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. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

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

    b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

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

    e. The franchise agreement requires binding arbitration. The arbitration will occur in Yolo County, California, with the costs being borne by the non-prevailing party.

3. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

5. 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).

6. Chickpeas Franchise Systems has a web site, at www.gochickpeas.com, used as a sales promotion tool.

   OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTOF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

EXHIBIT A

ChickPeas
Kitchen
FRESH MEDITERRANEAN
™

FRANCHISE AGREEMENT

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CHICKPEAS KITCHEN™
FRANCHISE AGREEMENT

This Franchise Agreement is made and entered into at _______________ (address), this ___ day of ____________, 20__, by and between **CHICKPEAS FRANCHISE SYSTEMS,** a California corporation, whose address is 640 W. Covell Blvd., Suite A, Davis, CA 95616 **(**hereinafter referred to as "Franchisor"), and

____

whose address is

____

____

hereinafter referred to as Franchisee, and who are collectively referred to herein as "the parties." This Franchise Agreement is made with reference to the following facts:

R E C I T A L S

A. Franchisor is the owner of, or is otherwise licensed to use and is exclusively authorized to license businesses to use, certain trade dress and service marks, including the "CHICKPEAS KITCHEN FRESH MEDITERRANEAN" word mark, the "CHICKPEAS KITCHEN FRESH MEDITERRANEAN" design marks, and the "CHICKPEAS KITCHEN FRESH MEDITERRANEAN" trade dress; all of these, and other marks the Franchisor may obtain for the use of Franchisee, are referred to herein as "the Marks".

B. Franchisor licenses and has rights to a distinctive marketing concept and business format for a local restaurant establishment, serving Mediterranean and other food items; it includes but is not limited to valuable designs, formats, procedures and practices used in the operation of such businesses, including vehicle, computer software use, marketing, design, training systems, distinctive inventory, and distinctive formats for color scheme, trade dress, and signs (the "Chickpeas Franchise Systems").

C. Franchisor grants franchises to use the Chickpeas Franchise Systems to operate restaurant businesses in local Territories, and in connection therewith, grants licenses to use the Marks to identify the businesses. These businesses are herein referred to as Chickpeas Kitchen Businesses.

D. Franchisee is a qualified person or entity and wishes to purchase a Chickpeas Kitchen franchise on the terms herein contained.

E. Franchisor is willing to grant a franchise to Franchisee to open a Chickpeas Kitchen Business (the "Business") on the terms and conditions in this Agreement.

WHEREFORE, in consideration for the mutual promises set forth herein, and based on the above recitals, representations, and purposes, the parties hereto agree as follows:

A G R E E M E N T

1. GRANT OF FRANCHISE.

1.1 Franchisor hereby grants to Franchisee a franchise to use the Chickpeas Franchise Systems and the Marks solely in compliance with this Agreement and from the Business location set forth in Section 4.

1.2 It is acknowledged as between the parties that Franchisor has the sole right to use and to grant licenses to others to use the Chickpeas Franchise Systems and the Marks in the operation of any restaurant business. Franchisee does not and shall not have or claim any rights in or to any of the Chickpeas Franchise Systems or Marks other than as granted by this Agreement.

2. INITIAL FRANCHISE FEE.

2.1 Concurrently with the execution of this Agreement, Franchisee shall pay Franchisor an initial franchise fee in the sum of Twenty-Five Thousand Dollars ($25,000.00). Except as expressly provided in this Agreement, the initial franchise fee shall be deemed to be fully earned by Franchisor when paid, and is not refundable.

3. TERM AND RENEWAL.

3.1 The term of this Agreement is five (5) years, beginning on the date this Agreement is executed by the parties unless sooner terminated or extended as provided herein. The start date is the day immediately following completion of Franchisee's training.

The Franchise will officially open and Franchisee will begin sending weekly reports for the week beginning on the _______ of _______________, 20_____.

3.2 Provided Franchisee is in complete compliance with this Agreement and the Operations Manual, Franchisee shall have the right to renew this Agreement for one additional term of five (5) years. Franchisee shall notify Franchisor in writing of Franchisee's intent to renew not less than nine (9) months nor more than twelve (12) months before expiration of the initial or renewal term then in effect or within thirty (30) days after receipt of Franchisor's renewal offer in any case.

3.3 Upon commencement of a renewal term, Franchisee shall pay Franchisor a renewal fee of one thousand Dollars ($1,000.00).

3.4 As conditions to each renewal, Franchisor may require the following:

(a) At least thirty (30) days before expiration of the term, at Franchisor's election, Franchisee either signs a verification of renewal of this Agreement (or of the Franchise Agreement then in effect between the parties) or executes Franchisor's then-current form of Franchise Agreement which may contain terms materially different from those herein and which may include modified terms as appropriate for renewal Franchisees (e.g., limitation of further renewals, no initial training, no initial franchise fee).

(b) Should Franchisor provide the then-current franchise agreement to Franchisee prior to the effective date of the renewal and Franchisee's failure to sign and return the agreement within thirty (30) days after receipt thereof, this shall constitute waiver of Franchisee's right to renew.

(c) Franchisee execute a general release in the form required by Franchisor releasing Franchisor and any of its owners, officers, affiliates and other related parties from any and all claims arising up to and through the expiration date of the initial term.

3.5 The foregoing conditions on renewal shall also apply, but only to the extent allowable under applicable law, if any renewal not otherwise acceptable to Franchisor under the foregoing terms is mandated by any law, rule, regulation, statute, ordinance, order, or is otherwise required by operation of law.

3.6 Termination of this Agreement for any reason shall terminate any and all remaining rights of renewal.

3.7 If Franchisee continues to operate the Business without the express consent of Franchisor following expiration of the term of this Agreement or any renewal option, such continuation shall be construed as an extension of the term hereof only from month-to-month, terminable by either party on thirty (30) days notice to the other party. Franchisor may extend the term for one or several months at a time in order to supply necessary or desirable notice to Franchisee.

4. <u>TERRITORIAL RIGHTS AND RESTAURANT LOCATION</u>.

4.1 Except as stated at 4.2 below, while this Agreement is binding, Franchisor will not establish nor grant to any other person a license to establish a Business within Franchisee's "Exclusive Territory," as such Exclusive Territory is defined in section 4.5 below, incorporated herein by this reference.

4.2 Franchisee shall have exclusive rights to the Territory for the full term of this agreement as long as Franchisee is in full compliance of all terms and conditions of this agreement and any other agreement between the Franchisor and Franchisee, and this agreement has not been terminated or expired, and franchisee is meeting the minimum sales requirements as described in section 11.18 of this agreement. “Exclusive” for the purposes of this section 4.2 means that Franchisor will not establish any other Chickpeas Kitchen company within the designated Territory.

4.3 Intentionally Omitted

4.4 Intentionally Omitted

4.5 Territory boundaries are determined by calculating a certain mile radius based on population density (normally 2-5 mile radius), to include a minimum population of 50,000, in an area to be agreed upon by franchisor and franchisee. Franchisor reserves the right to utilize any published data sources to determine area population. Territory is defined as the area that is included in the defined area listed below or on attached document:

Territory Defined As: ____
List radius zone or state that it is included as an attached document and state document title

4.6 Intentionally Omitted

4.7 Subject to Section 4.10 below, Franchisee shall select his or her own restaurant location, generally within the geographically central portion of his or her Exclusive Territory and always subject to Franchisor's approval, and shall, unless otherwise authorized by Franchisor in writing, operate the Business permitted under this Agreement from one location only, identified, if now possible, as follows:

Street Address:

____

State: _______________ City: ____________________ Zip: ____________

4.8 If the location is (or locations are) not set forth above when this Agreement is signed, Franchisee shall attempt to identify a location for the Business acceptable to Franchisor typically located centrally within Franchisee's "Exclusive Territory." At your request, we will consult with you in your selection of a site for your Business location. This consultation does not in any way confer any responsibility upon us for selection of the Business location, which will remain your sole responsibility under this Agreement. You understand that our acceptance of a site selection is granted solely to protect the Chickpeas Franchise System and our existing franchisees, and does not in any way constitute a recommendation, approval or endorsement of such location nor a representation or warranty as to its suitability for a Business location or for any other purpose.

4.9 Franchisee may enter into a lease for the, or any, Business location only upon receipt of written approval from Franchisor, and only if a Lease Rider, materially in the form attached herein as Exhibit 1, is executed. Upon your request, we may assist you in the development of prototype construction or schematic plans, specifications and layouts for the Business location.

4.10 Franchisee shall not open or own additional Chickpeas Kitchen restaurants outside his or her Exclusive Territory unless he or she executes the then-current Franchise Agreement and pays the then-current franchise fees for that territory.

5. OPENING OF THE BUSINESS; DECOR.

5.1 Franchisor reserves the right to develop and modify standards or requirements for a computer system, computer programs and/or point of sale system to be used in the Business, which may include designated or approved hardware and software components, provided that the cost of acquiring the designated system, program or components shall be reasonable. If any proprietary system or program is adopted, Franchisor may require Franchisee to sign a license agreement to govern the use of the system or program. Franchisee may be required to utilize electronic mail and other features available through Franchisor website and/or Intranet and maintain and use Equipment and Internet access sufficient to utilize the website and/or Intranet as prescribed by Franchisor. Franchisee shall abide by any terms of use that apply to Franchisor's website or any Intranet Franchisor may develop. Franchisor can require use of Internet service meeting certain standards or a designated Internet service provider. Franchisor may modify its website or other on-line services, or adopt new ones and require Franchisee to use them and modify its Equipment and service providers as needed.

5.2 Franchisee shall purchase all necessary signs, trade fixtures and equipment, opening inventory, and all other items specified by Franchisor in the Operations Manual as needed for the preparation of the Business for opening.

6. FRANCHISEE'S MANAGEMENT; TRAINING AND PRE-OPENING ASSISTANCE.

6.1 Each Business must be directed personally by a Business Manager, who shall have successfully completed Franchisor's training program. The Business Manager is understood to be one individual who is in charge of the Franchise restaurant. In most cases the Business Manager is the Franchisee or one designated owner of a corporate, LLC or partnership Franchisee. Where Franchisor permits a Franchisee to own more than one territory, the Franchisee himself, or designated owner of corporate, LLC or partnership Franchisee, shall manage at least one Business, and each additional franchise must be operated by a Franchisee appointed Business Manager. Except as may be otherwise agreed in writing by Franchisor, the designated Business Manager has the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, the Business and all other matters pertaining to this Franchise, and Franchisee so warrants. Franchisee, and all of the members of an LLC, a partnership and/or all of the shareholders, directors, and officers of a corporate franchisee, further warrant to Franchisor that Franchisor may rely on such authority until such time as Franchisor is notified in writing by a majority of the partners, directors, or shareholders, as appropriate, of any change in the Business Manager or in his or her authority. Nothing in this Section, or elsewhere, shall in any way be construed to lessen the responsibility or liability of any other members of an LLC, a partnership Franchisee, or the officers, directors, and/or shareholders of a corporate Franchisee, for compliance by Franchisee with the terms and conditions of this Agreement.

Business Manager:

____

Name and title of the business manager

6.2 The trained and designated Business Manager must supervise all employees of the Business and keep the Business open to meet customer needs in accordance with service response standards set forth in the Operations Manual.

6.3 If Franchisee has not previously owned, operated, or served as manager of a Chickpeas Restaurant, within the last 2 years, Franchisor will send one or more individuals to assist in opening a Restaurant for a total stay of up to 5 days, at Franchisor's expense. The training will be conducted by Franchisor's representatives exclusively at, or, at Franchisor's option, primarily at, the designated Chickpeas Kitchen training store in California or other meeting place to be specified by Franchisor; Franchisee agrees that such training may be conducted, at Franchisor's discretion, partly on-site at Franchisee's Business at or about the time of opening. This training lasts approximately forty (40) hours, usually concentrated within a period of a few days. Training may consist partly of uncompensated on-the-job experience. The amount and content of training may change as we deem necessary. Contents of training are covered in the FDD.

6.4 Ongoing training and assistance: Franchisee may request additional training, or Franchisor may require additional training of Franchisee if it deems it necessary. If Franchisor agrees to provide additional training, it will be provided at Franchisee's expense as specified in the FDD. The Franchisee will also be expected to pay for any travel expenses incurred during the training period.

6.5 Training fees are charged at the trainer's per diem rate except as provided at 6.4 above and 6.10 below, and rates may be adjusted from time to time.

6.6 The Franchisee shall bear its own travel, lodging, and all other personal expenses as well as those of any employee incurred in attending the training course. If Franchisor must send a trainer to the franchisee's location or elsewhere away from Franchisor's headquarters, other than for training provided free, franchisee also must pay the trainer's air fare, hotel and other customary costs.

6.7 If a person to whom training is offered fails to successfully complete training, the franchisee is required to pay training fees per the above schedule to train a replacement person, assuming that is necessary or desired, regardless of whether the person failing was a paying or a free trainee.

6.8 Where the proprietor and the day to day Business Manager of a franchised office are two different people, both must be trained by Franchisor. Often this will mean that the franchisee must pay tuition for the training of a Business Manager who replaces the person initially trained for that position when the franchise was first acquired.

6.9 Except as may be set forth above, none of the foregoing fees, expenses, or charges are or will be refundable.

6.10 Franchisor may from time to time offer tuition-free refresher courses, seminars, conventions, meetings, and the like to all franchisees or, at Franchisor's discretion, to one or more specific franchisees who, in Franchisor's opinion, might benefit thereby. If invited to such offerings, the franchisee must attend all such sessions, up to a maximum of one (1) per twelve-month period. All travel and living expenses incurred by the franchisee and/or employees of the franchisee in connection with such refresher courses, seminars, conventions, meetings, and so forth, are the responsibility of the franchisee.

7. OPERATIONS MANUAL.

7.1 Franchisor shall loan a copy of its Confidential Operating Manual ("Operations Manual") to Franchisee before or upon his or her successful completion of the initial training program for the term of this Agreement and any renewal period. As the Operations Manual contains trade secrets of Franchisor, Franchisee shall keep and maintain its contents confidential and shall take reasonable precautions against disclosure of the information contained therein by employees and also to employees who have no need to know. Franchisee shall operate the Business in strict accordance with the Operations Manual. Franchisee is required to promptly return the complete Operations Manual and all modifications to Franchisor upon termination of or expiration of this agreement for any reason whatsoever. Franchisee shall pay Franchisor a fee of Ten Thousand Dollars ($10,000) for each copy not returned, and Franchisee shall be liable to Franchisor for any damages suffered by Franchisor by reason of Franchisee's failure to return all copies of the Operations Manual.

7.2 The Confidential Operations Manual may include any number of separate manuals with distinct titles, all of which will be considered part of and included in the Confidential Operations Manual. The format of the Confidential Operations Manual may be in the form of hard paper, computer diskette, electronically downloaded directly or indirectly to Franchisee's computer or via another medium as chosen at the discretion of Franchisor. Franchisee will maintain at its sole expense all computer system requirements and services needed to have access to the Confidential Operations Manual and any changes and updates as may be provided by Franchisor. Any required purchases will not exceed a reasonable dollar amount as compared to industry standards.

7.3 Franchisor has the right to modify the Operations Manual from time to time by the mailing or delivery to Franchisee of written updates. Franchisee shall operate the Business in strict accordance with the Operations Manual as it shall be amended.

7.4 Franchisee shall not at any time copy, duplicate, record or otherwise reproduce or transcribe the Operations Manual or any of the forms supplied by Franchisor hereunder without

Franchisor’s prior written consent.

8. CONFIDENTIAL INFORMATION; RESTRICTIONS ON ENGAGING IN COMPETITIVE BUSINESSES.

8.1 Scope. Franchisor possesses confidential information consisting of: methods for developing and operating Chickpeas Kitchen restaurants; contents of and methods for training new franchisees; knowledge of customer needs; concepts or results relating to services; operating methods; advertising programs; sources of goods and services; marketing techniques; formulas, formats, specifications, forms and procedures for operating Franchisor's Businesses. All the foregoing are known as the "Trade Secrets."

8.2 Source of Knowledge. Franchisor shall disclose certain Trade Secrets to Franchisee in lending Franchisee the Operations Manual and in providing standard plans for the Business, guidance and assistance, and in performing other obligations and exercising rights under this Agreement. Franchisee acknowledges that Franchisee's knowledge of all material aspects of a Franchisor Business will come from Trade Secrets that Franchisor will disclose to Franchisee. Franchisee acknowledges that the Trade Secrets are proprietary, confidential information of Franchisor, having economic value to Franchisor, in part because they are not known to the public, competitors or others.

8.3 Interest. Franchisee shall acquire no interest in the Trade Secrets, other than the right to use them in opening and operating the Business during the term of this Agreement.

8.4 Confidentiality. Franchisee shall maintain absolute confidentiality of the Trade Secrets during and after the term of this Agreement. Franchisee shall not use any Trade Secrets in any manner not specifically authorized or approved in writing by Franchisor.

8.5 Copies. Franchisee shall not make any unauthorized copy of any Trade Secrets disclosed in writing (including but not limited to Franchisor's proprietary software, if any, written plans, the Operations Manual, bulletins or memos from Franchisor), nor shall Franchisee make any unauthorized copy of any proprietary computer software or Trade Secrets disclosed other than in writing which he or anyone else shall have put in computer readable form or in writing.

8.6 Public Information. The restrictions in this Article 8 on Franchisee's use and disclosure of Trade Secrets shall not apply to information that is or becomes generally known and used by other restaurants, other than through disclosure (whether deliberate or not) by Franchisee.

8.7 Other Businesses.

(a) Franchisee acknowledges that Franchisor could not protect the Trade Secrets against unauthorized use or disclosure, could not readily assure compliance with this Article 8, and could not achieve a free exchange of ideas and information among Franchisor's Franchisees if Franchisee or any Covered Person held interests, as defined below, in any Competitive Business, as defined below.

(b) The phrase "Competitive Business" means: (i) any restaurant serving Mediterranean style food, or (ii) any entity which is granting or intending to grant franchises or licenses to others to operate restaurants serving Mediterranean style food.

(c) The phrase "Covered Person" shall include (i) Franchisee, Franchisee's spouse(s) and each relative living in the same household as each such person; (ii) all directors, officers and holders of any direct or indirect beneficial interest constituting five percent (5%) or more of the securities of Franchisee, or of any LLC or corporation affiliated with or directly or indirectly controlling Franchisee, and the spouses and each relative living in the same household as each such person who is an individual, if Franchisee is a corporation; and (iii) the general partners and any limited partner, including any corporate holders of a beneficial interest constituting five percent (5%) or more of the securities of a corporation affiliated with or directly or indirectly controlling any corporate general or limited partner, and the spouses and each relative living in the same household as each such person who is an individual, if Franchisee is a partnership.

(d) Accordingly, during the term of this Agreement and for two years after it terminates or expires without renewal neither Franchisee, nor any Covered Person, shall have any interest as an owner, investor, partner, lender, director, or in any other capacity in any Competitive Business. Franchisee shall take all steps necessary to assure compliance with this provision by all Covered Persons. Violation of this Section by any Covered Person shall, at Franchisor's election, constitute a material breach of this Agreement by Franchisee.

(e) In every case where the above post-termination covenant not to compete in a Competitive Business is held, or agreed by the parties, to be unenforceable, Franchisee agrees to pay to Franchisor by way of liquidated damages for the right to engage in a Competitive Business (without selling or publishing any trade secrets of Franchisor) a sum equal to five percent (5%) of his previous two years' Gross Sales (not Adjusted Gross Sales), paid out in twenty-four (24) equal monthly installments.

(f) The restrictions in Section 8.7(d) and (e) above shall not apply to ownership of (i) securities listed on a stock exchange or traded on the over the counter market that represent five percent (5%) or less of the number of shares of the class of securities issued and outstanding; (ii) other Franchisor's Businesses pursuant to franchise agreements with Franchisor; or (iii), if name and address are completed below at time of signing, the following pre-existing business and restaurant owned or operated by Franchisee provided that Franchisee shall not use in such restaurant any of the Franchisor's System, including but not limited to the Operations Manual, Trade Secrets or Franchisor's Marks.

____

(business name and restaurant address)

(g) Each of the covenants in this Article 8 and each portion thereof shall be construed as independent of any other covenant or provision. If all or any portion of a covenant is unenforceable due to its scope in terms of geography, duration, or activity covered or otherwise, but could be enforced if reduced in scope, then the parties agree to be bound by any lesser covenant subsumed within the terms of such covenant imposing the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 8.

(h) Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 8.7, or any portion thereof, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall be bound by the reduced scope.

(i) If the franchise which is the subject of this Agreement is located outside California, the parties agree that the restrictions on engaging in competitive businesses outlined above in this Article 8 shall be judged by the law of the State in which the franchise is located, not by the law of the State of California, unless the law of such other state at the time when enforcement is sought is, in Franchisor's opinion, less favorable than is California's law to the position of Franchisor.

9. USE AND PROTECTION OF THE MARKS.

9.1 The Marks, commercial symbols, designs, and patents associated with the Business and set forth in this Agreement and the Operations Manual are licensed to Franchisee under this Agreement and must be used strictly in compliance with this Agreement, the Operations Manual, and all other directives of Franchisor related thereto.

9.2 Franchisee shall immediately notify Franchisor of the facts concerning any claim of infringement resulting from Franchisee's use of any of the Marks, commercial symbols, designs or patents. In any action or proceeding arising from or in connection with any such claim, demand, or suit, Franchisee agrees that Franchisor may select legal counsel and have the right to control the proceedings.

9.3 Franchisor shall indemnify all damages for which Franchisee is held liable in any proceeding involving the Marks if Franchisee has used the Marks in strict accordance with this Agreement, promptly notified Franchisor of any claim against Franchisee's use of the Marks, and fully cooperates with Franchisor in any legal and/or administrative proceedings concerning the Marks.

9.4 We have invested time, energy and money in the promotion and protection of the Trade Name and other Marks. We do not intend to change them. However, rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend. If it becomes advisable at any time in Franchisor’s sole discretion, for Franchisor and/or Franchisee 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 shall comply with Franchisor’s directions within a reasonable time after notice to Franchisee by Franchisor. And Franchisor shall have no liability or obligation whatsoever with respect to Franchisee’s modification or discontinuance of any Mark.

9.5 Franchisor may require Franchisee to use one or more additional or alternative trademarks, service marks, logotypes, and/or other commercial symbols in connection with the operation of the Business and Franchisee shall bear the cost of using such additional items in accordance with Franchisor's directives.

9.6 Franchisee shall not make an application for registration or other protection of any of the Marks, or any item or items similar thereto, without the prior written consent of Franchisor, and then only upon the terms and conditions specified by Franchisor in connection therewith. Franchisee shall take no action which will interfere with the Marks, Franchisor's rights thereto, or the use thereof by Franchisor and authorized others. Franchisee shall not contest Franchisor's ownership of, nor the legal validity of, the Marks, or any of them.

10. SUPPLIERS, EQUIPMENT, SUPPLIES AND INVENTORY.

10.1 Franchisee hereby authorizes Franchisor to contact Franchisee's suppliers from time to time and to obtain reports from them of the items and the quantities of those items purchased from the suppliers by Franchisee.

10.2 Should Franchisor develop private-labeled merchandise for use and/or sale by Chickpeas Kitchen restaurants, Franchisee shall purchase, carry, and use in Franchisee's business a reasonable quantity of such items as may from time to time be specified by Franchisor. Sale of items in this category by Franchisee shall be conducted from Franchisee's restaurant only and not by mass marketing or on a wholesale basis for resale by another except with Franchisor's written approval. Franchisor reserves the exclusive right to control the wholesale distribution and mass marketing of items bearing any Franchisor name or mark.

10.3 No goods or services, other than those set forth particularly or by classification in the Operations Manual or approved in writing by Franchisor, shall be used, sold, displayed, or otherwise employed in or in connection with the Business.

10.4 Franchisee must purchase certain supplies in accordance with specifications or from approved suppliers as set forth in the Operations Manual.

10.5 We will require you to use the most current version of Clover® POS system to record sales and make reports to us. Franchisee will be required to send data reporting on a weekly basis to us. You must use the QuickBooks™ Plus online accounting system for accounting and other business functions. You must have high-speed internet access (DSL, Cable, T1line or equivalent) and email.

10.6 Franchisor reserves the right to add additional authorized services that Franchisee will be required to offer. There are no limits on Franchisor's right to do so, except that the services shall pertain generally to restaurant services and the related investment required of you (for equipment, supplies and initial inventory) shall not exceed what is reasonable given the nature of the business.

11. OTHER OBLIGATIONS OF FRANCHISEE.

11.1 Franchisee shall sell the goods and services that Franchisor designates in the Operations Manual. Such required services presently include the running of a Mediterranean style restaurant.

11.2 Franchisee shall provide levels of customer service which are satisfactory in accordance with Operations Manual standards.

11.3 To provide adequate customer service levels it may be necessary from time to time for Franchisee to upgrade and/or add equipment. An example of this is computer hardware and software. The cost for upgrades will not exceed what is reasonable given the nature of the business, and Franchisee will be given sufficient time to acquire large purchases.

11.4 Franchisee shall cooperate with any and all evaluation programs that Franchisor may implement.

11.5 Franchisee shall be and remain the principal manager of the Business, and shall personally, actively and substantially participate in the actual supervision of the franchise unless Franchisor otherwise agrees in writing. Franchisor shall so consent in cases where it allows a franchisee, who remains the principal manager of at least one Business, to obtain more than one franchise territory while installing a trained Business Manager to direct each other owned franchise. The franchisee must work diligently, fairly and in good faith and perform all the obligations of the Franchise Agreement and shall use its best efforts to produce the maximum volume of sales in a manner consistent with the terms of this Agreement and devote an amount of time to the Business adequate for this purpose.

11.6 Franchisee shall hire and satisfactorily train sufficient numbers of personnel to adequately handle the business of the Franchise and to provide courteous and capable assistance to Franchisee's customers in the manner as may be set forth in the Operations Manual. Franchisee shall use its best efforts to insure that Franchisee's personnel maintain standards of appearance, cleanliness, and demeanor as may be specified by Franchisor, and shall employ standards which will enhance the conduct and image of the Business. In order to present a neat and clean appearance, the Franchisee shall wear and shall cause each of its employees to wear, a uniform prescribed by the Franchisor as outlined in the Operations Manual.

11.7 Franchisee shall operate the business continuously on such days and during such minimum hours as Franchisor by its Operations Manual may direct.

11.8 If Franchisor changes its specifications for any items employed in the restaurant, including but not limited to equipment and supplies, the franchisee shall comply with the revised specifications, provided that the cost is within reason for the restaurant industry, and that franchisee is given a reasonable time to exhaust its inventory of the previously specified items.

11.9 Franchisee shall obtain and maintain at its expense all licenses and permits necessary for the operation of the business. The franchisee shall comply immediately with any and all orders, laws, regulations, rules, and directives of any federal, state, county or municipal authorities with regard to the business and shall immediately notify Franchisor of legal requirements or developments affecting the business and of any government orders, the reasons therefore, and the corrective action taken or to be taken by the franchisee.

11.10 Franchisee shall pay all taxes, liens, assessments, costs, expenses, debts, salaries, accounts, liabilities, charges, duties, imposts, premiums, fees, damages, and any and all other outlays or responsibilities involving the payment of money or performance of every other nature incurred in, related to, or resulting in any way from, the construction, maintenance, operation and/or discontinuance of the business.

11.11 Franchisee shall, upon notice from Franchisor, immediately correct any defects, deficiencies, or unsatisfactory conditions in the appearance or conduct of the Business or vehicles, or in the franchisee's compliance with the terms of the Franchise Agreement. The franchisee shall establish and maintain an image and reputation for the restaurant consistent with the standards set forth in the Franchise Agreement, the Operations Manual, and as otherwise specified by Franchisor.

11.12 Franchisee shall execute and have its employees execute any trade secret agreement deemed necessary by Franchisor to protect Franchisor's licensed trademarks, trade names, service marks, commercial symbols, or trade secrets.

11.13 Prices to be charged to customers of Franchisee for Chickpeas Kitchen services and merchandise are strictly up to Franchisee. If Franchisor suggests prices to Franchisee from time to time, Franchisee is under no obligation to adhere to such suggestions.

11.14 Franchisee shall conduct all advertising and promotional activities in accordance with the Operations Manual or as otherwise communicated to Franchisee. Franchisee shall submit to Franchisor prior to use copies of all advertising, promotional, and public relations programs and/or material proposed to be used by Franchisee, along with a description of how such material is proposed to be used, by what media published, and such other information as may be requested by Franchisor. Franchisee shall not use any such material without the prior written consent of Franchisor, and then only in the way and by the means so approved. Franchisor has complete and absolute discretion in deciding whether to approve Franchisee's advertising, promotional, and public relations material and all matters connected therewith.

11.15 Franchisee shall call his or her business by no name not sanctioned by Franchisor, and use the trademark and logo, in all its literature.

Business Name: ____

DBA: ____

11.16 Franchisee shall ensure by all means set forth in the Operations Manual that all customers understand that each Chickpeas Kitchen restaurant is independently owned.

11.17 During the term of this Agreement, any renewals or extensions hereof, and within one (l) year thereafter, Franchisee shall not, directly or indirectly, or with any person or entity: (a) divert or attempt to divert any business or customer of the Business to any competitor, whether by direct or indirect inducement or otherwise; (b) without the advance agreement of the employer involved, employ or seek to employ any person who is then employed by Franchisor or by any restaurant within Franchisor's System not owned and operated by Franchisee, or otherwise directly or indirectly induce or seek to induce any such person to leave his or her employ; or (c) induce, or seek to persuade, any other Franchisee to breach his or her agreements with Franchisor.

11.18 Minimum Sales Performance Standards: Franchisee shall have no minimum sales performance standards.

11.19 Franchisee's use of this Agreement as security for a loan or other similar encumbrance is prohibited, unless Franchisor specifically consents to any such action in writing prior to the proposed transaction. Franchisee shall not purport to grant a subfranchise under this Agreement nor seek to franchise, license, or permit others to use this franchise or any of the rights, assets, or property derived by or licensed to Franchisee under this Agreement. All such actions are expressly prohibited.

12. ROYALTY FEE, ADVERTISING AND OTHER FEES.

12.1 Franchisee shall pay Franchisor royalty fees during the term of this Agreement, which is six percent (6%) of weekly Gross Sales. The royalty fee shall be paid on or before Wednesday of each week for the immediately preceding calendar week. Franchisee shall make such payments to Franchisor directly or by electronic or wire transfer to Franchisor's specified bank account. Your obligation to pay the ongoing royalty fee begins on the start date as defined in Section 3.1 of this agreement.

12.2 (a) Chickpeas Kitchen as a whole has an established reputation on the internet. Our established online marketing system will be provided and implemented for you by Chickpeas Franchise Systems. The Brand Advertising we will provide is online search engine optimization (SEO) and may include Pay Per Click/Call (PPC) marketing. All company-owned or affiliated stores operating under the Marks will also benefit from this advertising. SEO plans will target key words and searches we feel are most prominent to our industry and will be integrated across the most widely used online search engines. PPC will hone in on specific searches we feel are most relevant to the restaurant industry as a whole. While Chickpeas Kitchen does provide some advertising, we do not intend to be the sole advertising entity. Franchisee shall pay Franchisor for the development of advertising concepts and materials and for the general marketing and advertising support of franchisees, spent as Franchisor in its discretion shall determine during the term of this Agreement an advertising fee of two percent (2%) of franchisee's weekly Gross Sales (not Adjusted Gross Sales) during the preceding week. In such event, Franchisee shall make payments to Franchisor directly or by electronic or wire transfer to Franchisor's specified bank account weekly by Wednesday of the week immediately following based on Gross Sales for the previous calendar week.

(b) Franchisor shall direct and approve all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. We encourage you to create your own advertising campaign specific to your territory, and we have sole discretion over the creative concepts, materials, media and placement of advertising you create or use. You agree that all advertising will be intended to maximize recognition of the Licensed Marks and patronage of all Franchised Businesses in the United States. Although we will try to use the Brand Advertising to benefit Chickpeas Kitchen as a brand, we are not obligated to ensure that Brand Advertising in any geographic area will be proportionate or equivalent to the contributions in any other geographic area. We are also not obligated to ensure that any Franchised Businesses will benefit directly or in proportion to its contribution to the Brand Advertising. While we intend the Brand Advertising to last indefinitely, we will have the right to terminate it and, if terminated, to reinstate it at any time.

(c) The funds may be used to meet any and all costs of creating, producing, maintaining, administering, directing, approving and conducting advertising, marketing and promotional activities and materials (including, without limitation television, radio, magazine and newspaper advertising campaigns and other public relations activities; point of purchase and promotional materials and the employment of outside agencies). All sums paid by Franchisee to the Fund shall be maintained in a separate account from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund.

(d) Although Franchisor intends the Fund to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all money in the Fund has been expended for advertising and promotional purposes.

(e) An annual accounting of the operation of the Fund shall be made available to Franchisee upon request. This accounting need not be prepared or audited by an independent certified public accountant, but if in its discretion Franchisor retains an independent certified public accountant for this purpose, the resulting fees and costs shall be borne by the Fund.

(f) Once contributions to the Fund are made by Franchisee, all such money shall be used as herein required and shall not be returned to Franchisee.

12.3 In addition to the above described advertising fee, if any, Franchisee shall spend on the advertising and promotion of his or her Chickpeas Kitchen business what is necessary to comply with the local advertising requirements as set forth in the Operations Manual. Presently, such standards require Franchisee to spend annually 2% of Gross Sales on advertising.

12.4 Franchisor has the right to audit Franchisee's books and records, including computer records, and to review Franchisee's business practices, on no less than three business days advance notice. If such an audit reveals an understatement in an amount of three percent (3%) or more of any month's reported Gross Sales, the franchisee immediately must pay, in addition to any other sums becoming due by reason of the under-reporting, the costs of the audit, including any costs and expenses incurred in connection therewith by Franchisor's employees, its accountants, or any others for whom Franchisor has expended money in connection with the audit.

12.5 The term "Gross Sales" means all sales and receipts from whatever source received, whether in cash or on credit, including all sales and receipts from whatever source derived, whether in cash or on credit, and whether or not made from the restaurant, including but not limited to the gross amount received from all customer sales, merchandise sales, catering, incidental sales, and the like. Credit transactions are deemed made when the transaction giving rise to the extension of credit occurs and not when payment is made or title to the goods passes. Credit card and other credit transactions result in Gross Sales in the full amount of the purchase by the customer without any deduction for bad debts, uncollectible accounts, or credit card fees and charges. Gross Sales are expected to bear a consistent and close relationship to customer billings, the reporting of which likewise is required. Gross Sales shall not include any of the following:

(a) the selling price of any services, goods, or merchandise, the refund of which by Franchisee to the customer is documented in accordance with the Operations Manual; An exchange of merchandise or services shall result in an exclusion from "Gross Sales" only to the extent of any accompanying credit, discount, refund, or other allowance;

(b) Merchandise returned by Franchisee to its source for credit or other allowance;

(c) Amounts or credits received on claims for loss or damage to merchandise or other assets;

(d) Sales and/or use taxes, or other similar taxes determined and/or imposed on the sale of merchandise or services by a governmental entity, but only to the extent that such taxes are added to the selling price of such merchandise or services and are separately stated to and collected from customers;

(e) Sales of trade fixtures or similar property not constituting merchandise of the Business.

To the extent that any of the foregoing excluded items was included in a report of Gross Sales, such item or items can be deducted from an amended report of Gross Sales pertaining to the period within which the exempted transaction occurred or from the report of Gross Sales for the period within which its erroneous inclusion in the prior statement was discovered. Any such exemptions shall be separately stated and shown on reports of Gross Sales.

12.6 Any amounts Franchisee owes to Franchisor, if past due, shall bear interest at the highest lawful rate on loans between businesses allowed by applicable law, or eighteen percent

(18%) whichever is less.

12.7 If a customer of Franchisee complains to Franchisor that Franchisee's services were deficient and Franchisor determines after discussion with Franchisee that there is merit to the customer's complaint, Franchisor reserves the right to perform or cause to be performed such services to the customer's reasonable satisfaction or to reimburse the customer for any money the customer may have paid for such services upon written notice to Franchisee if Franchisee does not do so itself. In such event, Franchisee shall promptly reimburse Franchisor for any costs incurred by Franchisor to perform or have performed such services or for such payment made by Franchisor to the customer upon receipt of an invoice from Franchisor.

12.8 Franchisor in the future may offer additional specific services to some or all franchisees, in areas such as accounting services, payroll services, various personnel-related services and/or dispatching, inventory control, etc., Franchisee shall be permitted but not required, during the initial term of this Agreement, to purchase available services from Franchisor.

13. <u>RECORDS AND INSPECTION</u>.

13.1 Franchisee shall keep and maintain accurate books, records, accounts, tax returns, and all back-up material related to the operation of the Business, including computer back-up records, and Franchisee shall submit records to Franchisor in accordance with the requirements and specifications set forth by Franchisor in the Operations Manual. All books and records shall be kept in accordance with generally accepted accounting principles except to the extent variations from those principles are authorized in writing by Franchisor, and they also shall be kept in accordance with format and other requirements of the Operations Manual, as it exists and from time to time be amended.

13.2 Franchisee shall make available to Franchisor's representatives any information, reports, accounts, books, records, orders, receipts, statements, customer data, and such other information requested by Franchisor, including, in such form or forms as Franchisor may request, the complete computer records of all data gathered and all business transactions conducted and including information in the possession of third parties employed or engaged by Franchisee, not limited to phone answering services, bookkeepers, and others.

13.3 Franchisor shall send a representative or representatives to visit the Business at such times as Franchisor may determine in its sole and absolute discretion. Franchisee, its Designee, and any other employee shall be present during such visits if requested by Franchisor upon prior notice of such visits, and cooperate fully with Franchisor's personnel during such visits. Franchisee shall make available to Franchisor's representatives any information, reports, accounts, books, records, orders, receipts, statements, and such other information requested by Franchisor, and shall allow Franchisor to access Franchisee's computers and electronic records. Such visits shall be during Franchisee's normal business hours and will take place at the Business unless the parties agree otherwise. Representatives of Franchisor shall have the right to visit, inspect, observe, and report to Franchisor on the operation of the Business, with or without notice to Franchisee, at such times, with such frequency, and for such durations as may be determined solely in the discretion of Franchisor.

13.4 Franchisee shall provide Franchisor a quarterly balance sheet and profit and loss statement in the form prescribed by Franchisor within thirty (30) days after the end of the quarter. Franchisee shall also provide Franchisor an annual balance sheet and profit and loss statement within thirty (30) days after the end of Franchisee's fiscal year. If Franchisee under-reports Gross Sales, Franchisor, in addition to its other remedies, may require Franchisee to submit such statements on an audited basis until Franchisor releases Franchisee from that requirement. Franchisee shall also provide Franchisor copies of Franchisee's state and local sales tax returns and federal and state income tax returns promptly upon their filing, but only those sections which relate to the Gross Sales of the Business. Franchisee shall provide such other, additional, and/or different reports as may be required by Franchisor from time to time at such times and in such formats as may be specified by Franchisor.

13.5 When franchise and, if applicable, advertising fees are due, Franchisee shall provide a statement of Gross Sales for the calendar week concluded, which statement must be certified as correct by Franchisee and in the format specified in the Operations Manual. Franchisee shall also provide Franchisor such other financial statements and information, at such times and in such formats as may be specified by Franchisor from time to time.

13.6 Franchisee shall record all sales in the sales recording system specified or otherwise approved in writing by Franchisor and shall also record all billings and receipts in the computer and elsewhere as provided in the Operations Manual. Franchisee shall purchase and use the computerized system specified by Franchisor to record and report on Franchisee's sales, inventory, purchases, expenditures, and/or such other matters as may be specified from time to time by Franchisor. Franchisee shall retain all charge account records, sale slips, merchandise orders, return vouchers, tax returns, sales tax reports, and all of Franchisee's other business records and related back-up material for at least seven (7) years following the end of the year to which the items pertain and to make such items available to Franchisor's representatives for inspection, examination, auditing, and/or copying upon reasonable notice from Franchisor.

13.7 Franchisee shall maintain vendor accounts on a current basis both with Franchisor and with any other contractors, suppliers, or others from whom Franchisee obtains goods and/or services, and with customers.

13.8 Franchisor shall have the right to audit Franchisee's books and records at any time during Franchisee's normal business hours. If an audit reveals an understatement of any week's reported Gross Sales in an amount of three percent (3%) or more, Franchisee shall immediately pay, in addition to any other sums becoming due by reason of the understatement, the costs of the audit including any costs and expenses incurred in connection therewith by Franchisor. Should any audit disclose the intentional under-reporting of Gross Sales in any amount, or an under-reporting of Gross Sales in excess of three percent (3%) in any calendar quarter or year, Franchisor may terminate this Agreement in addition to any other rights and remedies Franchisor has under this Agreement or applicable law.

14. INSURANCE.

14.1 Franchisee shall name Franchisor, Franchisor's officers, directors, shareholders and employees as co-insureds and shall furnish Franchisor with duplicate policies and certificates of insurance for the coverages hereinafter specified. All such insurance shall be in a form and with insurers acceptable to Franchisor. Such policy or policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an “A” Rating Classification as indicated in Best’s Key Rating Guide in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing. All policies of insurance required to be maintained by Franchisee hereunder shall be renewed, and evidence of such renewal, together with proof of payment of premiums, shall be delivered to Franchisor at least thirty (30) days prior to the expiration date of such policies. All policies shall contain a clause requiring that, if the policy is terminated by either party for any reason, thirty (30) days prior to the date of termination the insurer must provide Franchisor and all other co-insureds with written notice of termination. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance that may be maintained by Franchisor.

14.2 Prior to the commencement of operations under this Agreement the Franchisee shall procure, and shall maintain in full force during the term of this Agreement, at the Franchisee's expense, all forms of insurance that may be required by statute or rule of the state in which the Franchised Business is located, including, but not limited to:

a) Workers' compensation and employer’s liability insurance as prescribed by state law;

b) Public liability insurance to protect against injury to property or person caused in the operation of the Franchised Business in the minimum aggregate amount of $1,000,000; and

c) Motor vehicle liability insurance covering each and every vehicle operated by or on behalf of the Franchised Business in the minimum amount of $1,000,000; and

d) Business interruption insurance.

14.3 Franchisees and Franchisor will share information about insurance availability and prices for the benefit of each other and the franchise system.

14.4 Franchisor may, from time to time, in its discretion, adjust the limits of coverage set forth herein.

14.5 Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority but not the obligation to immediately procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

15.1 Franchisee is and shall be an independent contractor and nothing herein contained shall be construed so as to create an agency relationship, a partnership or joint venture between Franchisee and Franchisor. Neither party shall act as agent for the other. Neither party shall guarantee the obligations of any other or in any way become obligated for the debts or expenses of any other unless agreed to in writing. Franchisor shall not have any ownership or equity interest in Franchisee (though shareholders in Franchisor, acting in their individual capacities, are not so prohibited). Franchisor shall not regulate the hiring or firing of Franchisee's employees, the prices charged by Franchisee, the details of the work performed by Franchisee or its employees or the working conditions of Franchisee's employees, except to the extent necessary to protect the Marks and goodwill associated therewith. The conduct of Franchisee's business shall be determined by its own judgment and discretion, subject only to the provisions of this Agreement and the Operations Manual or other manuals as they may be adopted or revised from time to time. Franchisee shall post promptly and maintain any signs or notices specified by Franchisor or by applicable law indicating the status of the parties as described in this Section.

15.2 Franchisee shall defend, indemnify, and hold harmless Franchisor, and its officers, directors, shareholders, agents, and employees from and against any and all losses, liabilities, damages, costs, and expenses, including attorneys' fees and court costs, resulting directly or indirectly from, or in any way pertaining to, the design, construction, fixturing, decorating, stocking, use, occupancy, maintenance, repair, conduct, operation, sales, policies, procedures, practices, actions, hiring, personnel policies, or any other activities, including intentional acts and negligence, of Franchisee, its agents, officers, directors, partners, shareholders, employees, or any others with whose conduct Franchisee is chargeable. Further, Franchisee shall indemnify and hold Franchisor harmless from and against all loss, damage, cost, and expense, including attorneys' fees and court costs, arising from or in any way connected to Franchisee's representations made in connection with this Agreement and the performance or lack of performance of Franchisee's obligations under this Agreement.

16. TRANSFER OF THE FRANCHISE.

16.1 If Franchisee purports to transfer this Agreement or ownership in Franchise, in whole or in part, or any of Franchisee's rights hereunder, or any material portion of any of the real or personal property used by Franchisee in connection herewith, without the prior written consent of Franchisor, such action shall constitute a material breach of this Agreement and shall be void. This Section applies to the transfer or issuance of shares in, or the merger, consolidation, or other restructuring of a corporate franchisee, and the addition or transfer of any partnership interest in a partnership franchisee, and the addition or transfer of any member interest in an LLC. Franchisee shall ensure that Franchisor's approval is a condition of any agreement by Franchisee to transfer the franchise.

16.2 Franchisee shall provide Franchisor written notice of any proposed transfer within the scope of 16.1 above and shall comply with the provisions of Section 18 below, which concerns Franchisor's right of first refusal.

16.3 Included with Franchisee's notice of proposed transfer, unless exempted, shall be Franchisee's non-refundable application fee of $500.00 to Franchisor. The $500.00 application fee will be credited toward the transfer fee where applicable, if the transferee is approved, otherwise forfeited to defray Franchisor's expenses in connection with processing the application. The application fee is subject to upward adjustment by any change in the Consumer Price Index specified in this Agreement between its date and the date of the transfer.

16.4 Subject to Franchisor's rights of first refusal described at Section 18, Franchisee may transfer or assign any rights under this Agreement upon written consent of Franchisor, except that Franchisor shall not withhold consent where transferee or assignee is qualified under franchisor’s then-existing standards for the approval of new or renewing franchisees. Franchisor may condition transfer on such factors as:

(a) Franchisor's satisfaction that the proposed transferee meets (and that its officers or partners, if any, meet) the character, business experience, credit rating, financial strength, and other standards, criteria, and qualifications then being sought by Franchisor from new and other transferee franchisees with due regard to the business potential of the unit; Franchisor may withhold consent if it believes in its sole discretion that the number or quality of unit to be transferred or the sales price proposed or the terms of payment to Franchisee by the prospective transferee are such that successful operation of the Business by the transferee might be unreasonably doubtful;

(b) full payment of all Franchisee's outstanding debts;

(c) execution of a general release of all claims against Franchisor and its agents by Franchisee (or the transferor, if different) upon the transfer of Franchisee's (or the transferor's) entire interest in this Agreement, or a material portion thereof;

(d) execution by Franchisee of a written acknowledgment that its confidentiality and non-competition covenants, and their application to all covered persons, shall survive any assignment and remain effective as though the assignment had not occurred;

(e) the Seller/transferor's granting in favor of Buyer/transferee and his or her successors a written agreement not to compete in the Mediterranean-style restaurant business for two years and within fifty (50) miles of the territory or within twenty (20) miles of any other Chickpeas Kitchen Business then in existence or then granted to be opened; or for a longer time or greater territory should the parties so agree and Franchisor not disapprove after notice;

(f) the Buyer/transferee's covenant to Franchisor to enforce, and not to waive, the aforesaid covenant not to compete given him by Seller/transferor;

(g) the transferee's execution of the then-current form of the Franchise Agreement; If the then-current Franchise Agreement is required to be signed by the transferee, no new initial franchise fee will be required and the term of the franchise will be that remaining under this Agreement.

(h) payment by Franchisee of the application fee, as described at 16.3 above;

(i) payment by Franchisee of the transfer fee, as described, in the ordinary case, below at 16.5;

(j) paid attendance and completion pursuant to Section 6 above by transferee, and employees to whom applicable, to Franchisor's satisfaction, of Franchisor training courses; If the transferee will replace the Designee, the transferee must satisfactorily complete the training course before Franchisor will approve the transfer. If transferee fails to satisfactorily complete the training course, the transfer fee shall still be due and payable and is otherwise not refundable. If transfer of the Business, or an interest in the franchise or franchisee, is allowed by Franchisor prior to the completion of the training course by the transferee, Franchisee shall operate the Business for the account of the transferee while the transferee is attending Franchisor's training course;

(k) execution by the Franchisee and the transferee of such transfer documents as Franchisor may require, including personal guarantees; Franchisee agrees to guarantee the obligations of his or her transferee under the Franchise Agreement signed by the transferee unless relieved of this liability in writing by Franchisor; and

(l) Franchisee's good standing for compliance with this Agreement and the Operations Manual prior to and pending the proposed transfer, including cure of all curable defaults and noncompliance. Under no conditions will uncured or incurable noncompliance be excused, even following the death or incapacity of Franchisee.

16.5 If the transfer will result in the cumulative transfer of over fifty percent of the interests of either the original franchisee or franchisees or of the then franchisee or franchisees, a transfer fee is due upon completion of the transfer of the franchise. The transfer fee is equal to $5,000.00, adjusted upwards for changes in the Consumer Price Index, or ten percent of the total purchase price paid by the assignee, whichever is greater. The Franchisee acknowledges that this sum is fairly due Franchisor for its contribution to the value of the business and is reasonably required to reimburse the Franchisor for its expenses relating to said assignment.

16.6 Franchisee's interest in this Agreement is transferable by will or by intestate succession upon franchisee's death, and this includes the interest of a partner in a partnership or the stock ownership of a shareholder in a corporation which owns Franchisee. If Franchisee or a shareholder or partner in Franchisee is determined by a court of competent jurisdiction to be legally incompetent, the guardian of the concerned person who is appointed by the court may transfer the interest of the incompetent to the extent allowed by law. Franchisee's interest in this Agreement, including the interest of a partner in a partnership or the stock ownership of a shareholder in a corporation which owns Franchisee, also is transferable during lifetime to a spouse or adult child of the transferor. However, all such transfers are subject to Franchisor's conditions and requirements regarding transfers as set forth herein, including, but not limited to, application, approval by Franchisor, payment of the application, transfer, and training fees, the transferee's execution of the then-current Franchise Agreement, and to Franchisor's rights of first refusal where applicable. However, if the transfer is to a named beneficiary or to the spouse or an adult child of the individual, transfer fees are not payable.

16.7 If Franchisor does not approve a potential transferee who proposes to take this franchise as a beneficiary under Franchisee's will or by intestate succession, Franchisee's estate may sell the franchise to a third party transferee who is acceptable to Franchisor, provided that the sale and transfer take place within six (6) months after the death or declaration of incapacity and subject to the terms of transfer herein, including Franchisor first refusal rights, which shall apply. If an approved transfer of this Agreement is not completed within said six (6) months, Franchisor has the right to terminate this Agreement. During any period following the death or declaration of incapacity of Franchisee, Franchisee's estate must comply with the terms and conditions of this Agreement. Under no conditions will such compliance be excused or reduced because of the death or incapacity of Franchisee.

16.8 The transfer of this franchise upon written notice by an individual or partnership to a corporation or LLC wholly-owned by the preexisting owner or all preexisting owners of this franchise shall not require Franchisor's approval nor the payment of the application or transfer fees. However, the transferring owner or owners must agree to remain personally responsible to Franchisor for the corporate franchisee's performance of the terms and conditions of this Agreement. The absence of any additional written agreements and/or guarantees concerning the transfer will not affect the continuing liability of the transferring owner or owners of this franchise for the obligations of the corporate franchisee. Franchisor may impose similar requirements on any proposed transfer of this franchise to a trust.

16.9 If the transfer is an assignment of the franchise by an individual to a corporation or an LLC in which the Franchisee is, and so long as he remains, the majority stockholder and the officer responsible for the full-time personal operation and supervision of the franchise, and the transfer does not result in the cumulative transfer of over Fifty Percent (50%) of the interest or interests of the original owner or owners, the $500.00 application fee, but no transfer fee is charged. However, Franchisor requires that the transferor, or transferors and each of them, personally guarantee all obligations of the franchise. The $500.00 fee is subject to upward adjustment according to the Consumer Price Index.

16.10 If a proposed transfer is among only existing shareholders of a corporate franchisee, only existing members of an LLC, or among only existing partners of a partnership franchisee, Franchisor shall charge the application fee and shall not exercise its right of first refusal in connection therewith. If no shareholders or partners leave the entity owning the franchise, no transfer fee shall be due; if one or more shareholders or partners leave the owning entity, the transfer fee, in addition to the application fee, charged by Franchisor shall not exceed the greater of $1000.00 or four percent (4%) of the franchisee's highest monthly Gross Sales within the past three months, whichever is higher. In the circumstance where one or more partners or shareholder leave, the remaining shareholders and/or partners must demonstrate their qualifications to operate the franchise in terms of Franchisor's then-current standards for new franchisees. Franchisor may also charge the then current training fee, if Franchisor, in its sole discretion, deems training necessary. An outgoing partner or shareholder remains liable to Franchisor for performance of all obligations under this Agreement, unless released by Franchisor in writing.

16.11 Involuntary transfers of this Agreement or the assets of the franchised business, such as by legal process, are not permitted, are not binding on Franchisor, and are grounds for the termination of this Agreement.

16.12 If a court of competent jurisdiction as a part of a divorce, dissolution, legal separation, or other proceeding, orders Franchisee to transfer to his or her spouse all or any part of Franchisee's interest in this Agreement and/or in a material portion of the real and/or personal property used in connection with the Business, such an order will constitute a transfer of this Agreement and will cause the transferee to be subject to all terms concerning transfers set forth above. However, if both spouses are franchisees under this Agreement, such a transfer will not be subject to the transfer requirements herein, unless the spouse to whom this Agreement or the concerned property is being transferred is not actively engaged in the operation of the Business, in which case Franchisor can declare that the transfer is subject to all transfer terms of this Agreement.

17. TRANSFER BY FRANCHISOR

Franchisor may sell, assign, or otherwise transfer its rights in and to this Agreement in whole or in part without the prior consent of Franchisee. In the event of any such transfer, Franchisor shall be released from any liability under this Agreement for the obligations transferred.

18. FRANCHISOR'S RIGHT OF FIRST REFUSAL

18.1 Franchisee shall, prior to the sale, assignment, or transfer of a franchise, all or substantially all of the assets of a franchise business, or a controlling or noncontrolling interest in the franchise business, to another person, notify Franchisor, of Franchisee's intent to sell, transfer, or assign the franchise, all or substantially all of the assets of the franchise business, or the controlling or noncontrolling interest in the franchise business. The notice shall be in writing, delivered to Franchisor by business courier or by receipted mail and include all of the following:

(1) The proposed transferee's name and address.

(2) A copy of all agreements related to the sale, assignment, or transfer of the franchise, the assets of the franchise business, or the interest in the franchise business.

(3) The proposed transferee's application for approval to become the successor franchisee. The application shall include all forms, financial disclosures, and related information generally utilized by Franchisor in reviewing prospective new franchisees, if those forms are readily made available to the Franchisee. If the forms are not readily available, Franchisee shall request and the Franchisor shall deliver the forms to Franchisee by business courier or receipted mail within 15 calendar days. As soon as practicable after the receipt of the proposed transferee's application,

Franchisor shall notify, in writing, Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If Franchisor’s then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee’s intent to sell, transfer, or assign the franchise, the assets of the franchise business, or the controlling or noncontrolling interest in the franchise business, Franchisor shall communicate the standards to Franchisee within 15 calendar days.

18.2 Franchisor shall, within 60 days after the receipt of all of the necessary information and documentation required pursuant to Section 18.1, or as specified by written agreement between Franchisor and Franchisee, notify Franchisee of the approval or disapproval of the proposed sale, assignment, or transfer. The notice shall be in writing and shall be delivered to Franchisee by business courier or receipted mail. A proposed sale, assignment, or transfer shall be deemed approved, unless disapproved by Franchisor in the manner provided by this section. If the proposed sale, assignment, or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Provided that Franchisor or its designee will not be required to match any terms and conditions which relate to an offer to buy or acquire any rights or assets or to assume any liabilities unconnected with the Franchised Business and may require that such terms and conditions be excluded from the offer and the offer restated to reflect the transfer only of rights, assets and liabilities related to the Franchised Business, and; further provided that Franchisor or its designee may substitute equivalent cash consideration for any non-cash consideration.

18.3 If Franchisor elects to exercise, or to assign under payment guarantee, this right of first refusal, the parties shall act expeditiously to complete the transfer, provided that the date for the completion of the transfer can be extended at Franchisor's option for up to thirty (30) days.

18.4 If there are any material changes in the terms and conditions of the proposed transfer after Franchisor notifies Franchisee of its election not to exercise its right of first refusal, or after the expiration of the time period within which Franchisor can elect to exercise its right, Franchisee shall notify Franchisor of the changes in writing and Franchisor shall then have an additional ten (10) days within which to elect to exercise its right of first refusal.

18.5 If the proposed transfer is not completed for any reason within ninety (90) days after Franchisor elects not to exercise or assign its right of first refusal, or after the expiration of the time allows for such election, a new right of first refusal commences as to the concerned transaction and any subsequent proposed sales or transfers by Franchisee or any of the owners thereof.

18.6 Franchisor's right of first refusal will not apply to an approved transfer to a beneficiary in the will of Franchisee or a beneficiary of Franchisee by intestate succession nor to a transfer during lifetime to the spouse or adult child of the transferee. However, Franchisor can exercise its right of first refusal in the event of a proposed transfer of this Agreement by Franchisee's executor, administrator, guardian, or other personal representative or by the beneficiary who takes under Franchisee's will or by intestate succession.

18.7 In the event of the proposed transfer or transfers by the initial owner or owners of over Fifty Percent (50%) of the interests in a corporate, LLC or partnership Franchisee, Franchisor, if it elects to purchase the interest or interests being transferred pursuant to its right of first refusal, is hereby granted by Franchisee and by all members of a partnership, and LLC or a corporation which owns Franchisee, the right to require those who do or would hold the resulting minority interest or interests in Franchisee to transfer that interest or those interests to Franchisor at a price proportionate to the price being paid for the majority interest or interests. This right shall continue for a period of one (1) year from the closing of the transfer transaction by which Franchisor obtains in excess of Fifty Percent (50%) of the interests in Franchisee.

19. DEFAULTS, CURES, TERMINATION, AND REMEDIES.

19.1 This Agreement may be terminated without notice and without an opportunity for Franchisee to correct a condition of default as follows:

(a) If Franchisee is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the property of Franchisee is assigned to or for the benefit of any creditor or creditors, or if Franchisee admits its inability to pay its debts as they become due;

(b) If Franchisee abandons the franchised business by failing to operate it for at least five (5) consecutive days during which Franchisee is required by this Agreement to operate the business, or for any period of less than five (5) days after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Business, unless such failure is due to fire, flood, earthquake, or other force majeure;

(c) If the parties agree in writing to terminate this Agreement;

(d) If Franchisee has made any material misrepresentation relating to the acquisition of the franchise or engages in conduct which reflects materially and unfavorably upon the operation and/or reputation of the franchised business or system;

(e) If Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(f) If Franchisee repeatedly fails to comply with one or more requirements of the franchise, including requirements of the Operations Manual, whether or not corrected after notice;

(g) If the Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor of Franchisee, provided that final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas bond or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon a material portion of the property used in the franchised business and the levy is not discharged within five (5) days of the levy;

(h) If Franchisee is convicted of a felony of any type, or any criminal misconduct which is relevant to the franchised business;

(i) If Franchisee fails to pay any franchise fees, royalties, advertising fees, transfer fees, renewal fees, or other amounts due to Franchisor, or any affiliate of Franchisor, within the time periods specified for such payments by this Agreement, or the agreement specifying the payment concerned, or in any event within five (5) days after receiving written notice that such fees or other amounts are overdue;

(j) If Franchisor makes a reasonable determination that continued operation of the franchised business by Franchisee will result in an imminent danger to public health or safety;

(k) If Franchisee intentionally under-reports his or her gross billings or sales in any amount, or, regardless of intent, under-reports such sales in excess of three percent (3%) in any calendar quarter or year;

(l) If Franchisee, after curing any failure in accordance with California Business & Professions Code §20020, engages in the same noncompliance whether or not such noncompliance is corrected after notice.

19.2 In addition to the grounds for immediate termination set forth above, Franchisor can terminate this Agreement for the following violations if the violation is not cured after notice and within the time period allowed to cure provided in Section 19.3 of this Agreement or other concerned agreements:

(a) Franchisee substantially fails to comply with any material term of this Agreement;

(b) If Franchisee attempts or purports to transfer or assign all or any part of this Agreement, the franchised business, or any material portion of the real or personal property associated with either, except as provided in this Agreement, or attempts or purports to subfranchise to a third person or entity, or otherwise to allow an unauthorized third person or entity to use, any of the rights, proprietary property, and/or assets franchised or licensed to Franchisee hereunder, or any portion of the real and/or personal property used by Franchisee in connection herewith;

(c) If Franchisee loses the right to occupy Franchisee's business premises by virtue of a default by Franchisee in its lease, sublease, or other document of occupancy. However, if Franchisee's lease, sublease, or other occupancy document expires, or the right to possession and use of the premises otherwise be lost through no fault of Franchisee, this Agreement will not be terminated if Franchisee relocates and reopens the Business at a location and pursuant to lease terms acceptable to Franchisor within thirty (30) days from the date of the termination of Franchisee's prior lease, sublease, or other document of possession; or

(d) If Franchisee for any reason loses or has suspended any license necessary to run the franchised business.

19.3 If the breach concerns this Agreement and does not result in immediate termination, the correction of any default must be accomplished within sixty (60) days after Franchisee is given written notice from Franchisor describing the condition which constitutes the violation, and the corrective action which must be taken, if any corrective action is possible to cure the default. Should a default under this Agreement be of such a nature that Franchisor in writing agrees more than sixty (60) days is reasonably required to cure, Franchisee shall be given such additional time as may be reasonable, provided that corrective action is commenced promptly within the initial sixty (60) day period and is pursued diligently to completion.

19.4 If the principal operator of the Business, whether the Designee or Franchisee, was the principal operator of a restaurant for which the Franchise Agreement has been terminated due to an uncured default, Franchisor can require that said operator be replaced and take no active role in the operation or supervision of the Business granted under this Agreement. This Section is applicable even if the franchises are under different ownership.

19.5 If a default in this Agreement is not cured after notice and within any time period allowed for the correction of the default, termination of this Agreement will occur without further notice as of the expiration of the time allowed to cure the default.

19.6 At any time prior to Franchisor's approval of the location or lease, Franchisor may terminate this Agreement in its sole and absolute discretion, and without providing any reason or justification to Franchisee, by refunding the full amount of the franchise fee. However, should the termination be caused by a reason set forth above, or elsewhere in this Agreement, the conditions of termination, and any refund by the franchise fee, shall be governed by the concerned section and not by this Section and Franchisor shall specify the reason for the termination and refer to the section of this Agreement under which the termination was taken.

19.7 Upon termination of this Agreement for any reason, Franchisee shall immediately bring all accounts with Franchisor current and stop using Franchisor's licensed trade name, trademarks, trade dress, service marks, logotypes, proprietary software, trade secrets, patented items, and other commercial property and symbols; shall discontinue the use of any signs, displays, advertising and/or promotional material, and the like, that are unique or distinctive to Chickpeas Kitchen businesses; return to Franchisor the Operations Manual and all copies thereof and all other material obtained by Franchisee from or through Franchisor.

19.8 Upon a lawful termination or nonrenewal of a Franchisee, Franchisor shall purchase from the Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or its approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in the possession of Franchisee or used by Franchisee in the franchise business. Franchisor shall have the right to receive clear title to and possession of all items purchased from Franchisee under this section.

The purchase price shall be paid by Franchisor by a cash payment equal to twenty-five percent (25%) of the purchase price down payable within ten (10) days of the effective date of the termination, with the balance payable in three equal annual installments with the unpaid principal amount bearing interest at the prime rate, plus two percent (2%).

This section shall not require Franchisor to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the franchise business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the franchise business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings.

This section shall not apply under the following circumstances:

(a) When Franchisee declines a bona fide offer of renewal from Franchisor;

(b) When Franchisor does not prevent Franchisee from retaining control of the principal place of the franchise business;

(c) When the termination or nonrenewal of a franchise is due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the franchise is located. For the purpose of this section "relevant geographic market area" shall have the same meaning as in California Business & Professions Code § 20999.

(d) When Franchisor and Franchisee mutually agree in writing to terminate or not renew the franchise.

This section shall not apply to any inventory, supplies, equipment, fixtures, or furnishings that are sold by the franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the franchise business, by Franchisee, pursuant to the termination or nonrenewal.

Upon the termination or nonrenewal of a franchise, Franchisor may offset against the amounts owed to Franchisee under this section any amounts owed by Franchisee to Franchisor.

19.9 Upon termination of this Agreement, Franchisee shall cease using any and all telephone numbers listed on the internet, or any telephone directory under the name “Chickpeas Kitchen” or any other name confusingly similar to it, and shall, upon the Franchisor's request, direct the telephone company to transfer any such telephone number and any telephone directory listing associated with the Marks to the Franchisor or to such other persons as the Franchisor may designate. The Franchisee hereby irrevocably appoints any officer of the Franchisor as his attorney-in-fact to direct the telephone company and all listing agencies, in his name and on his behalf should he fail or refuse to do so, to make any such transfer, in accordance with Exhibit H Power of Attorney, and hereby expressly authorizes the telephone company and all listing agencies to act at the direction of said attorney-in-fact and agrees to hold them harmless for their actions in respect of any such transfer. Franchisee shall immediately assign telephone numbers and all customer accounts and orders to Franchisor. Franchisee shall immediately cancel any fictitious business name or equivalent registrations or listings indicating that Franchisee is in any way affiliated with Franchisor or the Chickpeas Franchise Systems unless Franchisee continues to be so affiliated by virtue of a validly existing agreement between the parties which survives the termination of this Agreement. Franchisee shall immediately notify all of its suppliers, creditors, customers, and concerned others that Franchisee is no longer affiliated with Franchisor and or Chickpeas Franchise Systems. Franchisee shall not use any of Franchisor's trade secrets or other proprietary material following the termination of this Agreement.

19.10 Upon termination or non-renewal of this Agreement for any reason, Franchisor has the option to terminate any lease, sublease, or to retake the premises subject to the concerned lease, sublease, or relationship. If Franchisor is not the lessor or sublessor of Franchisee, Franchisor has the right to have Franchisee assign its lease or other document of occupancy to Franchisor without payment of any kind to Franchisee by Franchisor as consideration for that assignment. In the event of such a termination or assignment, Franchisee agrees to bring the restaurant premises into full compliance with the requirements of the lease, sublease, or other document of possession and to bring all accounts with the lessor, sublessor, or other grantor current as of the date that Franchisor assumes possession of the premises, as well as indemnifying Franchisor against all losses and costs arising by virtue of or attributable to the period of Franchisee's possession of the premises. Following Franchisor's assuming possession of the premises, Franchisor shall indemnify Franchisee against all losses and costs arising by virtue of or attributable to the period of Franchisor's possession of the premises.

19.11 Other than as specified in Section 19.8, above, upon termination, nonrenewal or expiration of this Agreement Franchisor shall have the right but not the obligation to purchase the assets of the Franchised Business at their fair market value, less any amounts due to Franchisor and after deduction of any amounts Franchisor will be required to pay to landlord, recommended suppliers or any creditors of the Franchised Business to satisfy any indebtedness of Franchisee. This option may be exercised by written notice to Franchisee which maybe given at any time from 30 days before through 30 days after the termination or expiration, or from such earlier time as it becomes apparent that the franchise will terminate, expire or not be renewed by Franchisee through 30 days after the termination, expiration or nonrenewal. Upon receipt of the notice, Franchisee must preserve the assets of the Franchised Business and refrain from any acts or omissions that would deplete or damage the assets of the Franchised Business. The fair market value of the Franchised Business shall not include any factor for the value of or goodwill generated by use of the Marks as all such value belongs to Franchisor. If Franchisor and Franchisee cannot agree on fair market value of the business, it shall be established by an experienced service business appraiser agreed on by both parties, with each party paying one half of the appraisal fee. Failing agreement on an appraiser, each party shall select and pay the fees of its own appraiser, who must be and experienced service business appraiser, and fair market value will be the average of both appraisals. Any appraisal must be reasonable, made in good faith and consistent with the provisions of this Section.

19.12 In addition to the remedies set forth above, Franchisor shall have all other remedies available to it at law or in equity which may apply by virtue of Franchisee's default.

19.13 Upon the termination or nonrenewal of this Agreement for any reason, no payment is due to Franchisee from any source on account of any goodwill or other equity claimed by Franchisee arising from Franchisee's operation or ownership of the business, or otherwise.

19.14 All of the provisions of this Agreement, which by their terms or by implication apply following the termination of this Agreement shall indeed survive and apply following the termination of this Agreement.

20. DISPUTE RESOLUTION.

20.1 Governing Law. Except to the extent governed by the Lanham Act, 15 U.S.C. Secs. 1051 et seq., or the Federal Arbitration Act, 9 U.S.C. Sec 2 et seq., or as expressly otherwise provided herein, as at Section 8.7(i) above, this Agreement shall be interpreted in accordance with and shall be governed by California law.

20.2 Informal Resolution. In the event of any controversy or claim between Franchisee and Franchisor arising out of or related to this Agreement, or the breach hereof, the complaining party shall give written notice of the condition giving rise to the dispute to the other party at least fifteen (15) days prior to instituting any arbitration or lawsuit based on that complaint, whether the complaint arises under the terms of this Agreement or otherwise. Within that fifteen (15) day period the parties shall try to resolve the dispute in good faith. This provision for notice shall not apply, however, to claims for moneys due under this Agreement nor to the matters described at section 20.3 D below nor to notices of franchise termination or nonrenewal by Franchisor to Franchisee nor shall it affect the termination or nonrenewal notice obligations or cure rights otherwise provided for in this Agreement or under statute.

20.3 Binding Arbitration:

A. Except as precluded by applicable law or exempted hereunder, any controversy or claim that arises out of or relates to this Agreement, or any breach of this Agreement, including without limitation any claim that any of this Agreement (including this Section 20.3) is invalid, illegal, voidable or void, shall be submitted to arbitration in accordance with the rules of ADR Services Inc., San Francisco, California, and judgment upon the award may be entered in any court with jurisdiction thereof.

B. Unless applicable law requires otherwise, arbitration shall occur in San Francisco, California. This arbitration provision shall be self-executing, and shall remain in effect after and regardless of expiration or termination of this Agreement. If a party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party regardless of such failure to appear.

C. Section 1283.05 and 1283.1 of the California Code of Civil Procedure are by this reference incorporated in and made part of this Agreement and shall apply in connection any arbitration under this Section 20.3.

D. Nothing in this Section 20.3 or elsewhere in this Agreement shall limit Franchisor's rights or remedies in connection with any action in any court of competent jurisdiction for injunctive or other provisional relief that Franchisor deems necessary or appropriate to compel Franchisee to comply with Franchisee's obligations under this Agreement or to protect the Trade Secrets or Marks or to prevent any threatened conduct that may cause loss or damages to Franchisor under rules of equity or to collect royalties. Such rights and remedies shall be available to Franchisor through arbitration and/or in court, at Franchisor's option. Franchisor's rights and remedies in this Agreement with respect to the trade secrets are additional to those under the California Uniform Trade Secrets Act.

20.4 Jurisdiction, Venue, and Service. This Agreement shall be deemed to be entered into in Davis, California. Accordingly, in any judicial action allowable under this Agreement the parties submit to the jurisdiction of the courts of, and to venue in, the United States District Court for the Eastern District of California and the Superior Court of the State of California in and for the County of Yolo. Further, each party irrevocably submits to the jurisdiction of those courts and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of California or otherwise in any such suit, action or proceeding. Each party agrees to accept service of process in any such action, suit or proceeding in the manner provided for in Section 23.

20.5 Attorney's Fees and Costs. Should there be litigation or arbitration between the parties to this agreement arising out of this Agreement or the relationship between the parties, the arbitrator or court shall award reasonable attorney's fees and costs to the prevailing party.

21. FRANCHISOR DOES NOT WARRANT OR GUARANTEE SUCCESS OF BUSINESS

Franchisor does not warrant or guarantee, in any way, that any location, equipment, supplies, plans and specifications and the like approved by Franchisor will be suitable or adequate for the success of the Business. Franchisor does not warrant or guarantee the successful performance of the Business, nor does Franchisor warrant or guarantee that the past performance of the Business or any other or all Chickpeas Kitchen Businesses is indicative of future performance of the Business. Franchisor does not and will not make any projections as to the performance of the Business.

22. MODIFICATION OR AMENDMENT.

This Agreement may be modified only by a writing signed by both parties. Franchisor may modify its Operations Manual at such times and in such ways as Franchisor deems necessary or desirable.

23. NOTICES.

All notices required by this Agreement shall be in writing and deemed to have been received by the addressee at the earlier of when personally delivered to the addressee, when an acknowledgment of receipt is signed by the addressee or a duly authorized agent of addressee, or five (5) days after the deposit of such notice in the United States mail, when sent by registered or certified mail, postage prepaid and addressed as follows:

Franchisor: CHICKPEAS FRANCHISE SYSTEMS
640 W Covell Blvd Ste A
Davis, California 95616

Franchisee: ______________________________
____
____

or to such other address as a party to whom notice is to be given has furnished to the other party in the manner provided above.

24. CONSUMER PRICE INDEX ADJUSTMENT.

24.1 Consumer Price Index shall mean the Consumer Price Index for All Urban Consumers (base year 1982-84=100) for U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics, most immediately preceding the concerned dates. In no case will any adjustment result in a charge, fee, or other payment below the amount subject to the adjustment.

24.2 If the Index designated above is changed so that the base year differs from that in effect on the date of this Agreement, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, including any extensions or renewals hereof, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would have been obtained had the Index not been discontinued or revised.

25. HEIRS, SUCCESSORS, AND ASSIGNS.

This Agreement is binding upon and inures to the benefit of the parties and their heirs, successors, representatives, and assigns, but only on the conditions and in the manner set forth in this Agreement.

26. WAIVERS.

The failure of Franchisor to enforce any right or default hereunder shall not be deemed to be a waiver or abandonment of such right or default unless it is waived in a writing signed by Franchisor. The waiver of any right or default in one instance shall not be deemed to be a waiver of any subsequent or different breach. The acceptance of money or other performance by Franchisor shall not constitute a waiver of any right or default.

27. SEVERABILITY.

Any invalidity or unenforceability of any portion of this Agreement shall not affect the validity of any other portion of this Agreement and, unless the substantial performance of this Agreement taken as a whole is frustrated thereby, this Agreement shall remain in a full force and effect.

28. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute a single agreement.

29. HEADINGS.

The headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

30. MISCELLANEOUS.

30.1 Time is of the essence in this Agreement.

30.2 The parties intend to confer no benefit or right on any person or entity not a party of this Agreement and no third party shall have any right to claim any benefit or right as a third party beneficiary under this Agreement.

30.3 Where a corporation is a party to this Agreement, the person or persons signing this Agreement on behalf of the corporation warrant to Franchisor that he, she, or they have the requisite corporate authority to sign this Agreement. Said corporate signatory shall provide Franchisor with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers of the corporation who are authorized to sign this Agreement on behalf of the corporation.

30.4 No fees, charges, royalties, advertising fees, or other payments of any kind from Franchisee to Franchisor are refundable in whole or in part except as may be otherwise set forth elsewhere in this Agreement.

31. ACCORD AND SATISFACTION.

No payment by Franchisee or receipt by Franchisor of any amount less than that required to be paid under this Agreement, or otherwise, to Franchisor, or any person or entity affiliated with Franchisor, shall be deemed to be anything except a payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith. By endorsing any check or accepting any amount from or on behalf of Franchisee, Franchisor shall not be bound by any claim that such endorsement or acceptance was an accord and satisfaction for less than the full amount due. All payments from Franchisee shall be applied first to any interest owing to Franchisor from Franchisee and then to the earliest of the principal amounts due to Franchisor from Franchisee. Any payment to Franchisor from Franchisee and the acceptance thereof by Franchisor shall not prejudice nor be deemed to be a waiver of any rights of Franchisor to require full payment and performance of all of Franchisee's obligations and duties under this Agreement.

32. OWNERSHIP AND AUTHORITY TO DEAL.

32.1 Franchisee represents and warrants that it has disclosed in writing to Franchisor the identities and interests of all of its owners, members, partners, and shareholders, and agrees to notify Franchisor in writing and to obtain approval of Franchisor prior to adding or dropping owners, partners, or shareholders and prior to transfer of any LLC interests, partnership interests or corporate shares.

32.2 Should Franchisee be a corporation, LLC or partnership, or should this Agreement be transferred to a corporation, LLC or partnership, Franchisee agrees immediately to appoint an individual general partner, member or corporate officer, director, or shareholder, as appropriate, to serve as the designated person to be the contact with Franchisor regarding performance by Franchisee under this Agreement. Franchisee warrants that this person ("the designee") will have all necessary authority to speak for Franchisee in all matters related to this Agreement and to bind Franchisee in such matters. The designee must oversee Franchisee's compliance with the terms and conditions of this Agreement and all matters related hereto. Franchisee warrants to Franchisor that Franchisor can rely on the authority of the designee in all matters until such time as Franchisor is notified in writing by a majority of the partners, directors, or shareholders, as appropriate, of Franchisee of any change in the person serving as the designee or in the authority of the designee.

Designee:

____

Name and title of the designee

32.3 If the individual named as the designee for any reason ceases to hold that position, Franchisee agrees immediately to name another person to serve as the designee, which person shall have the duties and authority as previously set forth herein.

32.4 Nothing in this paragraph or elsewhere in this Agreement, shall in any way be construed to lessen the responsibility or liability of any other members of an LLC, a partnership Franchisee or the officers, directors, and shareholders of a corporate Franchisee, for compliance by Franchisee with the terms and conditions of this Agreement.

33. JOINT AND SEVERAL LIABILITY.

If two or more persons or entities sign this Agreement, the liability of each shall be joint and several. All members of a general partnership or the general partners of a limited partnership, and all members of any association, or other unincorporated entity, or any member of an LLC which is Franchisee hereunder are jointly and severally liable for the performance of Franchisee to the extent allowed by applicable law.

34. FRANCHISOR'S RIGHT TO ACT.

Should Franchisee fail to perform any duty or obligation required of Franchisee under this Agreement, Franchisor has the right, but not the obligation, to perform such duty or obligation on behalf of Franchisee. Franchisee shall immediately pay Franchisor all costs and expenses incurred by Franchisor in any such performance. All sums not immediately so paid will bear interest in the amount required by this Agreement.

35. ENTIRE AGREEMENT.

This Agreement contains the entire understanding between the parties and encompasses all representations on which they have relied in entering into it. This Agreement supersedes all prior negotiations, agreements, representations, promises, commitments, inducements, assurances, conditions, and covenants between the parties whether direct, indirect, or implied and whether oral or written. Franchisor has made no promises which are not contained in this Franchise Agreement or in any signed addendum, amendment, or exhibit hereto.

36. NO PROMISES.

Franchisee acknowledges that neither Franchisor nor anyone purporting to act for Franchisor has made any promises or representations concerning Chickpeas Kitchen Businesses, the sales volumes which will be produced by Franchisee's business, the suitability of any lease or location, the profits to be made in the business, the likelihood of success of the franchised business, or any other matter in connection with the proposed franchise or the franchised business other than those which are set forth in this Franchise Agreement and any signed amendments or exhibits hereto. If any such promises have been made, Franchisee is instructed to make sure that they are set forth in writing in this Franchise Agreement or in an amendment or exhibit to this Franchise Agreement and that any such amendment or exhibit is signed by both Franchisor and Franchisee. Franchisor in granting this franchise is relying on Franchisee to see that all such matters are reduced to writing and are signed and attached to this Franchise Agreement. If they are not, Franchisee will not be able to rely in any way on such promises or representations and Franchisor will not be bound by them.

FRANCHISEE MUST INSURE THAT ALL PROMISES AND REPRESENTATIONS FOR PRESENT AND FUTURE RESULTS AND RIGHTS, WHETHER ABSOLUTE OR CONTINGENT, ARE CONTAINED IN THIS FRANCHISE AGREEMENT OR THEY MAY BE FOREVER LOST.

WHEREFORE, the parties, including **all** persons or entities who will have an ownership interest (including but not limited to a stockholder interest) execute and deliver this Franchise Agreement as of the date first written above.

FRANCHISEE	FRANCHISOR
______________________________ (name of corp, if any)	CHICKPEAS FRANCHISE SYSTEMS
By: __________________________ (signature)	By: __________________________ (signature)
Title: _________________________	Title: _________________________
______________________________ (Typed or Printed Name)	
______________________________ (Signature)	
______________________________ (Typed or Printed Name)	
______________________________ (Signature)	
______________________________ (Typed or Printed Name)	

Exhibit 1
Lease Rider

This Lease Rider ("Lease Rider") is made this _____ 20__ , by and among _________________ ("Lessor"), _________________________ ("Lessee") and Chickpeas Franchise Systems, a California Corporation ("Franchisor")

R E C I T A L S

Lessee is a franchisee of Franchisor under the terms of that certain Franchise Agreement (the "Franchise Agreement") between Lessee and Franchisor, pursuant to which Lessee has been licensed to operate a Chickpeas Kitchen franchise;

Concurrently with the execution of this Lease Rider, Lessor and Lessee are entering into a Lease Agreement (the "Lease") dated _______________ for the premises located at ________________________ (the "Premises") which will be used for the Chickpeas Kitchen franchise;

Lessor, Lessee and Franchisor desire to assure that the Premises continue to be occupied by a successfully functioning Chickpeas Kitchen franchise during the entire term and any renewal or extension of the Lease, in accordance with each and all of the terms and provisions of this Lease Rider

NOW, THEREFORE, the parties hereby agree as follows

1. The Premises will be used only for the operation of a Chickpeas Kitchen franchise as provided for in the Franchise Agreement

2. Lessee may not sublease or assign the Lease, except (a) as provided in Section 4 below, (b) to a corporation or partnership formed for the sole purpose of acting as a franchisee under the Franchise Agreement, but only if each and all of the requirements of the Franchise Agreement have been satisfied or (c) after receiving the written consent of Lessor and Franchisor thereto.

3. Franchisor shall have the right to enter the Premises at all reasonable times to take any action necessary to protect its proprietary marks and other proprietary rights, without the same constituting an eviction of Lessee in whole or in part or a trespass.

4. Franchisor is hereby granted the option to assume the Lease, with the right to sublease or reassign to any other franchisee of the Franchisor, for all or any part of the term of the Lease upon termination for any reason of the Lease or the Franchise Agreement or Lessee's default thereunder. Lessor agrees to give Franchisor thirty (30) days' prior written notice of its intention to reenter and repossess the Premises and to cancel the Lease on account of Lessee's default of any of its terms, conditions or provisions. Franchisor's option to assume the Lease includes the right to assume Lessee's option to renew the Lease prior to its expiration, and Lessor agrees to notify Franchisor in writing of Lessee's failure to renew the Lease and Franchisor shall then have

thirty (30) days from receipt of such notice to exercise any option to renew and assume the Lease.

In the event Franchisor chooses to exercise its option, Lessor and Lessee consent and agree to the assignment of all of Lessee's right, title and interest in and to the Lease or any portion of it to Franchisor. Franchisor will give written notice of its exercise of such option within thirty (30) days of the earlier to occur of (a) termination of the Franchise Agreement for any reason or (b) the receipt of notice from Lessor as provided above. In connection with any such assignment, (i) Lessor agrees to recognize Franchisor, and any assignee of Franchisor provided for above, as a lessee under the Lease for all purposes from and after the date of such assignment, (ii) Franchisor shall not be required to assume any delinquent obligations of the Lessee and to the extent Franchisor does become liable for such delinquent obligations, Lessee hereby agrees to indemnify and reimburse Franchisor and (iii) Lessee agrees to vacate the Premises immediately after such assignment without removing any equipment, parts or supplies, except as authorized in the Franchise Agreement, and to permit Franchisor to enter and take possession of the Premises, equipment, inventory, parts and supplies. In the event Franchisor exercises its right to reassign the Lease to another franchisee, Franchisor shall be relieved of all liability accruing under the Lease after the date of such assignment.

5. Lessor and Lessee for themselves and on behalf of their respective insurance carriers and anyone else claiming under or through them by way of subrogation or otherwise, waive all rights against each other and the officers, employees, agents, associates and invitees of the other, for any liability arising out of any loss or damage in and to the Premises, its contents and the building or the shopping center of which the Premises are a part caused by any risk insured against under standard fire and extended coverage policies and any insurance policy carried by the injured party at the time of such loss or damage, even if such loss or damage may have been caused by the negligence of the other party, its officers, employees, agents, associates or invitees.

6. Lessor agrees to sign one or more releases and waivers of liens waiving its landlord liens on any or all equipment installed in the Premises by Lessee and financed by any lender or lending institution, such releases and waivers of liens to be on form supplied to the Lessor by Lessee.

7. Subject to the remaining provisions of this Section 7, all notices or other communications required or permitted hereunder shall be in writing to the other party at the address below, and shall be personally delivered (including by means of professional messenger service) or sent by registered or certified mail, postage prepaid, return receipt requested. All notices to Franchisor shall include Lessee's store name, number and location. Notices shall be addressed as follows:

To Franchisor: Chickpeas Franchise Systems
640 W. Covell Blvd., Suite A
Davis, CA 95616

To Lessee: ________________________
____
____
____

To Lessor: ________________________
____
____
____

Notice of change of address shall be given by written notice in the manner detailed in this Section 7. Either party hereto may from time to time change its mailing address by written notice to the other.

Notice shall be deemed received upon personal delivery, three (3) days after the deposit in the United States mail if mailed as provided in this Section 7, or one (1) business day after deposit with a reputable overnight courier, provided that any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the earlier of the date it is deemed delivered pursuant to the foregoing or the first date that notice was refused, unclaimed or considered undeliverable by the postal authorities, messenger or overnight delivery service.

8. To the extent of any inconsistency between the provisions of the Lease, as renewed, extended or amended from time to time, and the provisions of this Lease Rider, the provisions of this Lease Rider shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Rider as of the day and year first above written

LESSOR

By ________________________
Its ________________________

LESSEE

By ________________________
Its ________________________

CHICKPEAS FRANCHISE SYSTEMS

By ________________________
Its ________________________

EXHIBIT B

FRANCHISE APPLICATION

TO BECOME A CHICKPEAS KITCHEN FRANCHISE

TM

Contact Person/Applicant: ____

Address: ____________________________________

____

Telephone: __________________________

Date: _________________

Fax: _____________________

Email: ____________________

APPLICATION PROCESS:

Please read the following before filling out the application:

1. There are five sections in the application process:

   Application Cover Page (this document)

   Part Ia: The Authorization Form for the Primary Contact, which is defined as the President, Principal, or CEO.

   Part Ib: The Authorization Form for Associates, which are any partners, officers, directors, or shareholders.

   Part II: Background Information

   Part III: Financial Information

2. If you are the primary contact for the franchise, you must fill out the Application Cover Page, Part Ia, Part II and Part III of the Franchise Application Packet. You must also fill out a Request for Consideration if you have not already done so.
3. If you are an associate you must fill out Part Ib, Part II and Part III of this application. You do not fill out Part Ia but you must be listed as an associate.
4. Please submit all forms for your application at one time as one packet. Please submit them in the following order:
   A. One copy of the Application Cover Page from the primary contact.
   B. One copy of Part Ia from the primary contact of the company.
   C. One copy of Part Ib from each associate of the Franchise.
   D. One copy of Part II from each member of the Franchise.
   E. Any supplemental attachments to Part II.
   F. One copy of Part III from each member of the Franchise.

Return completed application to:

Chickpeas Franchise Systems

640 W Covell Blvd Ste A

Davis, CA 95616

FRANCHISE APPLICATION:
PART Ia: AUTHORIZATION
for Primary Contact

To: Chickpeas Franchise Systems:

I, ____________________, hereby apply to be a Chickpeas Kitchen Franchisee
Name

I certify that the information contained in this application and all forms in this packet are complete as of the date of this application. I promise to advise you promptly of any material changes in any of that information. I agree that you shall not be obligated to me for any expenses I have or will incur in connection with my investigation of your franchising program, your offices, your agreements, your company, or anything connected with them.

I authorize you to contact any of the references, banks, financial institutions, savings and loan associations, employers, former employers, lenders, and any other persons or entities I have listed on the background and financial statements I have provided to you, or any other persons who you may desire to contact concerning me. I hereby authorize all such persons and entities to provide you with any information about me which you may request of them. I further authorize you to conduct any background investigation, credit checks, and/or other investigations of me as you think necessary, and I authorize all whom you may contact in this regard to provide you with whatever information you may require. I agree to sign promptly all other documents, papers, requests, authorizations, and similar items you may require in furtherance of this application and your evaluation of me as a prospective Chickpeas Kitchen Franchisee.

If my spouse has signed this application, the foregoing representations, authorizations, and all other matters contained in this document, apply to my spouse as well as to me.

If I will have any partners in the proposed Chickpeas Kitchen business, I have listed their names below. I agree to have each of them fill out an application and have included it with mine, as specified above under the heading "Application Process."

If applicant is a corporation or a corporation to be, the names of all officers, directors, and shareholder of the corporation are listed below. I agree to have each of them fill out an application and have included it with mine, as specified above under the heading "Application Process."

The area in which I would like to open a Chickpeas Kitchen business is described as follows:

____

____

Either I have checked the area in which I am interested in opening a Chickpeas Kitchen business and have found in that area no trade name, trademark, logotype, or other commercial symbol similar to those used by Chickpeas Kitchen businesses, or, before signing any Franchise Agreement with you, I will check the area in which I am interested in opening a Chickpeas Kitchen business and satisfy myself that there is being used in that area no trade name, trademark, service mark, logotype, or other commercial symbol similar to those used by Chickpeas Kitchen businesses.

I have not signed any binding agreement with you, nor have I given you any money or other consideration prior to the date on this application.

By accepting this application, you are in no way obligated to sell me a Chickpeas Kitchen franchise. I acknowledge that you undertake no obligation to me in connection with this application and have made no promises or representations to me regarding this application, the Chickpeas Kitchen business profitability, sales, earnings, profit, or income projections, or my likelihood of success as a Chickpeas Kitchen franchisee, other than as may be set forth in your Franchise Disclosure Document.

I will be operating my franchise as a (check one):

☐ Sole Proprietorship ☐ Partnership (general or limited)

☐ Corporation ☐ Limited Liability Corporation (LLC)

Names and Addresses of all franchise applicant’s partners or corporate shareholders:

Typed or Printed Name: ____

Address: ____

City, State, Zip Code: ____

Telephone Number: (______) ___________________________

Typed or Printed Name: ____

Address: ____

City, State, Zip Code: ____

Telephone Number: (______) ___________________________

Typed or Printed Name: ____

Address: ____

City, State, Zip Code: ____

Telephone Number: (______) __________________________

Typed or Printed Name: ____

Address: ____

City, State, Zip Code: ____

Telephone Number: (______) __________________________

Typed or Printed Name: ____

Address: ____

City, State, Zip Code: ____

Telephone Number: (______) __________________________

Dated: _______________________ ____________________________________

Signature of Applicant

CHICKPEAS KITCHEN
FRANCHISE APPLICATION:
PART Ib: AUTHORIZATION
for Associates

To: Chickpeas Franchise Systems:

I, ________________________, hereby apply to be a Chickpeas Kitchen Franchisee
Name

The primary contact for this franchise is: ________________________________
Name

I certify that the information contained in this application and all forms in this packet is complete as of the date of this application. I promise to advise you promptly of any material changes in any of that information. I agree that you shall not be obligated to me for any expenses I have or will incur in connection with my investigation of your franchising program, your offices, your agreements, your company, or anything connected with them.

I authorize you to contact any of the references, banks, financial institutions, savings and loan associations, employers, former employers, lenders, and any other persons or entities I have listed on the background and financial statements I have provided to you, or any other persons who you may desire to contact concerning me. I hereby authorize all such persons and entities to provide you with any information about me which you may request of them. I further authorize you to conduct any background investigation, credit checks, and/or other investigations of me as you think necessary, and I authorize all whom you may contact in this regard to provide you with whatever information you may require. I agree to sign promptly all other documents, papers, requests, authorizations, and similar items you may requires in furtherance of this application and your evaluation of me as a prospective Chickpeas Kitchen Franchisee.

If my spouse has signed this application, the foregoing representations, authorizations, and all other matters contained in this document, apply to my spouse as well as to me.

I have not signed any binding agreement with you, nor have I given you any money or other consideration prior to the date on this application.

By accepting this application, you are in no way obligated to sell me a Chickpeas Kitchen franchise. I acknowledge that you undertake no obligation to me in connection with this application and have made no promises or representations to me regarding this application, the Chickpeas Kitchen business profitability, sales, earnings, profit, or income projections, or my likelihood of success as a Chickpeas Kitchen franchisee, other than as may be set forth in your Franchise Disclosure Document.

The franchise will be operated as a (check one):

☐	Sole Proprietorship	☐	Partnership (general or limited)
☐	Corporation	☐	Limited Liability Corporation (LLC)

My role in the franchise will be: ____

Dated: ________________________ ______________________________________

Signature of Applicant

CHICKPEAS KITCHEN
FRANCHISE APPLICATION:
PART II: BACKGROUND INFORMATION

Name: ______________________________ Social Security No. _______________

Name of Spouse: ______________________ Social Security No. _______________

Have you or your spouse ever filed, or had filed against you, a petition in bankruptcy, insolvency, made an assignment for the benefit of creditors, or taken any similar action? __________. If so, please attach an explanation with the court name, case number(s), dates and disposition of any such action.

Have you or your spouse ever been convicted of a felony, or, within the past ten years, of a misdemeanor which resulted in imprisonment? __________. If so, please attach an explanation, naming the court, case number(s), dates, and disposition of the action(s).

Personal References: (other than business contacts, relatives, or former employers)

Name	Address	Telephone Number
1.		
2.		
3.		

PLEASE NOTE BELOW ANY ADDITIONAL PAGES AS NEEDED FOR FURTHER DETAILS OF ANY OF THE MATTERS IN THIS STATEMENT AND ATTACH ADDITIONAL PAGES DIRECTLY TO THIS PAGE

I have attached _____ pages to this document as a supplement to the above questions.

I certify that the above information and any attachments thereto, is true and correct to the best of my knowledge as of the date written below:

Signature: ________________________________ Date signed: ________________

CHICKPEAS KITCHEN
FRANCHISE APPLICATION:
PART III: FINANCIAL STATEMENT

For: ________________________________ as of _____________

ASSETS:		LIABILITIES:	
Cash/Savings:	$__________	Loans/mortgages	$__________
Stocks and Bonds:	$__________	Accounts and bills due	$__________
Real Estate Investments	$__________	Taxes Due	$__________
Business	$__________	Liens Payable	$__________
Other Assets:		Other Liabilities:	
____________	$__________	____________	$__________
____________	$__________	____________	$__________
____________	$__________	____________	$__________
Total Assets:	$__________	Total Liabilities:	$__________

Total Net Worth (assets minus liabilities):
____

I (we) certify that the above financial statement, and any attachments thereto, gives a full, true and correct statement of my (our) financial condition as of the date signed below.

Signature: ______________________________ Date signed: ________________

Spouse's Signature: ________________________________

Chickpeas Franchise Systems

BALANCE SHEET

As of July 16, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Bank of America-Checking	34,440.50
Total Bank Accounts	**$34,440.50**
Total Current Assets	**$34,440.50**
TOTAL ASSETS	**$34,440.50**
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
Common Stock	40,900.00
Retained Earnings	
Net Income	-6,459.50
Total Equity	**$34,440.50**
TOTAL LIABILITIES AND EQUITY	**$34,440.50**

Chickpeas Franchise Systems

PROFIT AND LOSS

January - June, 2019

	TOTAL
Income	
Total Income	
GROSS PROFIT	**$0.00**
Expenses	
Legal & Professional Fees	5,569.50
Rent Expense	445.00
Total Expenses	**$6,014.50**
NET OPERATING INCOME	**$ -6,014.50**
NET INCOME	**$ -6,014.50**

EXHIBIT D

TO FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by ________________________________ ("Franchisor") of that certain Franchise Agreement of even date herewith (the "Agreement") between Franchisor and ________________________________ ("Franchisee"), or in consideration of and as an inducement to Franchisor's consent to a transfer by or of Franchisee under the Agreement, each of the undersigned parties including: ____
____ ("Guarantors") Hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement; and agrees to punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every term, condition, covenant and provision in the Agreement. Each Guarantor expressly represents and acknowledges that he or she has read that Agreement and has had the opportunity to review the same, and this Guaranty, with counsel. Each Guarantor hereby 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 the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he or she may have to require that an action be brought against Franchisee, Guarantor or any other person as a condition of liability;

(5) any requirement that Franchisor proceed against or exhaust its remedies with respect to Franchisee or any other person before demanding payment or performance by Guarantor; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor 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 the Agreement upon demand if Franchisee fails or refuses to do so punctually;

(3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(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 Franchisee 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 irrevocable during the term of the Agreement; and

(5) the liability and obligation under this Owner's Guaranty and Assumption of Franchisee's Obligations shall not be diminished, relieved or otherwise affected by any modification by Franchisee and Franchisor of the terms or conditions of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name:______________________________________
Signature:__________________________________
Date:_______________________________________

Name:______________________________________
Signature:__________________________________
Date:_______________________________________

Name:______________________________________
Signature:__________________________________
Date:_______________________________________

EXHIBIT E

STATE ADMINISTRATOR & INFORMATION - CALIFORNIA

The person in charge of administering the California Franchise Investment Law is

Jan Lynn Owen
Commissioner of the Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814

Telephone: (916) 324-9011

1. These states have statutes which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: ARKANSAS [State Section 70-807], CALIFORNIA [Bus. & Prof. Code Section 20,000-20043], CONNECTICUT [Gen, Stat. Section 42-133e *et seq.*], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 121-1/2, Sections 1719-1720], INDIANA [Stat. Section 23.2-2.7], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat Section 80C.141], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat Section 407.400], NEBRASKA [Rev Stat Section 87-4011]JSEY [Stat Section 56:10-1] SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.1801], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the franchise agreement in your relationship with the franchise including the areas of termination renewal of your franchise.

2. These states have statutes which limit the franchisor's ability to restrict your activity after the franchise agreement has ended: CALIFORNIA [Bus. & Prof. Code Section 16,600], FLORIDA [Statutes Section 542.33], MICHIGAN [Compiles Laws Section 445.771 *et seq.*,] MONTANA [Codes Section 30-14-201], NORTH DAKOTA [Code Section 9-08-06], OKLAHOMA [Statutes Section 15-207-19], WASHINGTON [Code Section 19.86.030]. Other states have court decisions limiting the franchisor's ability to restrict your activity after the franchise agreement had ended. Covenants no to compete upon termination or expiration of the franchise agreement are generally unenforceable in the state of SOUTH DAKOTA except in certain instances as provided by law.

3. A provision in the franchise agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

4. The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: CALIFORNIA {Civil Code Section 1671], Indiana [Stat. Section 23.2-2.7-1(10)], MINNESOTA [Rule 2860.4400J], SOUTH DAKOTA [Civil Law Section 53-9-5]. State courts also restrict the imposition of liquidated

damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. In MINNESOTA, NORTH DAKOTA, and SOUTH DAKOTA, liquidated damages provisions are void.

5. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the California Franchise Investment Law is void. Franchisor does not interpret this to prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code nor the venue of such arbitration in Sacramento, California.

EXHIBIT F

AGENTS FOR SERVICE OF PROCESS

Chickpeas Franchise Systems

Our registered agent in California authorized to receive service of process is:

Raphael S. Moore
Phoenix House, 413 F Street
Davis, CA 95616

EXHIBIT G

POWER OF ATTORNEY

Chickpeas Franchise Systems

I, ______________________________, doing business as ______________________________

or any successor entity, located at ____,

hereby appoint ______________________________ of Chickpeas Kitchen Systems, 640 W

Covell Blvd, Ste A, Davis, CA 95616, or his/her designated successor, as my Attorney-In-Fact to

act in my capacity to do any and all of the following:

1. To act in my place and stead with any telephone service company and any telephone listing and advertising directory company in order to transfer to **Chickpeas Kitchen Systems,** or its designee, all right, title and interest I may have in such telephone numbers or telephone directory listings and advertising relating to any franchise granted to me by **Chickpeas Kitchen Systems** or to direct the telephone service company to disconnect such telephone numbers.

2. To perform all other acts necessary to be done in regard to such powers.

3. To appoint a substitute attorney to perform any of the acts that my attorney by this instrument is authorized to perform, with the right to revoke such appointment of substituted attorney.

   The rights, powers and authority of my Attorney-In-Fact herein granted shall commence and be in full force and effect on ______________________, and, in consideration of the franchise granted to me, shall be irrevocable.

This Power of Attorney shall include a full indemnification of **Chickpeas Kitchen Systems** by the signatory below of and from any claim made by any telephone company, telephone directory publisher and other related persons or entities with which **FRANCHISEE** conducts business, including all costs, damages, attorney's fees, expenses or liabilities which may be incurred or sustained in connection with or as a result of any action taken in reliance on this Power of Attorney.

Chickpeas Kitchen Systems shall be entitled to obtain relief to enforce this Power of Attorney. The signatory below agrees to pay all attorneys' fees and costs incurred in connection with this Power of Attorney.

Signed: ____ Dated: ________________________

[This Power of Attorney shall be invalid unless notarized]

EXHIBIT H

CURRENT AND FORMER FRANCHISEES

Chickpeas Kitchen Systems

CURRENT FRANCHISEES (Company Owned)

1. ChickPeas Kitchen
   640 West Covell Blvd
   Davis, CA 95616

2. ChickPeas Kitchen
   800 Main Street
   Woodland, CA 95695

3. ChickPeas Kitchen
   700 North 10th Street
   Sacramento, CA 95811

FORMER FRANCHISEES

None.

EXHIBIT I

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Chickpeas Kitchen Systems

Chickpeas Franchise Systems

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