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FRANCHISE DISCLOSURE DOCUMENT

Praise IAG Franchisor, LLC
A California limited liability company
14071 Stage Road
Santa Fe Springs, California 90670
Telephone Number: (949) 752-5282
www.itsagrind.com

The franchise offered in this Disclosure Document is for the operation of a single, full service retail specialty coffee beverage store offering specialty whole bean coffees, traditional and espresso-based coffee drinks, iced and blended coffee drinks, tea and tea-based drinks, fruit smoothies, breakfast items, sandwiches, salads and assorted bakery products, using the "It's A Grind" trade name and franchise system.

The total investment necessary to begin operation of a small It's A Grind Store ranges from $294,450 to $381,500. This includes $2,950 to $30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an average It's A Grind Store ranges from $344,450 to $419,000. This includes $2,950 to $30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a large It's A Grind Store with drive-thru ranges from $381,450 to $473,000. This includes $2,950 to $30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an It's A Grind Kiosk ranges from $173,150 to $253,000. This includes $1,750 to $20,000 that must be paid to the franchisor or its affiliates.

The total investment necessary for an Area Development Agreement is $35,000 to $47,500, assuming a commitment of 3 to 5 It's A Grind Stores. This includes $30,000 to $37,500 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before 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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Vi Dinh at Praise IAG Franchisor, LLC, 14071 Stage Rd, Santa Fe Springs, California 90670, (949) 752-5282 or vdinh@retailfoodgroupusa.com.

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

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

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

Date of Issuance: October 12, 2017

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 A for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on Exhibit A.

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 CONTAINS A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US UNDER THE FRANCHISE AGREEMENT, AND ALSO PROVIDES FOR A FACE-TO-FACE MEETING AND MEDIATION TO SETTLE DISPUTES. THE FACE-TO-FACE MEETING, MEDIATION, BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE FACE-TO-FACE MEETING, MEDIATION, ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.

2. IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, WE WILL REQUIRE EACH OWNER OF A 10% OR GREATER INTEREST AND HIS/HER SPOUSE TO SIGN A GUARANTY AND ASSUMPTION OF OBLIGATIONS OF YOUR OBLIGATIONS CAUSING EACH OWNER (AND THE OWNERS' SPOUSE) TO BECOME JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF OWNERS AND SPOUSES AT RISK.

3. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.

4. THE IT'S A GRIND BRAND HAS CLOSED STORES, AND IS EVALUATING THE SIZE, ECONOMIES OF SCALE AND GROWTH PROSPECTS OF THE CONCEPT. WE OR OUR AFFILIATES MAY EXPLORE GROWTH OPPORTUNITIES FOR IT'S A GRIND, OR WE MAY PROPOSE OTHER OPPORTUNITIES, WHICH COULD INCLUDE CONVERTING THE BRAND AND NAME INTO A DIFFERENT CONCEPT. IF

YOU PURCHASE AN IT'S A GRIND FRANCHISE, AND WE LATER DECIDE TO CONVERT THE BRAND, YOU MAY BE REQUIRED TO CONVERT THE STORE AT YOUR EXPENSE

5. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

The effective dates of this disclosure document in the states with franchise registration laws in which we have sought registration or exemption appear on the following page.

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	
Hawaii	Not filed
Illinois	Not filed
Indiana	Not filed
Maryland	Not filed
Michigan	Not filed
Minnesota	Not filed
New York	Not filed
North Dakota	Not filed
Rhode Island	Not filed
South Dakota	Not filed
Virginia	Not filed
Washington	Not filed
Wisconsin	Not filed

In all other states, the effective date of this disclosure document is the issuance date of October 12, 2017.

TABLE OF CONTENTS

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

BUSINESS EXPERIENCE 5

LITIGATION 6

BANKRUPTCY 7

INITIAL FEES 7

OTHER FEES 9

ESTIMATED INITIAL INVESTMENT 15

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 22

FRANCHISEE'S OBLIGATIONS 26

FINANCING 27

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 27

TERRITORY 35

TRADEMARKS 40

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 42

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 43

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 43

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 45

PUBLIC FIGURES 54

FINANCIAL PERFORMANCE REPRESENTATIONS 55

OUTLETS AND FRANCHISEE INFORMATION 57

FINANCIAL STATEMENTS 60

CONTRACTS 60

RECEIPTS 61

Exhibits

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Kiosk Addendum
D. Territory Addendum for Street Location
E. Area Development Agreement
F. Collateral Assignment of Lease
G. Non-Traditional Authorized Location Addendum
H. General Release
I. List of Current Franchisees
J. Franchisees Who Have Left System
K. Financial Statements
L. Guarantee of Performance
M. Operating Manual Table of Contents
N. State Addenda to Franchise Disclosure Document
O. Receipts

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT N.

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

To simplify the language in this Disclosure Document, "the Company", "we", "us" or "our" means Praise IAG Franchisor, LLC, the franchisor; such terms do not include or refer to our officers, directors, shareholders, partners or members. "You" means the person or entity who buys the franchise and signs the Franchise Agreement with us. If the purchaser of the franchise is a corporation, partnership or limited liability company, the owners will have to guarantee the company's obligations and be bound by the provisions of the franchise agreement and other agreements as described in this disclosure document.

Franchisor, Parent, and Affiliates

We are a California limited liability company that was formed on September 23, 2008. We do business under the name Praise IAG Franchisor, LLC, and the trade name "It's A Grind®". Our principal business address is 14071 Stage Rd, Santa Fe Springs, California 90670 and our telephone number is (949) 752-5282.

We offer franchises to operate retail stores under the "It's A Grind" name and Marks (as described below). Our predecessor was IAG Coffee Franchise, LLC, which began offering It's A Grind franchises in the State of California in May 2001. On June 30, 2009, we purchased certain business assets of IAG Coffee Franchise, LLC, including its existing franchise agreements and trademarks. As of June 30, 2017, we had 17 franchised It's A Grind Stores.

Neither we nor any affiliates operate any It's A Grind Stores as of the date of this disclosure document. Our affiliate, Praise IAG Stores, LLC, operated It's A Grind Stores in the past. We refer to any It's A Grind Stores operated by our affiliates as "company-owned" outlets for purposes of this Disclosure Document.

Our direct parent company is Retail Food Group USA, Inc. ("RFG USA"). RFG USA was incorporated in Delaware on August 11, 2008 under the name Praise International North America, Inc. and changed its name to Retail Food Group USA, Inc. on November 17, 2015. RFG USA is wholly owned by Praise Holdings, LLC ("Praise Holdings"), a California limited liability company. Praise Holdings is wholly owned by PRCH Holdings Pty Ltd ("PRCH"), an Australian Proprietary Company. PRCH is wholly owned by our ultimate parent company, Retail Food Group Limited ("RFG Ltd"), an Australian Company established in 1989. RFG Ltd is Australia's largest multi-brand retail food franchisor and a leading wholesale coffee roaster and its shares are traded on the Australian Securities Exchange. Through affiliates and subsidiaries, RFG Ltd operates or franchises more than 2,500 outlets on five continents under 12 brands, including Gloria Jean's Coffees, It's A Grind, the Donut King, Michel's Patisserie, Brumby's Bakery, bb's café, Esquires Coffee, Café2U, The Coffee Guy, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza, and Di Bella Coffee. RFG Ltd operates coffee roasting facilities in Australia, New Zealand, and the USA, supplying its own outlets and third party accounts under the Evolution Coffee Roasters Group, Caffe Coffee, Roasted Addiqtion, Di Bella, Barista's Choice, and other brands. RFG Ltd's principal business address is 1 Olympic Circuit, Southport, Queensland 4215 Australia.

We have a number of affiliates that have offered franchises or that provide goods or services to our franchisees, as described below:

- Di Bella Coffee, LLC sources, roasts, processes, warehouses, and distributes coffees and is the exclusive coffee supplier to It's A Grind Stores in the USA. Di Bella Coffee was formerly known as Maranatha Import Export, LLC but changed its name to Di Bella Coffee, LLC on October 15, 2015. One of RFG USA's directors is the managing member of Di Bella Coffee. Di Bella Coffee operates a coffee roasting plant in Santa Fe Springs, California. Di Bella Coffee may also source, roast, process, warehouse, and distribute coffee to others, including potential competitors.

- Gloria Jean's Gourmet Coffees Franchising Corp. ("GJGCF Corp.) offers franchises in the USA and Puerto Rico for the right to own and operate retail stores under the "Gloria Jean's Coffees" name and Marks ("GJC Stores"). As of June 30, 2017, GJGCF Corp. had 54 franchised GJC Stores in operation in the USA.
- Gloria Jean's Coffees International Pty Ltd ("GJCI") holds the right to franchise Gloria Jean's® coffee shops in all countries except the USA and Puerto Rico. GJCI currently has over 800 franchised coffee shops in 39 markets world-wide through franchise agreements, with approximately 350 of those stores located in Australia.
- Gloria Jean's Gourmet Coffees Corp. ("GJGC Corp") owned and operated GJC Stores from August 1979 to September 2011 and offered franchises for GJC Stores from 1985 through May 1986.
- Praise Operations Company, LLC provides support services such as marketing, sales, and distribution to It's A Grind Stores and GJC Stores.
- Praise Coffee, Inc. ("PCI"), f/k/a Coffee People, Inc., offered franchises in the coffee business from 1998 to 1999 and again from 2005 to 2007 under the trademarks "Coffee People" and "Coffee Plantation." PCI also operated coffee shops using the "Coffee People" trademarks from 1983 to 2007. PCI has not owned any rights in the "Coffee People" or "Coffee Plantation" trademarks since June 12, 2009, and as of the date of this disclosure document PCI no longer has any franchisees operating under the "Coffee People" trademarks.

Except as described above, neither we nor our affiliates have engaged in any other line of business or offered franchises in any other lines of business. RFG USA and our other US affiliates all have the same business address as ours. PRCH has the same business address as RFG Ltd. GJCI'S principal business address is 11 Hoyle Avenue, Castle Hill, NSW 2154 Australia.

Agent for Service of Process

Our agents for service of process in those states requiring franchise registration are disclosed in Exhibit A to this Disclosure Document.

The It's A Grind Franchise

We franchise the right to operate retail specialty coffee beverage stores offering specialty whole bean coffees, traditional and espresso-based coffee drinks, iced and blended coffee drinks, tea and tea-based drinks, fruit smoothies, breakfast items, sandwiches, salads and assorted bakery products. The franchise agreement grants the right to own and operate a single It's A Grind® store at a location we approve (the "Authorized Location"). It's A Grind Stores are usually located in a shopping center or a free-standing building. If you purchase a franchise for a street location, you will sign our Territory Addendum for Street Location, attached as Exhibit D, together with the Franchise Agreement.

We also offer qualified persons the right to own and operate It's A Grind kiosks. It's A Grind Kiosks are specially designed to feature the retail sale of certain products we approve, principally coffee drinks, teas, and other beverages, and a very limited amount of other products we approve under the terms of the Franchise Agreement as modified by our standard Kiosk Addendum attached as Exhibit C (the "Kiosk Addendum"). Unless the context indicates otherwise, all references to It's A Grind Stores in this disclosure document include It's A Grind Kiosks.

In addition to offering franchises for individual stores, we may offer qualified persons the right to develop multiple It's A Grind Stores under the area development agreement attached as Exhibit E (the "Area Development Agreement"). The minimum commitment under the Area Development Agreement is 3 It's A Grind Stores. The development schedule included in the Area Development Agreement (the "Development Schedule") will specify the dates by which you must open each It's A Grind Store. For each It's A Grind Store you develop under the Area Development Agreement, you must sign our then-current form of Franchise Agreement that we offer to new franchisees, the terms and conditions of which may be substantially different from those contained in the Franchise Agreement attached to this disclosure document.

It's A Grind Stores operate under a format and system specified by us (the "System"). The Franchise Agreement authorizes you to use the "It's A Grind" trade name and service mark and other trademarks, service marks, trade dress and other commercial symbols as we may designate from time to time (the "Marks"). We have the right to change the Marks.

Market and Competition

The market in which you will operate is well established and highly competitive. You will engage in the retail sale of specialty whole bean coffees, traditional and espresso-based coffee drinks, iced and blended coffee drinks, tea and tea-based drinks, fruit smoothies, breakfast items, sandwiches, salads and assorted bakery products to the general public. There is a significant amount of competition in the retail coffee beverage business, and you should expect to compete with other national, regional and local coffee beverage stores, restaurants offering coffee "to go", internet and mail order operations, and other businesses offering competitive products and services, including other It's A Grind Stores, members of established national or regional chains and other franchise systems, some of which are older, larger and better financed than we are.

Applicable Regulations

To operate an It's a Grind Store, you will be required to comply with all local, state and federal laws, including health, nutrition labeling, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, and laws relating to access by persons with disabilities. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain all required real estate permits, licenses and operational licenses.

You should consult with your attorney and local, state and federal government agencies before buying an It's A Grind franchise to determine all legal requirements and consider their effects on you and the cost of compliance. It is solely your responsibility to investigate and satisfy all local, state and federal laws, since they vary from place to place and can change over time. During the term of the Franchise Agreement, you must, at all times, develop, maintain and operate the It's A Grind Store in compliance with all It's A Grind system standards, as we may modify or supplement them in the future.

Franchisee Referral Program

We have programs (the "Franchisee Referral Program") that provide customers and existing It's A Grind Franchisees the opportunity to earn an incentive for each new qualified candidate they refer/introduce to us, who meets our criteria for approval as an It's A Grind Store franchisee, and who signs a Franchise Agreement and pays the applicable initial franchise fee for an It's A Grind Store or Kiosk within twelve (12) months of the date we receive the referral. The incentive for customers is $1,000 and the incentive for existing franchisees is $5,000. The incentive applies only to the first It's A Grind Store of the referred franchisee. All existing It's A Grind Franchisees who are in good standing are eligible to participate in the Franchisee Referral Program. Only one It's A Grind Franchisee may receive the $5,000 referral incentive for each qualified candidate. This program is not intended to supplement or amend the Franchise Agreement or any other agreement and does not create any additional rights in an It's A Grind Franchisee or any third party. We can change or eliminate these programs at any time without notice. Franchisees and customers are not our sales agents and are not authorized by us to qualify It's A Grind franchise candidates or to make statements on our behalf relating to the financial performance or prospects for success in operating the It's A Grind Store. They are merely referring/introducing prospects to us, and we retain sole responsibility for the new franchisee qualification process and, if applicable, the sales process.

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ITEM 2
BUSINESS EXPERIENCE

CEO, CFO, and Director: Andre Nell

Mr. Nell has been a member of our Board of Directors, our CEO, Secretary, and CFO since July 2016. He is the Managing Director of our ultimate parent, RFG Ltd, a position he has held since July 2016. Mr. Nell joined RFG Ltd in 2007 as part of the Michel's Patisserie acquisition and has since held a variety of key roles within the company, including Head of Commercial, Chief Operating Officer, and CEO-Franchise. All of these positions were and are located in Southport, Queensland, Australia. He is a member of the Institute of Chartered Accountants in Australia.

Director of Operations and Training: Dee Chippas

Ms. Chippas has been our Director of Operations and Training since March 2016 and has been with our company since September 1998. She is based in Pittsburgh, Pennsylvania. She is also Director of Operations and Training for our affiliate, GJGCF Corp. Ms. Chippas was our Director of Operations from August 2014 to February 2016. From January 2009 to July 2014, she was the Senior Operations Manager for the Midwest and East Coast Regions for us and our affiliate, GJGCF Corp., in Chicago, Illinois.

Director of Franchise Development: Laina Sullivan

Ms. Sullivan has been our Director of Franchise Development since July 2016. From September 2014 to June 2016, she served as President for Sullivan Franchise Services in Costa Mesa, California. From April 2012 to August 2014, she served as Director of Development for Yogurtland Franchising, Inc. in Irvine, California.

Director of Marketing: Martin Balcaitis

Mr. Balcaitis has been our Director of Marketing since April 2016. From July 2011 to January 2015, he served as Sr. Manager of Field Marketing for Denny's, Inc. in Mission Viejo, California.

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ITEM 3
LITIGATION

Franchisor-Initiated Actions:

None.

Concluded Actions:

Coffee Biz 101, Inc., Rhonda Keliipio, and Anthony Keliipio v. IAG Coffee Franchise, LLC and Does 1-100, Superior Court, County of Los Angeles, California, Case No. BC378622 (Cross Complaint filed November 11, 2007).

This cross complaint was filed in a case brought by our predecessor, IAG Coffee Franchise, LLC, in the Superior Court of California for the County of Los Angeles on or around October 1, 2007 against Coffee Biz 101, Inc., an It's A Grind franchisee, and Rhonda Keliipio, and Anthony Keliipio, its shareholders and guarantors (collectively, "Coffee Biz"). Our predecessor sought lost royalties from Coffee Biz for abandoning its It's A Grind franchise in breach of the Franchise Agreement. The Coffee Biz cross complaint sought contract damages of $750,000 and punitive, exemplary and other damages in unspecified amounts based on claims for alleged breach of the Franchise Agreement for failure to provide support in selecting a site and other services, fraud and misrepresentations in the sale of the franchise about the success of other franchisees and promised support, and negligent site selection. A settlement agreement effective among all parties on May 20, 2008, provided for the mutual termination of Coffee Biz's Franchise Agreement and a general release of all claims by all parties.

Ricardo Gutierrez and Marcella Gutierrez v. IAG Coffee Franchise, LLC (It's A Grind Development LLC) and Does 1-50, Superior Court, County of Sacramento, California, Case No. 07AS04785 (Filed October 22, 2007).

This action followed a demand for arbitration filed by our predecessor with Franchise Arbitration and Mediation Services on or around September 21, 2007 against It's A Grind franchisees Ricardo and Marcella Gutierrez (collectively, "Gutierrez") seeking in excess of $150,000 in lost royalties for Gutierrez' failure to operate their It's A Grind franchise store in breach of their Franchise Agreement. (FAM Case No. 07A0902) The Gutierrez complaint sought general and punitive damages and/or rescission in an unspecified amount based on claims for alleged breach of the Franchise Agreement for failure to provide adequate training and other services, fraud and misrepresentations in the sale of the franchise and of an existing franchise location, disclosure violations under the California franchise law, and unfair trade practices. A settlement agreement among all parties dated January 7, 2008 provided for the dismissal of the action with prejudice, the withdrawal of the arbitration demand, mutual termination of the Gutierrez Franchise Agreement, payment by Franchisor of $24,000 in installments to be made over approximately a 2 year period, and a general release of all claims by all parties.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

If you are a new franchisee purchasing a franchise for your first It's A Grind outlet, you must pay us an initial franchise fee of $25,000 for an It's A Grind Store or $15,000 for an It's A Grind Kiosk.

If you are an existing It's A Grind franchisee purchasing a franchise for an additional outlet, our current policy is to reduce the initial franchise fee as shown in the charts below. We have the right to change or discontinue this policy without notice.

IT'S A GRIND STORE		
If the franchise is for your:	And you became an It's A Grind franchisee AFTER 8/1/2016:	And you became an It's A Grind franchisee BEFORE 8/1/2016:
2nd Store	$20,000	$17,700
3rd Store	$15,000	$11,800
4th Store	$10,000	$8,850
5th Store or higher	$5,000	$2,950

IT'S A GRIND KIOSK		
If the franchise is for your:	And you became an It's A Grind franchisee AFTER 8/1/2016:	And you became an It's A Grind franchisee BEFORE 8/1/2016:
2nd Store	$12,000	$10,500
3rd Store	$9,000	$7,000
4th Store	$6,000	$5,250
5th Store or higher	$3,000	$1,750

Except as provided below, the initial franchise fee is payable when you sign the Franchise Agreement. The initial franchise fee is fully earned by us when paid and is not refundable, under any circumstances.

In certain instances, we may adjust the initial franchise fee for franchisees signing the Franchise Agreement Addendum for a Non-Traditional Authorized Location, attached as Exhibit G, on a case-by-case basis, as we consider appropriate and as permitted by law, to accommodate the non-traditional nature of the site/It's A Grind Store operations.

If you are a new franchisee who was initially referred to us by a customer or by an existing franchisee, we may pay the customer or franchisee a referral fee for introducing you to us. Please see Item 1 for information about our referral programs.

Initial Coffee Inventory

Before opening the It's A Grind Store, you must purchase your opening coffee inventory from our affiliate, Di Bella Coffee. You decide the amount of initial coffee inventory you wish to purchase. We estimate that you will need an initial coffee inventory ranging from $3,500 to $6,000 for an It's A Grind Store and from $2400 to $3,500 for an It's A Grind Kiosk. The amount of initial inventory may increase if you open during the November-December holiday season. All amounts paid to Di Bella Coffee are non-refundable.

Grand Opening Fee

If you are establishing a new It's A Grind Store, you will pay us or vendors approved by us a Grand Opening Fee of $5,000 before attending the initial training program. The Grand Opening package will include direct marketing materials and production-ready, customized promotional slicks/items. You will not be permitted to participate in the initial training program until we receive this fee.

Area Development Agreement

If we offer and you sign an Area Development Agreement, you must pay us a development fee equal to 50% of the initial franchise fees for the It's A Grind Stores you commit to open. For example, if you are a new franchisee who signs an Area Development Agreement with a commitment of 5 It's A Grind Stores, the development fee will be ½ x ($25,000 + $20,000 + $15,000 + $10,000 + $5,000) = $37,500. If you are an existing franchisee from before August 1, 2016 who signs an Area Development Agreement with a commitment of 5 It's A Grind Stores, under our current fee reduction policy the development fee will be ½ x ($25,000 + $17,700 + $11,800 + $8,850 + $2,950) = $33,150. The minimum commitment is 3 It's A Grind Stores.

The development fee is due when you sign the Area Development Agreement, is fully earned when paid, and is non-refundable, even if you do not sign any Franchise Agreements or open any It's A Grind Stores.

When you sign the Franchise Agreement for each It's A Grind Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that Store.

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ITEM 6
OTHER FEES

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Continuing Royalty Fee [2]	6% of Gross Sales[3]	Payable weekly on Thursday by bank autodraft.[5]	If any state imposes sales or other taxes on the royalty fees, then we have the right to collect this tax from you.
Marketing Fund Contributions [2]	Currently, 2% of Gross Sales, subject to increases [3]	Payable weekly on Thursday by bank autodraft.[5]	See Item 11 for a detailed discussion of the Marketing Fund. We reserve the right to increase your contribution amount to 3%.
POS Cloud Fee[4]	$299 per month	As Arranged.	This fee is for point-of-sale system services. You pay this fee directly to our designated point-of-sale system vendor.
PCI Fee	Included in POS Cloud Fee	As Arranged.	Part of the monthly POS Cloud Fee that you pay to our designated POS vendor is used to offset expenses incurred in complying with Payment Card Industry Data Security Standards (PCI/DSS).Used to offset expenses incurred in complying with the Payment Card Industry (PCI) Data Security Standards.
Gift card sales	Face value of the gift card	Weekly	All gift card sale revenues and redemptions reconciled weekly. [4]
Advertising Cooperative Fees	Not yet established	(Note 6)	(Note 6)
Interest and Late Payment Charge[7]	1.5% of delinquent amount per Month	(Note 7)	Payable for each month overdue.[7]
Audit Fees [8]	Underpayment plus interest and cost of audit	(Note 8)	(Note 8)
Renewal Fee	50% of the then-current initial	On execution of the renewal Franchise Agreement.	Your ability to renew your franchise is subject to the

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	franchise fee charged for a first franchise.		terms and conditions of your Franchise Agreement.
Transfer Fee [9]	$7,500 subject to a reduction in fees for additional It's A Grind Stores or IAG Kiosk(s) transferred simultaneously to the same transferee.	On submitting an application for consent to assignment.	Payable when you want to sell your franchise. [9]
Management Fees[10]	Reasonable management fees plus expenses	On demand.	Payable if we take over the management of your It's A Grind Store after your death, disability or default.[11]
Indemnification[11]	Reimbursement of damages and losses	On demand.	You are obligated to indemnify us for all damages or losses we incur as a result of the operation of your It's A Grind Store.

EXPLANATORY NOTES:

Note 1: All fees are imposed by and payable to us. All fees are non-refundable, unless otherwise stated. With respect to certain franchisees, the marketing fund contribution percentages and royalties may differ from the amounts provided in the current Franchise Agreement. You must participate in our electronic reporting and funds transfer programs, which (among other things) authorizes us to utilize a pre-authorized bank draft system. We may elect to waive and/or credit, reduce or defer payment of any and all fees and charges of any kind in connection with a franchise and/or the award of a franchise on a case-by-case basis as we consider appropriate and as permitted by law, and particularly as they relate to non-traditional sites/operations. We have in the past waived or deferred royalty payments owed to us by franchisees to assist them with financial concerns about their ongoing ability to operate their franchises, to settle disputes, and in other circumstances we considered appropriate. We may offer a variety of incentives, such as, a reduced royalty or a cash bonus for the successfully training of a prospective franchisee at your It's A Grind Store.

Note 2: You pay us, without set-off, credit or deduction of any nature, a Continuing Royalty Fee of 6% and a Marketing Fund Fee of 2% of your gross sales (see Note 3) each week during the term of your Franchise Agreement. If we request, you must send us a weekly report showing the computation of your Continuing Royalty Fee and all other fees and amounts payable under your Franchise Agreement using our forms. We may access or "poll" by telephone, Internet or other technology, remotely or on-site your computer system and business records to collect information and to verify your gross sales and all fees payable under your Franchise Agreement.

Note 3: "Gross Sales" means the total actual gross charges for all products and services sold to customers of the Store, for cash or credit, whether such sales are made at or from the premises of the Store, or any other location or channel of distribution if approved by us, but excluding: (1) sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds and adjustments.

Note 4: You must participate in our "Enterprise" system, or similar system as we determine (the "POS Polling System"), and the customer gift card program ("Gift Card Program") arranged or provided by us. These programs allow you to set up various e-mail alerts and to generate detailed reports on sales, inventory, product mix, gift card sales and redemptions, and other activities. These programs also allow us to access or poll your sales and operational activities.

The POS Cloud Fee includes your PCI Fee and the fees relating to your participation in the POS Polling System and the Gift Card Program. The current POS Cloud Fee is $299 per month, payable in monthly installments; however, this amount may change occasionally, as changes occur in the programs, vendors and fee arrangements with vendors. You must pay all current fees at the current rates and all future fees at rates that we or our approved vendors may establish in our or their reasonable discretion. We take into consideration vendor charges, our ongoing costs for research, development and programming expenses, and our management, administrative and overhead expenses, as well as other expenses and considerations related to these programs.

This fee is cumulative of other expenses and costs for the purchase (or lease) of cash registers, computer systems, operating, bookkeeping and other necessary software, Internet service provider fees and related charges. We may commingle these fees that we collect from you with our other monies.

Except as to fees that you actually pay to us for the POS Polling System and the Gift Card Program, you must indemnify, defend and hold us harmless for all of your obligations and liability for your participation in these programs.

Under our cooperative gift card program, you will report weekly to us the totals for all gift card "sales" and remit to us the total proceeds from gift card "sales," as well as report to us weekly all "redemptions" transactions for gift cards presented by your customers, and we will reconcile your account and credit you for the full value of all gift card transactions redeemed by you weekly regardless of the It's A Grind Store that issued each gift card.

Note 5: You must sign the forms and complete our procedure to establish a bank draft or electronic transfer arrangement so we can present a draft to your bank or other financial institution for the Continuing Royalty Fees, Marketing Fund Contributions, PCI Fees, POS Polling System Fees (or similar system as we determine) and Gift Card Program Fees, and all other fees or payments currently due us or any of our affiliates. You must sign Exhibit FA-II of your Franchise Agreement titled "Electronic Funds Transfer Agreement" (or other form we provide to you) when you sign your Franchise Agreement. Before you start your Initial Training program, you must complete, sign and return any other form like the "Electronic Debit Authorization Agreement," which is attached to your Franchise Agreement as Exhibit FA-III, authorizing an electronic debit, and to give us any information that we need for this authorization. You cannot attend the Initial Training program unless we have received the Electronic Debit Authorization Agreement before the start date of the Initial Training program.

Each Thursday, we will draft your royalty fee, Marketing Fund Fee and any other amounts you owe us directly by electronic funds transfer or otherwise from your bank account based upon transactions completed by you during the prior week starting on Monday at 12:01 AM (Pacific Time) and ending at midnight the following Sunday. You must install at your expense and use any pre-authorized payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system that we in our discretion may require to fulfill any business purpose related to the operation of your franchise and the franchise system or to permit you to make all required payments to us by automatic bank transfer. You must maintain account balances sufficient to make all payments due us by electronic transfer. You must reimburse us for any charges incurred by us if there are insufficient funds in your account to pay a fee. Any insufficiency in your account to pay us the required fees will be considered a default under your Franchise Agreement.

If we request, you must submit to us by 5:00 PM (Pacific Time) on Tuesday of each week a report on our approved forms, which includes your Gross Sales figures for the prior accounting period. If we do not timely receive this report, or are unable, for any reason whatsoever, to poll your POS computer system to determine your weekly Gross Sales figures, then we are authorized to estimate these fees and to draft (withdraw) by electronic transfer an amount from your bank account for the Continuing Royalty Fee and the Marketing Fund fee with respect to the prior accounting period equal to the amount withdrawn for the most recent week plus 10% as an estimate of the accounting period's Continuing Royalty Fee and the Marketing Fund fee, plus the other fees you then owe us.

If you pay, or we receive, a lesser amount than the full amount due us, we have the right to apply the payment against the longest outstanding amount due us. We can accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No restrictive endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere from you will be an accord or satisfaction or will bind us or any of our affiliates. Our or any of our affiliates' acceptance of any payments made by you are not a waiver of any breach or default of any provision in your Franchise Agreement.

Despite any designation by you, we can apply any payments made by you, or on your behalf (and apply any amounts owed to you or any of your affiliates by us or any of our affiliates) to any of your past due indebtedness for Continuing Royalty Fees, PCI Fees, Marketing Fund Fees, POS System and Gift Card Program Fees, and any other amounts owing to us or any of our affiliates, or any interest or other indebtedness that you or any of your affiliates owe to us or any of our affiliates.

Note 6: If a local or regional advertising cooperative exists to promote It's A Grind Stores in the television market (the "Media DMA") in which your It's A Grind Store is located, you must become a member and participate in the same manner as the other members. Praise IAG Stores, LLC, is not required to participate in any cooperative advertising programs. You may be required to make contributions to the cooperative in an amount determined by a majority of its members. As of the date of this Disclosure Document, no local or regional advertising cooperative has been established. (See Item 11.)

Note 7: Amounts due to us (except interest on unpaid amounts due), not paid when due, bear interest from the date due until paid at the rate of 1.5% per month, or the highest rate of interest allowed by law. We can also recover our reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by you.

Note 8: We can audit your financial information at any time during normal business hours without prior notice at your It's A Grind Store. If you have underpaid any fees or amounts due us, you must immediately pay us the underpaid amounts plus interest from the date originally due until the date of payment, at the lesser of 1.5% interest per month, or the highest rate of interest allowed by law. If an audit is done because you failed to furnish us reports, supporting records or other required information or if the underpayment exceeds 2% of your Gross Sales for any period covering the audit, you must also reimburse us for all costs of the audit including travel, lodging, wage expense and reasonable accounting and legal expense.

Note 9: You must pay us a non-refundable Transfer Fee when you first present the proposed transfer to us for approval. The amount of the Transfer Fee is as follows: $7,500 for the transfer of one It's A Grind Store; $12,500 for two It's A Grind Stores transferred simultaneously to the same transferee; and if more than two It's A Grind Stores are transferred simultaneously to the same transferee, an additional $2,500 will be charged per each additional transferred It's A Grind Store.

Note 10: Under certain circumstances, in the event of your death, disability or default under your Franchise Agreement, we may have the right to take over the management of your It's A Grind Store, in which case you must reimburse us for our expenses, plus reasonable management fees.

Note 11: You must indemnify, defend, and hold harmless us, our affiliates, and others named in the Franchise Agreement from damages and liabilities due to facts or events relating to you and/or your business. Please refer to the Franchise Agreement and other exhibits for your specific indemnification obligations.

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OTHER FEES - AREA DEVELOPMENT AGREEMENT:

NAME OF FEE (NOTE 1)	AMOUNT	DUE DATE	REMARKS
Transfer Fee	10% of the Development Fee you paid	At time of transfer	The transfer fee will not exceed $5,000 if the transferee (i) has been an It's A Grind franchisee or multi-store developer for a least 3 years and is in compliance with its agreement(s) with us; or (ii) is a member of the transferring Owner's immediate family.
Indemnification	All costs, including attorneys' fees	As incurred	You must reimburse us for all damages arising from your activities.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SMALL IT'S A GRIND STORE (UNDER 1,000 SF)

TYPE OF EXPENDITURE	AMOUNT LOW	HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee [1]	$2,950	$25,000	Lump sum by cashier's check or bank wire transfer	Upon signing of the Franchise Agreement	Us
Real Estate: Rent and Security Deposits [2]	$7,000	$12,000	As required under the lease	When you sign your lease	Landlord
Leasehold Improvements [3]	$140,000	$166,000	As Arranged	As Incurred	Third Party Contractors
Equipment, Furniture and Fixtures [4]	$82,000	$100,000	As Arranged	Vendor Terms	Third Party Vendors
Signage [5]	$8,000	$8,000	As Arranged	As Incurred	Outside Suppliers
Professional Fees/ Services	$6,000	$8,000	As Arranged	As Incurred	Consultants, Approved Architect and Outside Suppliers
Point of Sale System [6]	$4,000	$4,000	As Arranged	As Incurred	Third Party Vendors
Travel and Living Expenses while Training [7]	$3,500	$8,000	As Arranged	During Training	Airlines, hotels, car rental companies, restaurants, etc.
Initial Coffee Inventory [8]	$3,500	$4,500	Lump Sum	Before opening business	Affiliates and Designated Suppliers
Other Initial Inventory and Supplies[9]	$4,500	$5,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee [10]	$5,000	$5,000	Lump Sum	As Incurred	Us or Approved Vendors
Miscellaneous Opening Costs [11]	$8,000	$10,500	As Arranged	As Incurred	Suppliers
Additional funds – 3 months [12]	$20,000	$25,000	As Arranged	As Incurred	Employees, Vendors, Suppliers and Utilities
Total Estimated Initial Investment [13]	**$294,450**	**$381,500**			

YOUR ESTIMATED INITIAL INVESTMENT FOR AN AVERAGE IT'S A GRIND STORE (1,001 – 1,200 SF)

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee [1]	$2,950	$25,000	Lump sum by cashier's check or bank wire transfer	Upon signing of the Franchise Agreement	Us
Real Estate: Rent and Security Deposits [2]	$8,000	$15,000	As required under the lease	When you sign your lease	Landlord
Leasehold Improvements [3]	$166,000	$173,000	As Arranged	As Incurred	Third Party Contractors
Equipment, Furniture and Fixtures [4]	$100,000	$114,000	As Arranged	Vendor Terms	Third Party Vendors
Signage [5]	$8,000	$17,000	As Arranged	As Incurred	Outside Suppliers
Professional Fees/ Services	$6,000	$8,000	As Arranged	As Incurred	Consultants, Approved Architect and Outside Suppliers
Point of Sale System [6]	$4,000	$4,000	As Arranged	As Incurred	Third Party Vendors
Travel and Living Expenses while Training[7]	$3,500	$8,000	As Arranged	During Training	Airlines, hotels, car rental companies, restaurants, etc.
Initial Coffee Inventory[8]	$5,000	$6,000	Lump Sum	Before opening business	Affiliates and Designated Suppliers
Other Initial Inventory and Supplies[9]	$5,500	$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee [10]	$5,000	$5,000	Lump Sum	As Incurred	Us or Approved Vendors
Miscellaneous Opening Costs [11]	$10,500	$12,500	As Arranged	As Incurred	Suppliers
Additional funds – 3 months [12]	$20,000	$25,000	As Arranged	As Incurred	Employees, Vendors, Suppliers and Utilities
Total Estimated Initial Investment [13]	**$344,450**	**$419,000**			

YOUR ESTIMATED INITIAL INVESTMENT FOR A IT'S A GRIND STORE WITH DRIVE-THRU

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee [1]	$2,950	$25,000	Lump sum by cashier's check or bank wire transfer	Upon signing of the Franchise Agreement	Us
Real Estate: Rent and Security Deposits [2]	$8,000	$15,000	As required under the lease	When you sign your lease	Landlord
Leasehold Improvements [3]	$173,000	$200,000	As Arranged	As Incurred	Third Party Contractors
Equipment, Furniture and Fixtures [4]	$114,000	$131,000	As Arranged	Vendor Terms	Third Party Vendors
Signage [5]	$17,000	$20,000	As Arranged	As Incurred	Outside Suppliers
Professional Fees/ Services	$8,000	$10,000	As Arranged	As Incurred	Consultants, Approved Architect and Outside Suppliers
Point of Sale System [6]	$4,000	$4,000	As Arranged	As Incurred	Third Party Vendors
Travel and Living Expenses while Training [7]	$3,500	$8,000	As Arranged	During Training	Airlines, hotels, car rental companies, restaurants, etc.
Initial Coffee Inventory [8]	$5,000	$6,000	Lump Sum	Before opening business	Affiliates and Designated Suppliers
Other Initial Inventory and Supplies[9]	$5,500	$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee [10]	$5,000	$5,000	Lump Sum	As Incurred	Us or Approved Vendors
Miscellaneous Opening Costs [11]	$10,500	$12,500	As Arranged	As Incurred	Suppliers
Additional funds – 3 months [12]	$25,000	$30,000	As Arranged	As Incurred	Employees, Vendors, Suppliers and Utilities
Total Estimated Initial Investment [13]	**$381,450**	**$473,000**			

YOUR ESTIMATED INITIAL INVESTMENT FOR AN IT'S A GRIND KIOSK

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
Initial Franchise Fee [1]	$1,750	$15,000	Lump sum by cashier's check or bank wire transfer	Upon signing of the Franchise Agreement	Us
Real Estate: Rent and Security Deposits [2]	$6,000	$12,000	As required under the lease	When you sign your lease	Landlord
Leasehold Improvements [3]	$60,000	90,000	As Arranged	As Incurred	Third Party Contractors
Equipment, Furniture and Fixtures [4]	$61,000	$74,000	As Arranged	As Incurred	Third Party Vendors
Signage [5]	$5,000	$8,000	As Arranged	As Incurred	Outside Suppliers
Professional Fees/ Services	$5,000	$6,000	As Arranged	As Incurred	Consultants, Approved Architect and Outside Suppliers
Point of Sale System [6]	$4,000	$4,000	As Arranged	As Incurred	Third Party Vendors
Travel and Living Expenses while Training [7]	$3,500	$8,000	As Arranged	During Training	Airlines, hotels, car rental companies, restaurants, etc.
Initial Coffee Inventory [8]	$2,400	$3,500	Lump Sum	Before opening business	Affiliates and Designated Suppliers
Other Initial Inventory and Supplies[9]	$4,500	$5,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee [10]	$5,000	$5,000	Lump Sum	As Incurred	Us or Approved Vendors
Miscellaneous Opening Costs [11]	$5,000	$10,000	As Arranged	As Incurred	Suppliers
Additional funds – 3 months [12]	$10,000	$12,000	As Arranged	As Incurred	Employees, Vendors, Suppliers and Utilities
Total Estimated Initial Investment [13]	**$173,150**	**$253,000**			

EXPLANATORY NOTES:

Note 1: Please refer to Item 5 for information on initial franchise fees.

Note 2: The estimate assumes you will lease retail space for your It's A Grind Store. It's A Grind Stores typically occupy 1,000 to 1,500 square feet in strip shopping centers in suburban commercial areas. Rent is estimated to range between $3,500 and $12,495 per month and will vary significantly depending on such factors as square footage, market climate, type of facility, location (relating to the location of the shopping center within a community and to the location of the leased premises within the shopping center), condition of the leased premises, the age and popularity of the shopping center where the leased premises is located, etc. If the cost of leasehold improvements is amortized into your lease, your monthly lease rates could significantly increase (see Note 3 regarding leasehold improvements). The approximate size of an It's A Grind Kiosk is 250 to 300 square feet. The Kiosk will require an additional 100 to 200 square feet for remote storage, support equipment and, to serve as a commissary in certain jurisdictions as required by the health department. Although they vary widely, typical minimum rental costs range from $39 to $100 per square foot, per year, for an in-line store (street locations) and $80 to $250 per square foot, per year, for a Kiosk space, and percentage rents range from 6% to 15% of gross sales, but costs may be different in your area and you should research these costs and other lease terms before making any commitments. The figures in the charts reflect an estimate of 3 months' rent plus 1 month's rent as a security deposit. In addition to rent, there are often a variety of additional charges that you are obligated to pay, including a proportionate share of real estate taxes, security, maintenance and other expenses of the shopping center, building or structure in which your It's A Grind Store is located.

Note 3: The cost of leasehold improvements will vary significantly depending upon many factors, including, without limitation, square footage, geographic area, market climate, labor market (e.g., prevailing wage rates, union labor restrictions, etc.), type and condition of the facility, location, condition of the leased premises and price difference between various suppliers and contractors. These estimates assume you are establishing a traditional It's A Grind Store in a typical neighborhood shopping center or free-standing building. In some circumstances, it may be possible to convert an existing free-standing building, a pre-existing facility, a multi-level office or commercial facility, regional mall, food court, etc. with our consent as long as it conforms to all of our standards and specifications. The costs of leasehold improvements are solely your responsibility and will vary depending upon your negotiations with the landlord or third parties prior to occupancy, or they may be financed through the landlord or third parties. You may be able to negotiate for "tenant improvement" allowances that can help to reduce your net construction costs. This is an important factor for you to consider in choosing a location. Additional important cost factors are the condition in which a landlord delivers a space, the extent to which it has existing improvements, such as restroom facilities, electrical, HVAC, storefront, doors, concrete slab, and other elements, and the nature of the building/site, among other factors, all of which will significantly impact the costs you should expect to incur. The estimated cost range provided reflects net costs, and assumes a tenant improvement allowance of $15 to $30 per square foot. These assumptions do not apply in all instances because of all of the above-noted variables. If you receive little or no tenant improvement allowance and the landlord delivers the site with few, if any, improvements and/or the building has site-specific issues affecting development costs, you could expect to incur additional costs of $35,000 to $60,000 or more. You should consult with a qualified, licensed contractor for cost estimates specific to your site before signing the lease, since we cannot predict or warrant what future costs may be. You are responsible for obtaining all necessary permits and licenses required for the location, construction, renovation or operation of your It's A Grind Store.

Note 4: The cost of the equipment, furniture, fixtures, music system and other equipment includes the estimated costs of all such items that are necessary to open and operate your It's A Grind Store in compliance with our standards and specifications.

Note 5: Before you sign a lease, you must obtain an It's A Grind sign drawing that meets all our specifications and is specific to your location ("Approved Sign Criteria"). You must obtain a final approved sign plan ("Approved Sign Plan") from us and/or our designee and have the sign drawing and sign plan incorporated into your lease. You must remove and replace at your cost any sign at the It's A Grind Store location that does not meet the Approved Sign Criteria and Approved Sign Plan.

Note 6: You must purchase or lease a Point of Sale ("POS") Computer System and software programs for use in your It's A Grind Store that are approved by us; that meet all our current standards and specifications; and that are fully compatible with our POS Computer System and software programs. We currently require that you obtain and use QuickBooks software for bookkeeping and accounting purposes. (See Item 11 of this Disclosure Document for more details.)

Note 7: As described in Item 11, we will train you (or your Managing Owner) and your approved manager(s) at no charge. You are responsible for the wages, travel, and living expenses of the attendees. (See Item 11)

Note 8: Prior to opening, you are required to purchase an Initial Coffee Inventory from our affiliate. You decide the amount of initial inventory you wish to purchase. We estimate that you will need an opening inventory of up to $6,000 for an It's A Grind Store and up to $3,500 for an It's A Grind Kiosk. The amount of initial inventory may increase if you open during the November-December holiday season.

Note 9: In addition to your Initial Coffee Inventory, you will need to purchase other initial inventory and supplies, such as, paper supplies, powder, sleeves, cups, espresso equipment, utensils, etc.

Note 10: You must pay us or vendors approved by us a Grand Opening Fee of $5,000 for a grand opening advertising, marketing and promotion package (the "Grand Opening Fee"). Refer to Item 11 for more information on the package.

Note 11: This item covers miscellaneous opening costs and expenses such as installation of telephone lines, utility deposits, landlord chargebacks, hiring and training costs, business permits and licenses, legal and accounting expenses and insurance premiums (See Item 8 for minimum insurance requirements).

Note 12: Additional Funds is an estimate of funds needed to cover certain business (not personal) expenses before and during the first 3 months of operation of your business. You also will need to support on-going costs of your business, such as payroll, utilities, rent, marketing expenses, overhead expenses and other costs. This is only an estimate of these costs, and we cannot guarantee that the amounts specified will be adequate or know whether or not any revenues will cover expenses. You may need further funds than those shown during the first 3 months of initial operation, and additional funds afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any such estimates. In compiling these estimates, we have relied upon the more than 10 years of experience of our employees.

The 3 month period from opening the business does not necessarily mean that you will have reached "break-even," "positive cash flow," "profitability" or any other financial position by that point or at any other point in time. In addition, the estimates presented relate only to certain costs associated with your It's A Grind Store and do not cover any personal, "living," unrelated business or other expenses you may have, or amounts such as royalty payments, marketing fund payments, debt service on any loans, sales and/or use taxes on goods and services, and a variety of other amounts not described above. Although we make no estimates or representations regarding financial performance of an It's A Grind Store, we recommend that, in addition to the additional funds shown, you have sufficient personal resources to cover your living and other expenses for more than 3 months.

Note 13: All of the above figures are estimates of certain pre-opening and initial operating expenses. It is not all-inclusive, and we cannot guarantee you will not have additional expenses in starting your It's A Grind Store. The total estimated investment does not include compensation for your time or labor. Your costs will vary depending upon such factors as: how closely you follow the It's A Grind System; your management and marketing skills; experience and general business ability; and local and general economic conditions. Additionally, and as noted in Item 11, Stores often open between 8 and 18 months after the Franchise Agreement is signed. We do not and cannot predict to what extent costs at the time that you incur them will vary from the information contained in this chart, but they may vary significantly.

Total costs to begin operations and other financial requirements may be more or less than the figures specified above. Many of these factors are primarily under your control in your independent operation of the business, and may include necessary licenses, permits or certifications. You are solely responsible for identifying and complying with all applicable laws, regulations and ordinances, including all licenses and permits that may be required for your It's A Grind Store. The foregoing is not an estimate of capital or other reserve funds necessary for you to reach "break-even" or any other financial position, nor do any of these estimates include any finance charges, interest or debt service obligations, personal expenses or other excluded amounts, as described in Note 11. You should not assume that revenues from your customers will cover your initial or later expenses. You should review these figures carefully with a business advisor, such as an accountant, before making any commitments.

We cannot assure you that you will not have additional expenses in starting your business. Your actual cost will depend upon a number of factors, including local economics and market conditions and the size of your It's A Grind Store. We urge you to review these figures carefully with a business advisor, accountant and attorney before making any commitments. We do not offer financing either directly or indirectly for any of the above items.

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YOUR ESTIMATED INITIAL INVESTMENT
FOR AN AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (See Note 1)	$30,000 to $37,500	Lump sum	When you sign ADA	Us
Legal, Accounting and other Fees (See Note 2)	$5,000 to $10,000	As Arranged	As Arranged	Third Parties
TOTAL (See Note 3)	**$35,000 to $47,500**			

EXPLANATORY NOTES:

(1) The range assumes that you are a new franchisee and that the Area Development Agreement has a commitment of 3 to 5 It's A Grind Stores. The range would be lower if you are an existing franchisee from before August 1, 2016 (see Item 5).

(2) You may incur additional legal, accounting and other fees for reviewing the Area Development Agreement.

(3) For each It's A Grind Store you develop under the Area Development Agreement, you will also incur the expenses in the applicable table above in this Item 7.

* * *

All payments to us in this Item are non-refundable. Whether payments made to others are refundable will depend on your arrangements with them.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure consistency, quality and uniformity throughout the System, you must purchase or lease all inventory, equipment (including cash registers and computer systems), fixtures, furniture, signs, supplies, and other products and materials used in the operation of your It's A Grind Store according to our standards and specifications and supplier requirements. All specifications, standards, approved items and suppliers are described in our Operations Manual and through other communications from us to our franchisees. We may periodically update and alter our standards and specifications and add to or delete from the list of products and services authorized for sale from It's A Grind Stores.

We will provide you with information regarding one or more suppliers for each specified product/service. If you wish to purchase goods and services from a supplier not currently approved by us, and if we do not require that you use a particular designated supplier for a product/service, you must submit a written request to us. The supplier must submit written documentation with any qualifying information we request. We will give you written notification of our approval or disapproval of the proposed supplier within 90 days of the date of our receipt of all required documentation.

Our designation or approval of a supplier may be conditioned on factors we establish, as we consider appropriate, including performance relating to frequency of delivery, standards of service, inability to maintain and/or quality of goods, inability to meet or maintain acceptable pricing, and payment or other consideration to us or parties we designate. We can approve, or revoke or deny approval, of particular items or suppliers as we consider appropriate.

We and our affiliates have the right to receive rebates, incentive amounts, discounts, commissions and other economic benefits from any supplier and to realize a profit on the sales of products and/or services to you. In our fiscal year ending June 30, 2017, our commission revenues from purchases by our franchisees were $60,339, which represents 2.3% of the total revenues of $2,598,190 from the consolidated financial statements for our parent, RFG USA.

We can require that you obtain products/services we specify exclusively from suppliers we designate or approve. We can designate or approve a single or multiple suppliers for any specified product/service and designate a single supplier as an exclusive supplier of a required product or service. Suppliers may include, and may be limited to, us and/or companies affiliated with us. We do not currently have any distribution or purchasing cooperatives for franchisees. We may designate an affiliate as an approved supplier or the only approved supplier.

Currently, our affiliate, Di Bella Coffee, is the only approved supplier of roasted coffee beans. You must purchase all of your coffee beans from Di Bella Coffee through an authorized distributor, unless we give you written permission to obtain them from another supplier. We do not currently receive a commission from Di Bella Coffee; however, we reserve the right to do so in the future, based upon the amount of coffee beans you purchase from them.

For the fiscal year ended June 30, 2017, Di Bella Coffee's revenue from franchisees' purchases of required products/services was $1,884,601. This figure is from Di Bella Coffee's unaudited statement of operations and is for the combined purchases of It's A Grind franchisees and Gloria Jean's franchisees.

You must not offer for sale coffee beans on a wholesale basis, that is, to a customer who proposes to re-sell the beans or to use the beans in a business.

As of the date of this disclosure document, other than Di Bella Coffee being the sole approved supplier of roasted coffee beans, neither we nor any of our affiliates are approved suppliers of any required product or service. However, we reserve the right to name ourselves or an affiliate as the sole supplier or as an approved supplier for additional items in the future. For example, we may become an approved or designated supplier for all other coffee products, logo items, menu boards, furniture, in-store signage and artwork, POS computer software and database management systems, accounting and other business/operating systems, and other business services for It's A Grind franchised stores and we may derive income from the sale of these items.

Your It's A Grind Store must contain or display only signage obtained from a designated and/or approved supplier of signage services and produced according to designs we approve. You also must use only the type and style of menu board we approve. (Also see Footnote 5, Item 7 of this Disclosure Document).

All of the packaging materials, paper and plastic products used in the operation of the It's A Grind Store that are available imprinted must be imprinted with the names and marks that we specify. You are not required to purchase these materials and products from us, but the names and marks must be imprinted in accordance with our specifications and must be purchased from a designated or approved supplier.

You must retain and pay for the services of an architect and a sign supplier approved by us.

All advertising and promotional materials, including materials which may be used on any computerized media or electronic media by you, must be approved by us, must be completely, factually accurate and must conform to the highest standards of ethical advertising and our requirements and specifications. You cannot use any advertising or promotional materials that we have not approved or have disapproved.

You must purchase and maintain insurance in accordance with our requirements, and furnish us with copies of all insurance policies that we request. Before opening your It's A Grind Store and throughout the term of your Franchise Agreement, you are required to keep in force, at minimum, the following insurance coverage:

(1) Worker's compensation, employer's liability, and such insurance to meet statutory requirements;

(2) Comprehensive general liability insurance, including product liability, property damage, and personal injury coverage, with a combined single limit of at least $2,000,000;

(3) "ALL RISK" or special property coverage of not less than current replacement cost of your It's A Grind Store's glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore your It's A Grind Store to full operations;

(4) Business interruption insurance with coverage for at least 12 months for actual losses; and

(5) If you have company-owned vehicles, automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least $1,000,000.

We may periodically require you to upgrade your insurance as to policy limits, deductibles, scope of coverage, rating of carriers, etc. If you operate at a non-traditional location in a site shared with other businesses, then you may be required to meet additional requirements, such as coverage for common areas and other items.

We must approve your proposed location. In addition, we have the right to approve, approve with modification or disapprove your proposed lease or purchase agreement. You must collaterally assign your lease to us by executing the form of Collateral Assignment of Lease attached as Exhibit F (the "Collateral Assignment"). Under the Collateral Assignment, we or our designee will have the right to take possession of the premises if you default under the lease, the Franchise Agreement or any other agreement with us or our affiliates. You must deliver to us a copy of the fully signed lease or purchase agreement as previously approved immediately after its full execution.

You are prohibited from developing, creating, generating, owning, licensing, leasing or otherwise utilizing any electronic media to display or otherwise utilize the Marks, or offer to sell or sell any of the products and services which are or may at a later date be offered for sale in It's A Grind Stores.

Based upon the operating results of the existing It's A Grind Franchise Stores, we estimate that your required purchases or leases from designated and approved sources will represent 10% of your overall purchases in connection with the establishment of your It's A Grind Store and 60% to 75% of your overall purchases in connection with the ongoing operation of your It's A Grind Store.

We do not currently provide any material benefits to franchisees based upon a franchisee's use of designated or approved suppliers. We may negotiate purchase agreements with suppliers that may result in cost saving benefits to our franchisees. In some cases, we may negotiate national account programs and pricing with various vendors on behalf of our franchisees, and we may receive compensation from the vendor.

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in our franchise system, and none of our officers owns an interest in any of our approved suppliers.

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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 PRINCIPAL OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

OBLIGATIONS	SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Sections 1.2, 1.3, 6.1, & 7.1 - 7.4	Section 3	Items 7, 11 & 12
b. Pre-opening purchases/leases	Sections 1.2, 6.1, 6.2, 7.2, 7.3 & 7.4	N/A	Items 5, 7 & 8
c. Site development and other pre-opening requirements	Sections 6.1, 6.2, & 7.1-7.4	Section 3	Items 7, 8 & 11
d. Initial and ongoing training	Sections 6.3, 6.4, 6.5, 8.8 & 14.3(K)	N/A	Item 11
e. Opening	Sections 1.2 & 7.2	N/A	Item 11
f. Fees	Sections 3.2, 5.1 - 5.6, 6.2, 7.2, 8.10, 9.2, 9.3, 9.4, 10.2, 14.4 & 14.5	Section 2	Items 5, 6, 7 & 11
g. Compliance with standards and policies/Operating Manual	Sections 6.6, 8.1 - 8.8, 8.10	N/A	Items 8, 11 & 13
h. Trademarks and proprietary information	Sections 4.1 - 4.5	Sections 1.4 and 5	Items 13 & 14
i. Restrictions on products/services offered	Section 8.6	N/A	Items 8, 11 & 16
j. Warranty and customer service requirements	N/A	N/A	N/A
k. Territorial development and sales quotas	None	Section 1	Item 12
l. Ongoing product/service purchases	Section 8.6	N/A	Item 8 & 16
m. Maintenance, appearance & remodeling requirements	Sections 6.2, 7.1, 8.1 & 8.10	N/A	Items 11 & 17
n. Insurance	Section 10.3	Section 11.1	Items 6 , 7 & 8
o. Advertising	Sections 9.1 - 9.6	N/A	Items 5, 7 & 11
p. Indemnification	Sections 8.10 & 11.2	Section 11.2	Item 6

Obligations	Section in Franchise Agreement	Section in Area Development Agreement	Item In Disclosure Document
q. Owner's participation/ management/ staffing/personal guaranty	Recital E, Sections 8.5, 8.8 & 11.3	N/A	Items 11 & 15
r. Records and reports	Section 10.1	N/A	Items 6 & 11
s. Inspections and audits	Sections 10.2 &16.6	N/A	Items 6 & 11
t. Transfer	Sections 14.1-14.7	Section 7	Item 17
u. Renewal	Sections 3.2 & 3.3	N/A	Item 17
v. Post-termination obligations	Sections 15.6, 13.1, 13.3, 15.7 & 16.6	Sections 5 and 6.2	Item 17
w. Non-competition covenants	Sections 12.1-12.4, 13.1-13.4	Section 6	Item 17
x. Dispute resolution	Sections 16.1-16.16	Section 13	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing to you. We do not guarantee your note, lease or other obligation.

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

Except as described below, we are not required to provide you with any assistance.

Before you open your business, we will:

1. Grant you a nonexclusive license to establish and operate a retail specialty coffee store identified by the Mark "It's A Grind" and employing the It's A Grind business format and System at a location that we have approved (Franchise Agreement, Section 1.1);

2. Consult with you in connection with finding a suitable site and reviewing a letter of intent for the It's A Grind Store. (See "Site Selection" below)(Franchise Agreement, Sections 1.2, 6.1, 7.1 and 7.2);

3. Consult with you regarding the proper display of the Marks; selection of signs, equipment, furniture, fixtures, initial inventories; recruiting personnel and on managing the construction or refurbishment of your It's A Grind Store. (See Items 7 and 8 of this Disclosure Document);

4. Provide you and your initial store manager, if applicable, with an Initial Training program as described below at no additional charge beyond the Initial Franchise Fee (but related to which training, you must pay all travel, lodging and incidental costs and expenses of you and your store manager (Franchise Agreement, Section 6.3);

5. Send a representative to your It's A Grind Store to provide you with 3 days (subject to adjustment by us) of pre-opening store opening training for you and your store manager (Franchise Agreement, Section 6.4);

6. Lend you one copy of our Operations Manual, inclusive of our Getting Started Manuals (Franchise Agreement, Section 6.6) and give you access to It's A Grind –TODDY, our Intranet Learning and Development Portal;

7. Coordinate with you in connection with your Grand Opening advertising as described below (Franchise Agreement, Sections 6.12 and 9.4).

After the opening of your It's A Grind Store, we will:

1. Provide you with up to 3 days (subject to adjustment by us) of "post opening" training (Franchise Agreement, Section 6.5);

2. Coordinate with you to implement your advertising and marketing for your Grand Opening of your It's A Grind Store (Franchise Agreement, Sections 6.12 and 9.4);

3. Manage the cooperative gift card program among It's A Grind franchisees and affiliated companies (Franchise Agreement, Sections 5.4 and 8.10).

During the operation of your It's A Grind Store, we may provide (but we are not obligated to do so) such additional ongoing assistance as we think appropriate:

We can choose to:

1. Provide additional training to you and your store manager/Designated Owner at your expense as described below (Franchise Agreement, Section 6.5);

2. Provide continuing advisory assistance and information in the operation of your It's A Grind Store by telephone, computer, e-mail, written updates, periodic meetings, and on-site visits (Franchise Agreement, Section 6.7);

3. Provide and periodically, add to, alter or delete, at our discretion, lists of specifications, approved distributors and suppliers, approved services, products, materials and supplies and training (Franchise Agreement, Section 6.8);

4. Advise or guide you relative to prices of products and services offered by It's A Grind Stores (Franchise Agreement, Section 6.9);

5. For so long as we operate a Marketing Fund (the "Marketing Fund"), we will maintain and administer it (Franchise Agreement, Section 6.10), as described in Item 11, below; and

6. Periodically in our discretion, consult and advise you relative to the advertising and marketing programs and materials approved for use in the It's A Grind franchise system. (Franchise Agreement, Section 6.11)

Training

Before the opening of your first It's A Grind Store, we provide you and your store manager, if applicable, with a mandatory, Initial Training program. You and your store manager must receive training at the same time. If the franchisee is a business entity, then the Designated Owner(s) named in the Franchise Agreement must successfully complete Initial Training and store opening training and comply on an ongoing basis with all training requirements. (Refer to Item 15 of this Disclosure Document for more information on Designated Owners). We do not charge you any additional fees for you to attend the Initial Training program. However, you are responsible for all travel, lodging, food, wages, wage related expenses and other expenses in connection with training for you and your store manager.

Our Initial Training program lasts up to 3 weeks, as we determine in our sole discretion, with a combination of classroom training at our headquarters or other location we designate and on the job training at a store owned by us or at another training facility that we designate. The training covers the basic aspects of establishing and operating an It's A Grind Store. You and your store manager must attend all scheduled training days and times and must satisfactorily complete the Initial Training program. We conduct the Initial Training as we determine necessary at a location we select, and it may be conducted, in part or in whole, at our corporate headquarters in Santa Fe Springs, California.

The Initial Training program is conducted after the signing of the Franchise Agreement and the signing of your lease for your It's A Grind Store, and is generally completed 30 to 120 days before the Store opening. However, we cannot assure you that delivery of our Training program and your store build out will coincide. While we try to avoid scheduling problems, your store may be ready to open before you have completed training and can be allowed to operate it. Before attending Initial Training, you must: 1) send us a fully executed copy of the lease for your Authorized Location; 2) complete, sign and return to us your Electronic Debit Authorization Form (Exhibit FA-III to the Agreement); 3) send us a list of Initial Training class attendees with applicable biographies and store positions; and 4) pay to us the $5,000 Grand Opening Fee, as described in Item 5 of this Disclosure Document. You will not be permitted to attend Initial Training unless these requirements are met.

To help with the opening of your first It's A Grind Store, we (at our expense, except as described below) send at least one representative to your It's A Grind Store to provide store opening training. The length of the store opening training is generally 6 days, or for any other time period we select. Scheduling of our representative is as we decide. While we try to avoid scheduling problems, your store may be ready to open before we are able to send a representative or before you have completed training and can be allowed to operate it. This store opening training generally includes 3 days of "pre-opening" training, which you and your store manager must complete to our satisfaction before opening your It's A Grind Store for business to the public, and up to 3 days of "post-opening" training, which you and your store manager must complete to our satisfaction. We can adjust the number of days allocated to either "pre-opening" training or "post-opening" training depending on your needs and skills. You must have a "certified operator" (you or your store manager who has satisfactorily completed our Initial Training program) on site at all times during the 6 opening training days. We decide how many representatives to send to your It's A Grind Store and the scheduling of all training. We are responsible for all expenses of our representatives for this on-site training. You must get, and give us a copy of, a Certificate of Occupancy before scheduling any store opening training, and you must meet all of our Initial Training and store opening training requirements before you start either the "pre-opening" or the "post-opening" store opening training. We are not obligated to start your store opening training until you have paid your Grand Opening Fee.

If you change the date of your store opening training and/or if we send a representative to your It's A Grind Store for the store opening training and you have not met all of our requirements and we must extend the store opening training, then you must reimburse us for any costs and expenses that we incur, including any additional travel, lodging, wage-related expenses, off-site food and beverage expenses, plus all other expenses incurred.

If, after you complete the Initial Training, you want additional training for yourself or any of your employees, or if you hire a new store manager or name a new Designated Owner, we will provide additional training at a date, time and location convenient for us. You must reimburse us for our travel, lodging and off-site food and beverage expenses, wages and wage related expenses, plus all of our other expenses in providing the additional training. You must pay all of your travel, food, lodging, wages and wage related expenses and all other expenses incurred by you, your employees and/or your store manager and/or your Designated Owner in receiving the training at the location at which the training is provided. We can charge a training/tuition fee for this additional training. Additionally, we may require you, the Designated Owner and/or the store manager(s) to attend additional and/or remedial training. You are responsible for all travel, living, incidental and other expenses incurred by you or your personnel in attending any training programs, seminars, meetings, etc. We can charge a training/tuition fee for any additional and/or remedial training.

Training requirements are communicated and updated through periodic memos, publications and manuals.

The following is an outline of the current training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to Whole Bean Coffee	6		Our Support Center
Espresso Training/PASEC Certification	8		Our Support Center
Meet Heads of Departments	6		Our Support Center
Hot and Cold Drink Preparation	10		Our Support Center
Store Reports	2		Our Support Center

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Guest Service	4		Our Support Center
Cleaning/Maintenance	4		Our Support Center
Store Reports/POS	4		Our Support Center
In-Store Training		2 weeks / 10 - 8hr days	A Certified Training Center
TOTALS	**1 week / 44 hours**	**2 weeks / 10 - 8hr days (84hrs)**	

Dee Chippas, our Director of Operations and Training, is in charge of the training program. She has over 19 years of experience in the subjects taught and in the specialty coffee industry. She has worked for us for more than 19 years. Please see Item 2 of this disclosure document for more information on Ms. Chippas. The instructors of the training sessions may be individuals from the Support Center and Field Operations personnel. Each designated instructor has a minimum of 3 months experience with It's A Grind, and prior experience or training in the subject.

Operations Manual

As of the date of this Disclosure Document, the Operations Manual consists of approximately 437 pages. Its table of contents is attached to this Disclosure Document as Exhibit M.

Advertising

General. You must submit for our prior approval any and all advertising and promotional materials you prepare for the It's A Grind Store and you may not use any disapproved or unapproved advertising or promotional materials. You must comply with any advertising requirements contained in your lease or sublease for the premises of the It's A Grind Store. All advertising and promotional materials you use must be completely, factually accurate, comply with all applicable laws and conform to the highest standards of ethical advertising and policies we prescribe. You may not develop, establish, maintain, or authorize any Website which refers to It's A Grind and/or the Marks. You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual pertaining to social media activities. (Franchise Agreement, Section 9.6)

Marketing Fund. We currently maintain and administer a Marketing Fund (the "Marketing Fund") for advertising, marketing, public relations, promotional services, menu and product development, and other programs we decide are necessary or appropriate to advertise and/or promote the It's A Grind System, brand, image and/or Stores owned by various franchisees, as well as us and our affiliates. We direct all these programs, with control over the creative concepts, materials, endorsements and media used in these programs, the source of the advertising or public relation efforts, the placement and allocation of such programs and the composition of all geographic territories and market areas for the development and implementation of such programs.

Currently, you must contribute 2% of your Gross Sales to the Marketing Fund, payable weekly in the same manner and at the same time as the Continuing Royalty Fee (See Item 6). We may increase the amount you contribute to the Marketing Fund up to 3% of your Gross Sales. We are not contractually required to contribute to the Marketing Fund for It's A Grind Stores that we own. We reserve the right to rebate to you (as well as to other It's A Grind franchisees) on a periodic basis, all or any portion of any Marketing Fund contributions, as reimbursement for local advertising and promotion conducted by you. As of the date of this Disclosure Document, fees paid to the Marketing Fund are non-refundable. Other It's A Grind Franchisees may not be subject to the same contribution requirements as you are. We can waive or reduce the Marketing Fund contribution and/or other advertising expenditure requirements where we think the venue or other circumstances warrant it, in which case other franchisees will be operating under Fund-related provisions (if any) that could be materially different from your own.

The fees paid to the Marketing Fund are used to meet all costs of maintaining, administering, directing, preparing and reviewing national, regional and local advertising materials and programs, menu and product development, promotional materials and activities, and all other Marketing Fund activities, and are in addition to, and exclusive of, any sums that you may be required to spend on local advertising and promotion, including expenses associated with your participation in merchandising, promotional, and other marketing programs implemented by us through the Marketing Fund. You must participate at your expense in all Marketing Fund programs. You have the right to set your own prices, except that we can specify maximum prices for goods or services to the greatest degree permitted by law. You must honor all coupons, price reduction and other promotions/programs we implement. We have the option of allowing Marketing Fund funds to be used to furnish franchisees with marketing, advertising, promotional and other materials/services, or requiring franchisees to pay all costs of participation in any Marketing Fund program, including related costs of production, shipping, delivery, handling and/or other related expenses.

We have sole control over the amount and nature of expenditures from the Marketing Fund. We have the exclusive right to decide whether and in what proportions the funds will be allocated to advertising, research, marketing, public relations, sales promotions or other areas, and to select materials, programs, media and agencies that we deem appropriate. We can include on any advertising and/or Fund-produced material a brief statement regarding the availability of It's A Grind franchises.

The Marketing Fund is accounted for separately from our other funds and is not used to pay any of our general operating expenses, except for the reasonable salaries, administrative costs and overhead as we or our affiliates incur in activities reasonably related to the administration, direction or promotion of the Marketing Fund and its programs. We have no obligation to you to account for our administration of or expenditures under the Marketing Fund or to audit the Fund.

It is anticipated that all contributions to the Marketing Fund will be expended for advertising and promotional purposes during the fiscal year within which contributions are made. If, however, excess amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal.

We have no obligation to insure that your contributions to the Marketing Fund are utilized in your market area, and we have no obligation to insure that your It's A Grind Store benefits directly or pro rata from the placement of advertising.

Through the Marketing Fund, we may furnish you with approved local marketing plans and materials on the same terms and conditions as such plans and materials are furnished to other franchisees.

For the fiscal year ended June 30, 2017, the Marketing Fund spent a total of $160,030, of which 54% was spent on the production of advertisements and other promotional materials, 36% for general and administration expenses, and 10% for other miscellaneous expenses. Advertising fees not spent in the fiscal year in which they accrue remain in the Marketing Fund for future advertising purposes. No funds in the Marketing Fund are used for advertising that is principally a solicitation for the sale of franchises, but we may include a brief statement on any advertising and other Fund-produced material regarding the availability of It's A Grind Franchises.

Grand Opening Advertising. You must pay a $5,000 Grand Opening Fee to us or approved vendors for a Grand Opening advertising, marketing and promotion package before you open your It's A Grind Store. We will advise you regarding your grand opening advertising. You will use advertising and promotional campaign and materials approved by us, and which may be required to include a brief statement regarding the availability of It's A Grind franchises. The Grand Opening advertising, marketing and promotion package may include, but not be limited to, direct marketing materials and production-ready, customized promotional items. (See Item 7.)

Advertising Cooperatives. If we establish a local or regional advertising cooperative in your designated market area, you must become a member and participate in the same manner as the other members. You may be required to make contributions to the cooperative in an amount determined by a majority of its members with each It's A Grind Store (whether owned by a franchisee or by us) counting as one member, but with no party (whether a franchisee or us) having the right to more than 25% of all member votes for the advertising cooperative. The bylaws of any advertising cooperative must be approved by us and must provide for one of our representatives to be a member of the cooperative and any committee responsible for advertising and sales promotion decisions.

Computer System

You must purchase, or lease, and maintain a point of sale cash collection and data processing system (the "POS System"). As of the date of this disclosure document, we require franchisees to use the Aloha POS System.

The POS System records gross sales and transaction data (such as item ordered, price and date of sale) and facilitates our customer gift card program. The POS System must be connected to a broadband line at all times and be capable of accessing the Internet via a designated third party network for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering and maintaining the POS System.

The initial acquisition cost for the designated POS system is approximately $4,000 for an It's A Grind Store without a drive-thru (contingent upon number of terminals). This estimate does not include the cost of any electrical work, cabling, or the initial and monthly fees charged by your local Internet Service Provider.

You must obtain any upgrades and/or updates to the POS system software at your expense. In addition, we may require you to update and/or upgrade all or a portion of your POS system during the term of your Franchise Agreement, at your expense. There are no contractual limitations on the frequency or cost of required upgrades. Neither we nor our supplier has any contractual obligation to maintain or update your equipment or software; this is entirely your obligation. As of the date of this disclosure document, your cost for the Aloha Enterprise Software is $299 per month and is payable to the vendor.

The POS System is designed to enable us to have independent access to the information monitored by the system, and there is no contractual limitation on our right to access or use the information we obtain.

Site Selection

Unless you own or purchase property that is suitable for purposes of operating the It's A Grind Store, your It's A Grind Store will be leased from an independent third party. You have sole responsibility for locating, obtaining and evaluating the suitability and prospects of your It's A Grind Store location and for the review and negotiation of your letter of intent and lease, and you are accountable for the ultimate decision as to the selection of a particular location, regardless of our suggestions or comments. We will assist you in site selection and may review your letter of intent. At our discretion, we may also conduct field inspections of proposed sites at mutually convenient times.

We must approve the site for your It's A Grind Store. Our approval of a proposed site is not an assurance or guaranty to you of the availability, suitability or success of a location. We are not responsible for your decision on a site or any site related matter. You are solely responsible for hiring your own financial and legal professionals, consultants, architects, engineers and contractors to help you. We urge you to seek legal counsel in connection with a lease review before entering into any commitment. We recommend that you have a test fit done for a proposed location prior to lease execution, especially if the location is not a standard size or shape for an It's A Grind Store.

We will advise you whether a proposed site is approved within approximately 30 days after receipt of the Location Report, Site Plan, and demographic report on the area. We can terminate your Franchise Agreement if you fail to open your It's A Grind Store within 18 months from the date of your Franchise Agreement. We will not unreasonably withhold our approval.

You must secure our approval to any proposed site before signing a letter of intent or the lease. Before you sign a letter of intent, you must provide your landlord's sign criteria for the proposed location. Your letter of intent must include a condition that the Landlord must approve your approved sign plan and design prior to lease execution. Before you sign a lease you also must obtain a site-specific drawing that meets our specifications, and have obtained a final approved sign plan from us, which must be incorporated in the lease. If your sign does not meet the approved plan, then you must replace it at your expense. The lease must be in a form reasonably acceptable to us and contain certain provisions to protect us.

After you sign a lease, you must supply us with a fully executed copy along with a signed conditional assignment of lease rights. Please refer to Exhibit F to this Disclosure Document and the Franchise Agreement for detailed lease requirements.

Before you begin construction of the It's A Grind Store, you also must submit to us, the landlord and local authorities for approval, all requisite drawings, designs, plans and specifications, and obtain all required permits and certifications, including zoning, building, access, sign, fire and health requirements.

You must employ a licensed general contractor that we approve and obtain payment and performance bonds; all customary contractor's sworn statements; and partial and final waivers of lien for construction, remodeling, decorating and installation services for the It's A Grind Store. You also must obtain or have the general contractor obtain builders risk Insurance naming you as a loss payee.

All site activities must comply with plans and specifications, including the Approved Sign Plan and any signage specifications approved by us, the landlord, and local authorities and with all applicable ordinances, building codes and permit requirements.

Time to Opening

We estimate that from the time you sign your Franchise Agreement to the date you begin business typically will be 8 to 18 months. This time estimate may vary depending on various factors, including availability of retail sites, your diligence and commitment to follow through all pre-opening requirements, leasing a site, negotiating the lease, completion of architectural plans, obtaining a construction management service, obtaining a general contractor and the period of time required to obtain licenses and permits and to complete construction, equipping, and furnishing a site, and hiring of employees. In some markets, the lack of available, suitable locations may further increase the time required to open your store. We have in the past allowed some franchisees an extended period of time in which to open and may decide to do so in the future in circumstances that we believe warrant it. If you are operating under an Area Development Agreement, you must open multiple stores according to your development schedule, which may extend over several years, depending on the number of stores you have committed to develop.

ITEM 12
TERRITORY

Franchise Agreement

Your franchise is for a single It's A Grind Store at the location and premises we approve. You must receive our written permission before relocating your It's A Grind Store.

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, in some circumstances, as described below, the Franchise Agreement will define a "Protected Area" for the It's A Grind Store, and while the Franchise Agreement is in effect, we will not operate a traditional It's A Grind Store or authorize others to operate a traditional It's a Grind Store of the same type in the Protected Area.

Exhibit FA-I to the Franchise Agreement provides for the designation of an Authorized Location as a traditional or non-traditional site. We will determine if the Authorized Location is a non-traditional or unique site (for example, in a central business district, downtown area, densely populated urban area, airport, sports and entertainment venue, tourist area, supermarket, bookstore, etc.). Unless we specifically designate your Authorized Location as a traditional site with a Protected Area on Exhibit FA-I, you do not have a Protected Area.

If we identify your Authorized Location as a non-traditional site on your Exhibit FA-I, you will not have a Protected Area, unless a mutually executed special addendum to the Franchise Agreement provides for one.

If we identify your Authorized Location as a traditional site on your Exhibit FA-I, then your Protected Area will consist of a circular area defined by a radius of 1/2 mile from the front door of your It's A Grind Store. If Exhibit FA-I to your Franchise Agreement designates your Authorized Location as a traditional site, then for the term of the Agreement we will not establish a traditional, full service It's A Grind Store within your Protected Area, if you are in full compliance with the methods, procedures, standards and specifications required by us in the Operations Manual or otherwise in writing and you are not in violation of any of the terms of your Franchise Agreement or any other agreement with us. We and our affiliates have the right at any time to establish company-owned or franchised It's A Grind Stores at any locations we choose outside your Protected Area, if you have one.

You are not granted any rights to use the System and the Marks in connection with any other location or any alternative channel of distribution, without our prior written consent. "Alternative channels of distribution" include any other channel of commerce or method of distribution, including, without limitation, distribution of products or services in supermarkets, grocery stores, convenience stores, gasoline stations, discount stores, department stores, bookstores, music stores, kiosks, mobile facilities, vending carts, stadiums, convention centers, concert halls, amusement parks, fair grounds and other areas of public gatherings, any temporary or mobile facilities, mail order facilities, Internet based facilities, direct response media, or onsite coffee services for business locations.

If we choose to grant you rights relating to an "Alternative Channel of Distribution", you will not have a "Protected Area" with respect to the Alternative Channel of Distribution, unless a mutually executed special addendum to the Franchise Agreement specifies a "Protected Area."

You may serve customers only from the It's A Grind Store. You may not offer or make sales to food brokers, wholesalers, grocery or other chain stores or any other buyer for resale through any channel of distribution. You may not operate any other permanent or temporary mobile vending vehicle, grab 'n go case, cart, kiosk or any other channel of distribution, including via electronic media (e.g., Internet, email, etc.), without our prior written consent. Any use of social media by you pertaining to the It's A Grind Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the It's A Grind Store on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the It's A Grind Store that does not comply with the Franchise Agreement or the Manual.

You are granted no exclusivity regarding customers, and nothing in the Franchise Agreement prevents us, our affiliate, or any franchisee from serving or soliciting customers in your area. We, our franchisees, our affiliates or their franchisees are not prohibited from soliciting or making sales within your market area. We have no duty to protect you from such sales, solicitations, or attempted sales.

We have all rights to sell It's A Grind brand (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within your Protected Area) using alternative channels of distribution (i.e., channels other than a traditional, full service It's A Grind Store located in a Protected Area). You should not have any expectation that we will not use those means of distribution. With respect to sales by any alternative channel of distribution, there is no limitation on our ability (and the ability of anyone that we appoint) to sell to customers located anywhere. We have been selling trademarked coffee and related products on the Internet since 2008.

We reserve all rights not expressly granted to you in your Franchise Agreement. We specifically reserve the rights to operate, or to license others to operate:

(1) any kind of business in any Protected Area awarded to you (if any) selling to customers located anywhere, whether or not using the It's A Grind brand and System, except for a traditional It's A Grind Store; and

(2) any kind of business anywhere outside of any Protected Area awarded to you (if any) selling to customers located anywhere, whether or not using the It's A Grind brand and System, including traditional It's A Grind Stores.

We and/or any of our affiliates can acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere (including in your Protected Area), and including arrangements in which (1) other units are (or are not) converted to the It's A Grind Store or other format (including using the System and/or Marks) and/or (2) we and/or any of our affiliates are acquired, and/or company-owned, franchised or other businesses (including the traditional It's A Grind Store) are converted to another format, maintained under the System or otherwise. All It's A Grind Stores owned by you (whether traditional, full service type or alternative channel of distribution type) must fully participate in any such conversion, at your sole expense, except as otherwise stated in the Franchise Agreement.

Any Protected Area you may have is not dependent upon you attaining minimum sales. You have no right to any additional store franchises under the Franchise Agreement.

Area Development Agreement

Under the Development Agreement, we grant you the right and you undertake the obligation to develop a minimum number of It's A Grind Stores in the Development Area. We typically define the Development Area by zip code boundaries, county boundaries, highways, physical landforms, city or municipality boundaries, and other factors we deem appropriate. The size of the Development Area will vary depending on the number of It's A Grind Stores you commit to develop, our long range development plans, your financial and operational resources, and population and market conditions. Designation of a Development Area is not an assurance or warranty that there is a sufficient number of suitable sites in the Development Area for you to meet your Development Schedule. The responsibility to locate a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria.

You will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we and our affiliates will not operate, and will not grant anyone else a franchise to operate, a traditional It's A Grind Store located within the Development Area, we and our affiliates retain the rights to:

(1) own, acquire, establish, operate, and franchise or license others to operate It's A Grind Stores located outside of the Development area;

(2) own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the IT'S A GRIND name or any other name, both inside and outside of the Development Area. "Non-Traditional Outlet" means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called "pop-up" restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

(3) develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the IT'S A GRIND mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

(4) use the IT'S A GRIND brand in other lines of business besides the operation of IAG Stores, anywhere in the world; and

(5) own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than IT'S A GRIND, at any location within or outside of the Development Area, even if the concepts or businesses are similar to IAG Stores. However, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a IT'S A GRIND Store (a "Conversion Store"), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a IAG Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert will be counted toward the minimum cumulative number of IAG Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated above, we will have the right to alter,

modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a IAG Store or any other business.

We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

To maintain your rights under the Development Agreement, you must have open and in operation the cumulative number of It's A Grind Stores stated in the Development Schedule by the deadlines agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Development Agreement. Other than your obligation to satisfy the Development Schedule, there are no minimum sales, market penetration goals or other contingency that you much meet to keep the territorial protection of your Development Area.

Upon completion of the Development Schedule, or if the Development Agreement is terminated or expires, your territorial protection with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant others development rights and franchises to develop and operate It's A Grind Stores within the Development Area. This right will be subject only to the Protected Areas defined in the Franchise Agreements you have signed with us for It's A Grind Stores in the Development Area.

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ITEM 13
TRADEMARKS

Our principal marks, all of which are registered on the Principal Register of the United States Patent and Trademark Office, are:

Mark	Registration Number	Registration Date
	Reg. No. 2563756	Reg. Date: April 23, 2002 Renewed: September 9, 2013
	Reg. No. 3001240	Reg. Date: September 27, 2005 Renewed: June 8, 2016
	Reg. No. 3001239	Reg. Date: September 27, 2005 Renewed: June 8, 2016
High Octane	Reg. No. 2970338	Reg. Date: July 19, 2005 Renewed: March 28, 2016
	Reg. No. 3044610	Reg. Date: January 17, 2006 Renewed: July 19, 2016

All required affidavits of use have been filed. These are the primary trademarks but there are a number of other related trademarks which have also been registered.

Subject to the terms and provisions of your Franchise Agreement, we grant you the right to operate a traditional, full service It's A Grind Store under the trade name "It's A Grind". You also may use our other current or future trademarks designated by us to operate your It's A Grind Store. By "trademark" or

"Marks", we mean the trade names, trademarks, service marks and logos and related trade dress used to identify your It's A Grind Store.

You must use all marks in compliance with your Franchise Agreement and the Operations Manual. You cannot use the "It's A Grind" name or mark as part of your corporate name or with modifying words, designs or symbols. You may not use our trade name or trademarks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There is no agreement in effect that significantly limits our right to use or sublicense the use of these service marks in any manner material to your It's A Grind Store.

We are aware of a coffee shop in Evansville, Wyoming operating under the name "It's A Grind Coffee House." We have sent two certified letters to the operator, both of which were returned for insufficient address. Otherwise, we do not know of any infringing uses that could materially affect your use of the It's A Grind's trademark in any state.

You must notify us immediately when you learn about an infringement of or challenge to the use of our trademarks, and you are obligated at your expense to assist and cooperate with any suit or other action undertaken by us with respect to such unauthorized use or infringement, including, without limitation, testifying or furnishing documents or other evidence. We have the right, but not the obligation, to take the action we think appropriate and to direct and control any proceeding, litigation or settlement involving our marks. We will be responsible for legal expenses that we incur in connection with any litigation or other legal proceedings involving such third party.

We have no liability to you if a claim is asserted, and we are not required to defend or indemnify you against any claims or damages arising out of proceedings to which you are a party involving disputes over any of our names or trademarks; except that we will indemnify and hold you harmless regarding any claim, liability or other obligation directly resulting from a finding by a court or arbitrator against us on a claim of infringement by a third party that arises out of your use of the Marks in an authorized manner. Other than in this specific instance, we are not liable for any of your legal expenses unless we choose to approve such expenses.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court; any pending infringement, opposition or cancellation proceeding; or any other pending material litigation involving the trademarks.

You agree not to contest, directly or indirectly, or aid in contesting the validity or ownership of our name and trademarks, or take any action whatsoever that might affect or prejudice our claimed rights therein.

We may add to, delete from, modify, change, revise or substitute different names and marks for use in identifying It's A Grind Stores. You must comply, at your own expense, with each addition, deletion, modification, change, revision or substitution.

Under the Area Development Agreement, you do not have the right to use the Marks in any manner. You will have no right to license others to operate a business or use the It's A Grind System or the Marks. Because you have no right to use the Marks under the Area Development Agreement, we have no obligation under that agreement to protect you against claims of infringement or unfair competition related to your use of the Marks.

Upon termination, expiration or nonrenewal of your Franchise Agreement, you must immediately stop using the names and trademarks and take appropriate action to remove the names and trademarks from your business and to cancel any advertising relating to your use of our names and trademarks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or patent applications that are material to the franchise. We claim copyright protection in our Operating Manual and related materials, any proprietary software we or our affiliates may develop, the content of our electronic and computerized media, and our advertising and promotional materials. None of these materials have been registered with the United States Copyright Office as of the date of this disclosure document. You may use these materials only as provided in the Franchise Agreement.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any copyrights or you in connection with any copyrights.

The information that we disclose to you regarding the operation of an It's A Grind Store, including the contents of the Operating Manual, is proprietary and confidential. You must maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement. You cannot use any such information in any other business or in any manner we do not specifically authorize or approve in writing. You must not allow such materials to be copied, duplicated, recorded or otherwise made available to any unauthorized person. You are responsible for the conduct of your employees regarding any use of It's A Grind –TODDY, our Intranet Learning and Development Portal. If you are in default, we can suspend or discontinue your access to the system and/or any related programs and information.

You must require your employees to execute a confidentiality agreement in the form attached to the Franchise Agreement as Exhibit FA-VII. If you or your employees learn about an unauthorized use of any of our confidential or proprietary materials, you must promptly notify us. We are not obligated to take any action, but we will respond to this information as we believe appropriate.

All ideas, concepts, techniques, materials, processes, or improvements to an It's A Grind Franchise Business/Store, whether or not protectable intellectual property, and whether created by or on behalf of you, your owners, your employees, a third party, or otherwise, must be disclosed to us and will be deemed to be our property, part of the It's A Grind System, and works made for hire for us.

The Area Development Agreement does not grant you any right to use the Marks or to use any of our trade secret or confidential information. The Area Development does not grant you any right to any copyright or patent which we now own or may own in the future. Rights to Marks, trade secrets, confidential information, copyrights or patents are granted only under the Franchise Agreement.

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

We require that you (or the Managing Owner if you are a corporation, partnership or limited liability company) participate personally in the direct operation of the It's A Grind Store. You (or the Managing Owner) must complete the initial training program to our satisfaction, regardless of whether or not we allow you to have other managers of the It's A Grind Store. You must keep us informed at all times of the identity of the Managing Owner. If you acquire additional It's A Grind Stores, we will permit you (or the Managing Owner) to act as manager of all such It's A Grind Stores and hire and train assistant managers. All your management personnel may be required to sign employment agreements containing non-competition and confidential information covenants substantially similar to those contained in the Franchise Agreement.

If the franchisee is a corporation, partnership or limited liability company, each owner of a 10% or greater interest must personally guarantee the obligations under, and be personally bound by, the Franchise Agreement and all other agreements with us or our affiliates and agree to certain restrictions on their ownership interests. The spouse of each guarantor must sign the Spouse's Acknowledgement portion of the guarantee, by which the spouse acknowledges that we are relying on all assets of the owner, including jointly owned marital property, in accepting the owner's backing of the franchisee's obligations. The Spouse's Acknowledgement does not make the spouse a guarantor or subject his or his separate property to the guarantee. However, if the spouse is also an owner of the franchisee corporation, partnership, or limited liability company, the spouse must sign as a full guarantor.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

A fundamental requirement of you joining and remaining part of the It's A Grind System will be your commitment to the operation of your It's A Grind Store according to then-current System standards. If you have a Non-Traditional Authorized Location Addendum, we may want to deviate from then-current It's A Grind Store standards, specifications, practices, policies, programs and procedures to accommodate Non-Traditional aspects of the site and/or Store operations. In all cases, your It's A Grind Store must be constructed, improved and operated only in the manner we authorize.

You must offer and sell only those goods and services that we have approved (please refer to Item 8 of this Disclosure Document). You must not offer or sell any products or services not approved by us. Your business is to be used solely for the operation of the business licensed under your Franchise Agreement, and you cannot use or permit the use of your It's A Grind Store for any other purpose or activity at any time without our prior written approval.

You must inventory, sell or offer for sale all menu items, products and services required by us. You must not deviate from our methods, procedures, standards and specifications, including ingredients, methods of preparation and service and product/service delivery, weight, quality and dimensions of products served. You must discontinue selling and offering for sale any menu items, products or services that we disapprove at any time. We can add, delete or otherwise change any required menu item, products, practices or other components of the System. There are no limits on our right to do so, and, in these cases, you must, at your expense, comply with all these changes in the timeframe we specify. Your business may only be identified by the name "It's A Grind" or another of the licensed marks designated in writing by us. We do not impose any restrictions as to the customers to whom you may sell or offer to sell these items, goods or services.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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 Agreement	Summary
a. Length of the franchise term	Section 3.1	The lesser of 10 years or the initial term of lease or sublease.
b. Renewal or extension of the term	Sections 3.2 – 3.5	Renewal for a single term of the lesser of 10 years or the term of the lease or sublease on then current terms if you meet certain requirements and comply with certain conditions.
c. Requirements for franchisee to renew or extend	Sections 3.2	Written notice, maintain possession and/or secure approved location, compliance with current design, operational, qualification and training standards, substantial compliance with the Franchise Agreement, sign then-current form of Franchise Agreement, pay fee, execute General Release (Exhibit H). Under the Franchise Agreement, "renewal" means one single additional term for a period of 10 years or the remaining term of the lease or sublease, whichever is less; and in connection with any renewal, you must meet our then-current qualification and training requirements, we may require you and/or any of your personnel to attend and successfully complete any retraining programs(s), and you must execute our then-current form of franchise agreement, which may provide materially different terms and conditions than your original franchise agreement, such as different fee requirements and renewal rights.

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Section 15.1	You have right to terminate if you give us notice within 90 days of our breach and 60 days to cure such breach.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Sections 15.2	We can terminate if you commit any of the listed violations.
g. "Cause" defined - curable defaults	Section 15.2 (2)	You have 10 days to cure failure to pay amounts owed; 30 days for all other defaults (unless it is a non-curable default) after receipt of notice from us.
h. "Cause" defined - non-curable defaults	Sections 15.2 (1)	Assignment for the benefits of creditors or inability to pay debts; bankruptcy filings; receiver appointed; abandonment, surrender or transfer of control or failure to actively operate the Store; lease is terminated or not renewed; submit 2 reports understating gross sales by more than 2% in a 2 year period; repeated failures or refusals to comply with Franchise Agreement whether corrected or not; health or safety hazard; conviction of felony or misconduct affecting the reputation of the Store or the Marks; unauthorized transfer; sale of coffee not purchased in accordance with requirements; failure to open store; failure to comply with non-competition obligations; and/or failure to comply with anti-terrorism laws.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 15.6	You must cease use of our trademarks, pay all amounts owed to us, return all manuals, cancel or assign to us assumed or similar name registrations, assign to us any Internet and website home pages, domain name listings and registrations which contain our Marks. We may assume all telephone numbers relating to the It's A Grind Store. You must comply with post-term covenants, and furnish evidence of compliance with the above if we request. We have an option to purchase the It's A Grind Store.
j. Assignment of contract by franchisor	Section 14.7	Fully assignable by us
k. "Transfer" by franchisee – defined	Section 14.1	Includes transfer of any interest in the Franchise Agreement, the franchise, the Store or its assets or you
l. Franchisor approval of transfer by franchisee	Section 14.1	Transfers require our prior written consent.
m. Conditions for franchisor approval of transfer	Section 14.3	Full compliance, transferee meets standards, transferee and its owners agree to be bound by and personally guarantee your obligations under the franchise documents. If transfer is of the franchise or a controlling interest in you, the transferee must attend and satisfactorily complete training, if financed, franchisee must subordinate obligations to us, transferee must execute our then-current form of franchise agreement, transferee must pay us a transfer fee from $2,000 to 6,500, transferor and transferee execute general release (which shall be substantially similar to the form of General Release attached as Exhibit H). The Store must be current or brought

Provision	Section in Franchise Agreement	Summary
		current with design and equipment standards.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.2	We, or our designee, have right to match offer, provided we can substitute cash for any other form of payment.
o. Franchisor's option to purchase franchisee's business	Section 15.6 E.	
p. Death or disability of franchisee	Section 14.5	Interest must be assigned to approved buyer within 6 months and we may have right to manage the Store in the interim.
q. Non-competition covenants during the term of the franchise	Section 13 and Exhibit FA-VIII	Neither you nor your owners nor immediate family members will have any interest as an owner or otherwise in any business principally offering products substantially similar to those being offered by the majority of It's A Grind Stores or in any entity which franchises or otherwise grants others the right to sell such products.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.1 and Exhibit FA-VIII	For 2 years neither you nor your owners nor immediate family members will have any interest as an owner or otherwise in any business principally offering products substantially similar to those being offered by the majority of It's A Grind Stores or in any entity which franchises or otherwise grants others the right to sell such products within the Standard Metropolitan Statistical Area in which the Store is located or within a 10 mile radius from any existing It's A Grind Store.
s. Modification of the agreement	Section 16.8	Modifications generally effective only if signed in writing but the Operating Manual is subject to change.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 19	All agreements between the parties are in the Franchise Agreement and its Exhibits. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 16.1	Except for certain claims, all disputes resolved through arbitration at a site located within 50 miles of our principal place of business.
v. Choice of forum	Section 16.2	Litigation in court of general jurisdiction closest to our principal place of business, subject to applicable state law.
w. Choice of law	Section 16.7	California law applies (unless prohibited by laws of the state where the Franchised Business is located.)

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AREA DEVELOPMENT AGREEMENT

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

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS	SUMMARY
a. Length of the term of the Area Development Agreement	Section 4	The rights granted under the Area Development Agreement expire deadline specified in the Development Schedule for the last It's A Grind Store to be developed.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for developer to renew or extend	Not Applicable	
d. Termination by developer	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 8	We can terminate the Area Development Agreement as described in g. and h. below.
g. "Cause" defined – curable defaults	Section 8.3	Unless a default is specified to be non-curable, you will have 30 days to cure after written notice.
h. "Cause" defined – non-curable defaults	Sections 8.1 and 8.2	Non-curable defaults include: Failure to meet your Development Schedule; termination of a Franchise Agreement based on your default; transfer of any interest contrary to transfer restrictions; knowingly submitting false reports; conviction of a crime; or being named as a "blocked" person under anti-terrorism law. Subject to applicable law, the Area Development Agreement will terminate automatically if you become insolvent, file for bankruptcy, have a receiver appointed, or suffer foreclosure of a lien or mortgage.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS	SUMMARY
i. Developer's obligations on termination/ non-renewal	Section 8.4	You will lose your right to establish any It's A Grind Store for which a Franchise Agreement has not been signed by us. A default under the Area Development Agreement will not be considered a default under the Franchise Agreement, unless specified otherwise. If you are in default of the Area Development Agreement, but are not in default under any one or all of your Franchise Agreements, you may continue to operate the existing It's A Grind Store(s) under the terms of their separate Franchise Agreements. However, you must stop selecting sites for IAG Stores, and you may not open any more IAG Stores.
j. Assignment of contract by franchisor	Section 7.10	No restriction on our right to assign.
k. "Transfer" by developer - defined	Section 7.1	Includes transfer of Developer's assets, assignment of Developer's rights under the contract or change of ownership in Developer, by any means (e.g., by sale or gift, either voluntarily or by operation of law, such as through divorce or bankruptcy proceedings).
l. Franchisor approval of transfer by developer	Section 7.1	We have the right to approve all transfers by you.
m. Conditions for franchisor approval of transfer	Sections 7.3-7.9	Conditions that we can impose for sale of the business include: no defaults and all monetary obligations satisfied; transferee meets our then-current qualifications for multi-unit developers, including financial resources to complete the Development Schedule on time; transferee completes training; if transferee is another It's A Grind franchisee, transferee has no defaults and a good record of customer service; owners of transferee sign personal guarantee; pay transfer fee (see Item 6); you Transfer all IAG Stores along with the development rights, to the same transferee in

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS	SUMMARY
		the same transaction; you and the Owners release any claims against us; price and other terms of sale do not jeopardize ability to compete Development Schedule; and financing is subordinated to obligations to us. For a proposal to admit a new Owner, remove an existing Owner, change the distribution of ownership, or any other transaction that amounts to the Transfer of a partial interest in Developer or the development rights, you must give us advance notice and a copy of all proposed contracts. We can withhold consent on any reasonable grounds or give consent subject to reasonable conditions, including those described above for sale of the business.
n. Franchisor's right of first refusal to acquire developer's business	Section 7.2	We have the right to match any offer. Does not apply if you Transfer ownership to a corporation or LLC that you form for that purpose; does not apply to a Transfer to your spouse or adult son or daughter (including as a result of your death or incapacity).
o. Franchisor's option to purchase developer's business	Not Applicable	
p. Death or disability of developer	Section 7.6	If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within 3 months for consent to Transfer the person's interest. The Transfer will be subject to the conditions in "m." above, as applicable. If the person's interest is not Transferred within one year after the date of death or appointment of a personal representative or trustee, we can terminate the Development Agreement.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 6	Developer and Owners cannot have any interest in a Competing Business while Development Agreement is in effect. "Competing Business" means a foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any IAG Stores that you or the Owners operate under other agreements with us or our affiliates). Also cannot divert customers to any Competing Business or employ any person who is or was employed by us or our affiliates at the level of Store manager or above within the last 3 months.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.2	For 2 years following termination, expiration, or approved Transfer, no interest in any Competing Business (as defined in "q." above) within the Development Area. Also cannot divert customers to any Competing Business or employ any person who is or was employed by us or our affiliates at the level of Store manager or above within the last 3 months.
s. Modification of the Area Development Agreement	Section 12.10	The Area Development Agreement can be modified only by written agreement between us and you.
t. Integration/ merger/clause	Section 12.10	Only the terms of the Area Development Agreement are binding (subject to state law). However, nothing in the Area Development Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS	SUMMARY
v. Choice of forum	Section 13.2	You and the Owners must file any suit against us in the federal or state court where our principal office is located at the time the suit is filed (currently Santa Fe springs, California). We can sue you where we have our principal office or where you or the Development Area is located. You and we both waive the right to trial by jury and the right to seek punitive damages. All of these provisions are subject to state law in your state.
w. Choice of law	Section 13.1	California law applies, except that if any provision of the Area Development Agreement would not be enforceable under California law, and if the Development Area is located outside of California and the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. This designation of California law is subject to state law in your state.

The above summaries are, as a result of disclosure regulations, necessarily brief and you are urged to read in full all provisions of the Franchise Agreement and other documents before signing any agreements, paying any amounts or making any investments. You should be aware that regardless of any provisions of state law to the contrary and notwithstanding any statements in the Disclosure Document required as a condition of registration or otherwise, we intend to fully enforce the provisions of the Franchise Agreement, and the Area Development Agreement and other documents, including all venue, choice-of-laws and arbitration provisions, and to rely on federal pre-emption under the Federal Arbitration Act (9 U. S. C. § 1 et seq.).

The provision in the Franchise Agreement which provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 contains information on the Gross Sales of franchised IAG Stores in operation in the United States during our last fiscal year.

Gross Sales[1] of Franchised Stores for Fiscal Year 2017[2] (July 1, 2016 to June 30, 2017)

	No. of Stores	Sales Range	Median	Average	Number & Percent of Stores Above Average
Full-Size Stores[3]	17	$109,360 - $967,129	$393,235	$442,022	6 or 35%

Note 1 Gross Sales includes the total actual gross charges for all products and services sold to customers of the Store, for cash or credit, whether sales are made at or from the premises of the Store, or any other location, but excluding sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority. Some Stores sold this amount. There is no assurance that you'll do as well. If you rely upon our figures, you must accept the risk of not doing as well. No franchised Stores have been excluded from the table.

Note 2 Fiscal Year 2017 had 52 weeks of reported sales.

Note 3 Full-Size Stores range from 426 to 1,812 square feet and offer our full menu; most locations have indoor seating. Some include drive-thrus.

CAUTION

The financial performance representations appearing in this Item 19 are historical results of actual IAG Stores, are not a forecast of future financial performance, and should not be considered as the actual or potential sales that any franchisee may realize. We do not represent that you can expect to attain these sales. Your individual financial results are likely to differ from the results stated in this Item 19.

We obtained the Gross Sales data for the Table from the financial reports submitted by franchisees for the purpose of computing royalties. We have not independently verified the information furnished to us by the franchisees for use in the Table. No certified public accountant has audited the information furnished to us or the figures in the Table or expressed his/her opinion with regard to their contents or form.

You may wish to consult a financial advisor or an accountant to help you determine how to interpret the information contained in this Item. Written substantiation for the financial performance representations in the Table will be made available to you upon reasonable request.

The figures in the Table reflect Gross Sales and not profits. Revenue is not necessarily indicative of profits.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Other than the information in this Item 19, we do not make any financial performance representations. We also do not authorize our employees or officers to make any such representations either orally or in writing. If you are purchasing an existing IAG Store, however, we may provide you with the actual records of that IAG Store. 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 RFG Accounting Department at 14071 Stage Road, Santa Fe Springs, California 90670, tel. (949) 752-5282, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Fiscal Years 2015 to 2017*

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2015	28	20	-8
	2016	20	17	-3
	2017	17	17	0
Company-Owned**	2015	2	1	-1
	2016	1	0	-1
	2017	0	0	0
Total Outlets	2015	30	21	-9
	2016	21	17	-4
	2017	17	17	0

* The numbers in this table are for fiscal years ending June 28, 2015, June 30, 2016 and June 30, 2017.

**The Company-Owned Outlet was owned and operated by our affiliate, Praise IAG Stores, LLC.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years 2015 to 2017*

State	Year	Number of Transfers
California	2015	1
	2016	1
	2017	3
Total	2015	1
	2016	1
	2017	3

* The numbers in this table are for fiscal years ending June 28, 2015, June 30, 2016 and June 30, 2017.

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2015 to 2017*

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
California	2015	23	0	1	5	0	1	16
	2016	16	0	0	0	0	1	15
	2017	15	0	0	0	0	0	15
Colorado	2015	1	0	0	0	0	0	1
	2016	1	0	0	1	0	0	0
	2017	0	0	0	0	0	0	0
Connecticut	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
North Carolina	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
New Jersey	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Texas	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Total	2015	28	0	1	5	0	2	20
	2016	20	0	0	1	0	2	17
	2017	17	0	0	0	0	0	17

* The numbers in this table are for fiscal years ending June 28, 2015, June 30, 2016 and June 30, 2017.

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years 2015 to 2017*

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
California	2015	2	0	0	1	0	1
	2016	1	0	0	1	0	0
	2017	0	0	0	0	0	0
Total	2015	2	0	0	1	0	1
	2016	1	0	0	1	0	0
	2017	0	0	0	0	0	0

* The numbers in this table are for fiscal years ending June 28, 2015, June 30, 2016 and June 30, 2017.

Table No.5
Projected Openings as of June 30, 2017

Column 1 State	Column 2 Franchise Agreements Signed but Outlets Not Opened	Column 3 Projected New Franchised Outlets in Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	0	0
California	0	2	0
Colorado	0	0	0
Pennsylvania	0	0	0
Total	0	2	0

Attached to this Disclosure Document as <u>Exhibit I</u> is a list of our franchisees at the close of our last fiscal year end.

Attached to this Disclosure Document as <u>Exhibit J</u> is a list of the names and last known addresses and telephone numbers of every franchisee whose franchise has been terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business during our fiscal year ending June 30, 2017, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the It's A Grind franchise system. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21
FINANCIAL STATEMENTS

Exhibit K to this disclosure document contains:

1. The audited consolidated financial statements of our affiliate, RFG USA, and subsidiaries as of June 30, 2017, June 30, 2016, and June 28, 2015, together with the report of independent auditors.

2. The unaudited consolidated balance sheet of our affiliate, RFG USA, as of December 31, 2016 and unaudited consolidated income statement for the period ending December 31, 2016.

Our separate financial statements are not included in this disclosure document. Should we fail to fulfill our duties and obligations to our franchisees under their franchise agreements, however, RFG USA absolutely and unconditionally guarantees to assume those duties and obligations. A copy of the Guarantee of Performance by RFG USA is included in this disclosure document as Exhibit L.

ITEM 22
CONTRACTS

A copy of the following agreements is attached to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Kiosk Addendum
Exhibit D	Territory Addendum for Street Location
Exhibit E	Area Development Agreement
Exhibit F	Collateral Assignment of Lease
Exhibit G	Non-Traditional Authorized Location Addendum
Exhibit H	General Release
Exhibit N	State-Specific Riders to Franchise Agreement and Area Development Agreement

ITEM 23
RECEIPTS

Two copies of the Receipt are attached to this Disclosure Document as Exhibit O. You must sign both copies, keep one copy for your records, and return one copy to us at the following address: Praise IAG Franchisor, LLC, 14071 Stage Rd, Santa Fe Springs, California 90670.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 Toll Free: (866) 275-2677	**NEW YORK** Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Office of the Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

FRANCHISE AGREEMENT AND EXHIBITS

Franchise Expiration Date: ____________

IT'S A GRIND
FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made and entered into on the date executed by the Franchisor as set forth on the last page of this Agreement, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company, (the "Franchisor"), and the Franchisee identified on the last page of this Agreement (the "Franchisee"), upon the following terms, conditions, covenants and agreements:

A. WHEREAS, Franchisor has developed and administers a franchise system, including various business techniques and methods, trade secrets, copyrights (possibly patentable ideas), confidential and proprietary information and other intellectual property rights (the "System") for the establishment and operation of retail specialty coffee beverage stores offering specialty whole bean coffees, traditional and espresso based coffee drinks, iced and blended coffee drinks, tea and tea-based drinks, fruit smoothies, breakfast items, sandwiches, salads, and assorted bakery products ("It's A Grind Stores") identified by the "It's A Grind" trade name and other trademarks and service marks and related trade dress, as licensed hereunder (the "Marks"). Franchisor has also developed a kiosk concept, offering beverages and certain other products offered by the It's a Grind Stores (hereinafter referred to as an "IAG Kiosk"). Unless otherwise specified, all references to It's A Grind Stores herein include IAG Kiosks.

B. WHEREAS, the System includes the Marks and Franchisor's trade secrets, proprietary methods and information and procedures for the establishment and operation of It's A Grind Stores, including, without limitation, recipes, menu specifications, marketing, advertising and sales promotions, equipment, furniture and fixtures, cost controls, accounting and reporting procedures, personnel management, training methods, distinctive interior design and display procedures, and color scheme and décor.

C. WHEREAS, Franchisor has the right to license the System and the Marks in connection with its franchise program. Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a license to open an It's A Grind Store.

D. WHEREAS, Franchisee desires to become a franchised operator of an It's A Grind Store as a licensee of the It's A Grind Marks and System under the terms and conditions of this Agreement.

E. WHEREAS, Franchisor is entering into this Agreement in reliance upon the representations of Franchisee as to itself and to the person(s) who will participate in the ownership and management of the It's A Grind Store.

F. WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

G. WHEREAS, Franchisee acknowledges having received a copy of Franchisor's Franchise Disclosure Document and having had an adequate opportunity to investigate the business contemplated by this Agreement and to discuss the terms and conditions of this Agreement with financial and legal advisors of Franchisee's choosing at least fourteen (14) calendar days prior to signing. Franchisee confirms that it is not relying upon any representation as to profits and/or sales volume that Franchisee may achieve nor upon any representations or promises by Franchisor that are not contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the considerations set below, the parties agree as follows:

1. GRANT OF LICENSE; LOCATION

1.1 **Grant**. Subject to any pre-existing rights of Franchisor's predecessor and owner of the "It's A Grind" marks and subject to the rights reserved by Franchisor in this Agreement, Franchisor grants to Franchisee, subject to the terms and conditions of this Agreement, a franchise (the "Franchise") and non-exclusive right and license to:

A. Establish and operate an **[ ] It's A Grind Store or [ ] IAG Kiosk (check one)** (the "It's A Grind Store") utilizing only the System and Marks, including, without limitation, menu items and recipes developed and approved by Franchisor, at the location authorized by Franchisor and identified in Section 1.2 below (the "Authorized Location");

B. Use the Marks of Franchisor under the terms of this Agreement to identify and promote the It's A Grind Store offered hereunder; and

C. Use Franchisor's proprietary business methods and know-how as set forth periodically in Franchisor's Operations Manual (as defined herein), other manuals, training programs, or otherwise communicated to Franchisee.

1.2 **Authorized Location**. The Authorized Location for Franchisee's It's A Grind Store is: ____. If the Authorized Location has not been identified at the time this Agreement is signed, Franchisee must identify a site approved by Franchisor within the following Designated Market Area within [nine (9) months] of the date of this Agreement: ______________________________. Franchisee expressly acknowledges and agrees that i) the Designated Market Area is not, and shall not be construed to be, Franchisee's Protected Area, and ii) Franchisor may locate, or authorize others to locate at any time, a traditional It's A Grind Store anywhere in the Designated Market Area, so long as Franchisor is otherwise in compliance with this Agreement, including Section 1.3, below. Before Franchisor shall be obligated to consider approving a proposed location, Franchisee must submit to Franchisor a complete report containing all information Franchisor may reasonably request concerning the proposed location including, without limitation, population density, demographics, proximity to other It's A Grind Coffee Stores, traffic flow and entrance to and exit from the site (collectively, the "Location Report"). Franchisor shall deliver to Franchisee written notice of approval or disapproval of a proposed location within 30 days after Franchisor receives the Location Report and any other information reasonably requested by Franchisor. Franchisor's approval of the proposed site will be effective upon Franchisor and Franchisee's execution of Exhibit FA-I, which is attached hereto and incorporated herein by reference, and which will set forth the Authorized Location. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and does not create a liability for Franchisor. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for its It's A Grind Store. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Authorized Location by Franchisee. Franchisee must obtain lawful possession of an Authorized Location by lease, purchase or other method and open for regular, continuous business as an

It's A Grind Store within eighteen (18) months of the date that Franchisor accepts this Agreement or this Agreement will automatically terminate.

1.3 **Designation of Traditional or Non-Traditional Site; Determination of Protected Area by Franchisor**.

A. Exhibit FA-I allows for a designation of an Authorized Location as a traditional or non-traditional site. Franchisor shall determine in its sole discretion if the Authorized Location is a non-traditional or unique site (for example, without limitation, in an airport, sports and entertainment venue, supermarket, bookstore, co-branded site, etc.). Franchisee shall have no "Protected Area" whatsoever, as defined in Section 1.3 B, below, with respect to a non-traditional Authorized Location, unless a mutually executed special Addendum to this Franchise Agreement specifies a "Protected Area." Such a "Protected Area", if any, shall be determined by Franchisor in its sole discretion.

B. Franchisee understands and agrees that, except as expressly provided herein and in a fully executed Exhibit FA-I, this franchise is non-exclusive. Unless Franchisor specifically identifies the Authorized Location as a traditional site with a Protected Territory on Exhibit FA-I, Franchisee acknowledges and agrees that it shall be deemed not to have a Protected Area, as defined below. If Franchisor designates an Authorized Location as a traditional site on the executed Exhibit FA-I, then the Authorized Location shall have a Protected Area, as defined below and subject to the terms and conditions of this Agreement. In that event, Franchisor will not establish a company-owned, traditional, full service It's A Grind Store or grant a franchise to anyone other than Franchisee for the operation of a traditional, full service It's A Grind Store within a circular area defined by a radius of one half (1/2) mile from the front door of the It's A Grind Store (the "Protected Area") without Franchisee's prior written consent, so long as Franchisee shall: (i) fully comply with the methods, procedures, standards and specifications required by Franchisor in the Operations Manual or otherwise in writing, and (ii) not violate any of the other terms and covenants of this Agreement or any other agreement with Franchisor. Franchisee shall not acquire rights to any other location or territory by virtue of this Agreement and Franchisor may operate or grant franchises to others to operate an It's A Grind Store anywhere outside the Protected Area.

C. Except for the right to operate a single It's A Grind Store from the Authorized Location, Franchisee is not granted any rights to use the System and Marks in connection with any other channel of commerce or method of distribution, regardless of whether the channel or method of distribution now exists or is developed after the date of this Agreement, including, without limitation, distribution of products and/or services now, or in the future, authorized for sale at It's A Grind Stores through supermarkets, grocery stores, convenience stores, gasoline stations, discount stores, department stores, bookstores, music stores, mobile facilities, vending carts, kiosks, stadiums, convention centers, concert halls, amusement parks, fair grounds and other areas of public gatherings, any temporary or mobile facilities, mail order facilities, Internet based facilities, direct response media, or onsite coffee services for business locations (collectively, the "Alternative Channels of Distribution"), all such rights being retained by Franchisor. Notwithstanding the foregoing or anything else in this Agreement or otherwise, Franchisor (and those that Franchisor may appoint) retains all rights to sell It's A Grind brand (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Protected Area) using any channel of distribution, including a traditional It's A Grind Store or Alternative Channels of Distribution, except for a traditional, full service It's A Grind Store located in Franchisee's Protected Area, if we have awarded you a Protected Area. Franchisee has no expectation that Franchisor will not use any particular channel of distribution, including Alternative Channels of Distribution. With respect to sales by any Alternative Channel of Distribution, there is no limitation on Franchisor's ability (and the ability of anyone Franchisor appoints) to sell to customers located anywhere. Franchisor reserves all rights not expressly granted to Franchisee under this Agreement, and specifically reserves the rights to operate, or to license others to operate:

(i) any kind of business in any Protected Area awarded to Franchisee selling to customers located anywhere, whether or not using the It's A Grind brand and System, except for a traditional It's A Grind Store; and

(ii) any kind of business anywhere outside of any Protected Area awarded to Franchisee selling to customers located anywhere, whether or not using the It's A Grind brand and System, including without limitation, traditional It's A Grind Stores.

D. If Franchisor chooses to grant Franchisee rights relating to an "Alternative Channel of Distribution", Franchisee shall have no "Protected Area" whatsoever with respect to such Alternative Channel of Distribution, unless a mutually executed special Addendum to this Franchise specifies a "Protected Area." Such a "Protected Area", if any, shall be determined by Franchisor in its sole discretion.

E. Other than as expressly provided herein, Franchisee is awarded an It's A Grind Store Franchise for a single store location only, as approved by Franchisor.

F. (1) Notwithstanding anything to the contrary in this Agreement or otherwise, Franchisor and/or any of Franchisor's affiliates can acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere (including in the Protected Area), and including arrangements in which: (i) other units are (or are not) converted to the It's A Grind Store or other format (including using the System and/or Marks), and/or (ii) Franchisor and/or any of Franchisor's affiliates are acquired, and/or company-owned, franchised or other businesses (including the traditional It's A Grind Store) are converted to another format, maintained under the System or otherwise. All It's A Grind Stores owned by Franchisee (whether traditional, full service type or Alternative Channel of Distribution type) will fully participate in any such conversion, at Franchisee's sole expense; provided, however, Franchisee shall have a period of twelve (12) months to complete the conversion, and if Franchisee has commenced operations within twenty-four (24) months of the date of the notice from Franchisor or has undertaken any renovations, upgrades or capital improvements costing more than Fifty Thousand Dollars ($50,000) within twelve (12) months prior to the date of the notice from Franchisor, then Franchisee shall have a period of twenty-four (24) months to complete the conversion from the date of the notice from Franchisor; provided, further, Franchisee shall not be obliged to complete any conversions if the notice from Franchisor is delivered to Franchisee within twenty-four (24) months of the end of the term of this Agreement and this Agreement is not renewed.

(2) Franchisee acknowledges and agrees that if the It's A Grind System is converted to a different format or brand name, Franchisor may immediately commence to promote and market the new format and/or brand name. Franchisor may direct that funds from the Marketing Fund be used likewise, even though Franchisee defers the conversion of Franchisee's It's A Grind Store to the new format and/or brand name, and Franchisee shall be obligated to continue to make contributions to the Marketing Fund.

2. ACCEPTANCE BY FRANCHISEE

Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the It's A Grind Store on the terms and conditions specified herein, to comply with Franchisor's Operations Manual, standards, authorized products, operating and business systems and all other aspects of the System prescribed by Franchisor, which are subject to change at Franchisor's discretion. Franchisee agrees to execute all exhibits, addenda, agreements and attachments to this Agreement requiring Franchisee's signature at the time of request by Franchisor.

3. TERM AND RENEWAL

3.1 **Term**. The term of this Agreement shall be for a period beginning on the date that it is accepted by Franchisor and ending on a date corresponding with ten (10) years after the It's A Grind Store first opened for business; provided, however, the term of this Agreement shall be shortened (but not extended) to conform to the term of the Lease for the Authorized Location (if the Lease is shorter than ten (10) years).

3.2 **Renewal**.

A. Unless terminated at an earlier date, if upon expiration of the initial term of this Franchise Franchisee has fully and continuously complied with this Agreement and all other agreements with Franchisor (and/or any affiliate of Franchisor), in each case without any defaults, cured or uncured, during the initial term; and (2) Franchisee maintains possession of the premises of the Authorized Location and, prior to any renewal term beginning, refurbishes, remodels, expands and otherwise brings the Authorized Location and its operation into full compliance with all then-applicable standards (including then-applicable design standards, including equipment) applicable to franchises awarded for new It's A Grind Stores and in compliance with any lease or sublease requirements applicable to the Authorized Location's premises, then Franchisee shall have the right to renew this Franchise for a single additional term for a period of ten (10) years or the remaining term of the lease or sublease, whichever is less; provided, however, that in no event shall Franchisor or its affiliate be obligated to negotiate or obtain any renewal, extension or otherwise of any lease or sublease, or solicit or accept any proposal from the landlord (or other person/entity controlling the premises) for a renewal, extension or otherwise of any lease or sublease, even if on the same terms and conditions as have previously been applicable to the premises.

B. Renewal of this Franchise shall be effected by the execution by Franchisor and Franchisee of Franchisor's then-current form of franchise agreement (which may provide for higher royalty fees and advertising contributions and other significant provisions of which may vary, but without any further term, successor franchise or right of renewal), general releases and all other agreements and legal instruments and documents then customarily used by Franchisor in the grant of franchises for the ownership and operation of an It's A Grind Store. Franchisee agrees to notify Franchisor not more than nine (9) months nor less than six (6) months prior to expiration of the Term in writing of Franchisee's election to renew this Franchise and pay the renewal fee provided for below at the same time. Failure or refusal by Franchisee to execute such agreements, instruments and documents necessary to renew this Franchise within sixty (60) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to renew this Franchise.

C. Such renewal shall only be effective when accompanied with payment of a non-refundable renewal franchise fee equal to fifty percent (50%) of Franchisor's then-current initial franchise fee for a first It's A Grind Store. Further, Franchisee (and its owners) must also execute a general release in a form approved by Franchisor releasing any and all claims, liabilities and/or obligations against Franchisor and its affiliates, officers, directors, employees, agents, successors and assigns.

D. In connection with any renewal, Franchisee must meet Franchisor's then-current qualification and training requirements. Franchisor may require Franchisee and/or any of its personnel to attend and successfully complete any retraining program(s), and at such times and location(s), as Franchisor then specifies. There will be no charge for any retraining program(s), but Franchisee will be responsible for all compensation, travel, meals, lodging and other expenses of its personnel.

3.3 **Franchisor's Refusal to Renew Franchise**. Franchisor may refuse to renew the Franchise if Franchisee is in default under this Agreement, or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee fails to satisfy any of the foregoing conditions. Subject to the above, Franchisor will not unreasonably deny renewal of this Franchise.

3.4 **Notice of Expiration Required by Law.** If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice.

3.5 **Holdover.** If Franchisor permits Franchisee to continue after the Franchise and/or Term would otherwise end pursuant to this Agreement, then (but without prejudice to any of the Franchisor's other rights or remedies):

(a) Franchisee must continue to operate the It's A Grind Store on a monthly basis;

(b) Franchisee continues on the same terms and conditions so far as applicable to a monthly license as are contained in this Agreement; and

(c) the monthly license may be terminated by either party giving the other thirty (30) days' written notice, which may expire on any day.

4. TRADEMARK STANDARDS

4.1 **Name and Ownership**. Franchisee acknowledges the validity of the Mark "It's A Grind" and all other Marks that now or in the future are or will be part of the System and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or the affiliates of Franchisor. Franchisee further acknowledges that Franchisee's right's to use the Marks is derived solely from this Agreement and is limited to the conduct of It's A Grind Store pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor (and/or its affiliates) owns all right, title and interest in and to the Marks and Franchisee has and acquires hereby only the qualified license granted in this Agreement.

4.2 **Use**.

A. Franchisee shall not use any Mark as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the It's A Grind Store and shall not market any product from, in or in connection with the It's A Grind Store without Franchisor's written consent, and if such consent is granted, such product must be marketed in a manner acceptable to Franchisor. Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols as may be designated in writing. Franchisee will use or display the Marks on authorized materials and stationery used in connection with the It's A Grind Store only as Franchisor permits and as provided in this Agreement, the Operations Manual or any other written or oral communication to Franchisee by Franchisor. You will display the following notice in a prominent place at the It's A Grind Store: *"The It's A Grind ® trademarks are owned by Praise IAG Franchisor, LLC and the independent franchised operator of this store is a licensed user of such trademarks."*

B. Franchisee agrees to give such notices of trademark and service mark registrations and copyrights as the Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee is prohibited from using the Marks in advertising, promotion or otherwise, without the appropriate "©" or "®" (copyright and registration marks) or the designations "™" or "℠" (trademark and service mark), where applicable.

4.3 **Litigation**. Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third party. Franchisor shall not be liable for any legal expenses of Franchisee unless approved in writing by Franchisor in its discretion, provided that Franchisor agrees to indemnify and hold Franchisee harmless from and against any claim, liability or other obligation directly resulting from a finding by a court or arbitrator against Franchisor on a claim of infringement by a third party arising out of Franchisee's use of the Marks in a manner authorized by Franchisor.

4.4 **Modification, Discontinuance or Substitution**. Franchisor reserves the right, if necessary in Franchisor's sole judgment, to change the principal Mark(s) of the System on a national or regional basis, and promptly upon notice to Franchisee, shall at its expense adopt a new principal Mark(s) designated by Franchisor to identify the It's A Grind Store. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's change of any Mark. Franchisor shall have no liability for any expenses or damages incurred by Franchisee as a result of Franchisor's election to change the use of any or all of the Marks.

4.5 **Franchisor's Revenues**. Franchisor and its affiliates may offer to sell to Franchisee at a reasonable profit, various goods and services, and Franchisor reserves the right to receive fees or other consideration in connection with "It's A Grind" sales promotion and advertising programs or from System vendors.

5. FEES

5.1 **Initial Franchise Fee.** A new Franchisee shall pay to Franchisor an initial franchise fee for the Franchise in the amount of $25,000. The initial franchise fee is payable in immediately available funds upon the execution of this Agreement and is deemed fully earned by Franchisor upon execution of this Agreement and shall be non-refundable in whole or in part, under any circumstances.

An existing Franchisee shall pay to Franchisor an initial franchise fee for the Franchise in the amount of $17,700 for a second It's A Grind; $11,800 for a third It's A Grind Store; $8,850 for a fourth It's A Grind Store; and $2,950 for a fifth It's A Grind Store and any thereafter. The initial franchise fee is payable in immediately available funds upon the execution of this Agreement and is deemed fully earned by Franchisor upon execution of this Agreement and shall be non-refundable in whole or in part, under any circumstances.

If FRANCHISEE enters into an Area Development Agreement with FRANCHISOR for the development of 3 or more It's A Grind Stores, the initial franchise fee under this Agreement will be $25,000 for the first It's A Grind Store; $17,700 for the second It's A Grind Store; $11,800 for the third It's A Grind Store; $8,850 for the fourth It's A Grind Store; and $2,950 for the fifth It's A Grind Store and any thereafter developed in accordance with the terms of the Area Development Agreement.

5.2 **Continuing Royalty Fee.** During the term of this Agreement, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, a Continuing Royalty Fee equal to six percent (6%) of Franchisee's Gross Sales (as defined below in Section 5.5) each week for the term of this Agreement in accordance with procedures specified in this Agreement, or as otherwise directed by Franchisor. Franchisee shall submit a weekly report (or less frequently if permitted by Franchisor) showing the computation of the Continuing Royalty Fee and all other fees and amounts payable under this Agreement upon forms prescribed by Franchisor. Franchisee shall permit Franchisor to access or "poll" by telephone, Internet or other technology, remotely or on-site, Franchisee's computer system and business records to verify the "Gross Sales" and all fees payable under this Agreement. Franchisee understands that the Continuing Royalty Fee paid by other It's A Grind franchisees may vary, and Franchisor may waive or reduce the Continuing Royalty Fee in limited instances where the venue or other circumstances warrant it in Franchisor's sole judgment.

5.3 **Marketing Fund Fee.**

A. In addition to the above-referenced fees, during the term of this Agreement, Franchisee agrees to pay to Franchisor, without set-off, credit or deduction of any nature, an advertising and national marketing fund fee (the "Marketing Fund Fee"), at the same time and in the same manner as the Continuing Royalty Fee is paid, in an amount equal to two percent (2%) of Franchisee's Gross Sales, as defined above. The Marketing Fund Fee shall be expended in accordance with Section 9.2 herein. Franchisee acknowledges and agrees that Franchisee's potential success requires Franchisee to expend substantially more on advertising and promotion than the two percent (2%) contribution to the Marketing Fund Fee, including, but not limited to, expenses associated with Franchisee's participation in merchandising, promotional, and other marketing programs implemented by Franchisor through the Marketing Fund or otherwise.

5.4 **Computer and POS Polling System Fees.**

A. Franchisee agrees to participate in the "Enterprise" system, or similar system as may be determined by Franchisor (the "POS Polling System"), and the customer gift card program (the "Gift Card Program") arranged or provided by Franchisor, which programs allow Franchisee to set up various e-mail alerts, to generate detailed sales, inventory, product mix, employee performance, labor scheduling and payroll reports, to record and report sales activities and gift card sales and redemption and to permit Franchisor to access or poll Franchisee's sales and operational activities. Commencing at the time the POS Polling System and Gift Card Program vendors start charging fees for services to Franchisee and continuing throughout the term of this Agreement, Franchisee agrees to pay Franchisor or a designated supplier, without set-off, credit or deduction of any nature, monthly or at such other interval specified by Franchisor, the ongoing fees for Franchisee's participation in the POS Polling System and the Gift Card Program. Upon receipt of payment from Franchisee, Franchisor shall pay the corresponding amounts to each vendor for the account of Franchisee.

B. Unless Franchisor specifies otherwise, all such fees shall be payable at the same time and in the same manner as the Continuing Royalty Fee is paid. Franchisee acknowledges and agrees that the fees for Franchisee's participation in the above-referenced programs are cumulative of other expenses and costs for the purchase (or lease) of cash registers, computer systems, operating, bookkeeping and other necessary software, Internet service provider fees and related charges, and that Franchisee shall be charged fees on a uniform and consistent basis as such fees are charged to other It's A Grind franchisees participating in such programs.

C. Franchisee acknowledges and agrees that the current "POS Cloud Fee," which includes the fees for the POS Polling System and the Gift Card Program, is Two Hundred Ninety-Nine Dollars ($299) per month and that this amount may change from time to time, as changes occur in the programs, vendors and fee arrangements with vendors. Franchisee agrees to pay all current fees at the current rates and future fees at rates established by Franchisor in its reasonable discretion. In establishing and modifying fee rates from time to time, Franchisor may take into consideration Franchisor's ongoing costs charged by vendors, research, development and programming expenses and reasonable management, administrative and overhead expenses, as well as other expenses reasonably related to such programs.

D. Franchisee agrees to pay Franchisor or a designated supplier a PCI Compliance Fee. The PCI Compliance Fee is included in the POS Cloud Fee.. The Fee is used to offset expenses incurred in complying with the Payment Card Industry (PCI). Franchisee will be solely responsible for failure to comply with the PCI or other data security standards or regulations.

E. Franchisor may commingle fees collected from Franchisee with other monies of Franchisor. To the extent Franchisor actually receives payment from Franchisee, Franchisor agrees to pay the same amount to the appropriate vendor(s) for Franchisee's account.

F. Franchisee agrees to execute any and all agreements and forms with Franchisor and/or the vendors(s) who supplies services in connection with the POS Polling System, PCI Compliance, and the

Gift Card Program, as may be requested from time to time, provided that all such agreements shall be in substantially the same forms as presented to other It's A Grind franchisees participating in such program. Except as to fees actually paid to Franchisor in connection with the POS Polling System, PCI Compliance and the Gift Card Program, Franchisee agrees to indemnify, defend and hold Franchisor harmless for all obligations and liability of Franchisee in connection with Franchisee's participation in such programs.

G. All transactions in connection with/associated with/relating to or arising out of the Gift Card Program will be reconciled pursuant to Section 8.10 of this Agreement.

5.5 **Definition of Gross Sales.** As used in this Agreement, the term "Gross Sales" shall mean and include the total actual gross charges for all products and services sold to customers of the It's A Grind Store, for cash or credit, whether such sales are made at or from the premises of the It's A Grind Store, or any other location or other channels of distribution if approved in writing in advance by Franchisor, but excluding: sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority; customer refunds and adjustments.

5.6 **Payment of the Continuing Royalty, Marketing Fund, POS Polling System, PCI Compliance, and Gift Card Program Fees and Other Payments; Electronic Transfer**.

A. Unless Franchisor in its discretion specifies otherwise, Franchisee agrees to pay the Continuing Royalty Fee, the Marketing Fund Fee, and all other fees or payments currently due to Franchisor, weekly on each Thursday (with the exception of the POS Polling System Fee, the PCI Compliance Fee, and the Gift Card Program Fee, which shall be paid monthly) by pre-authorized electronic debit to Franchisor's bank or other financial institution account in an amount based on Gross Sales for the proceeding calendar week. For purposes of this Agreement, each calendar week shall commence Monday at 12:01 AM and shall end at midnight the following Sunday. (This calendar week is referred to in this Agreement as the "Accounting Period").

B. Franchisee agrees to complete and execute the "Electronic Funds Transfer Agreement" attached to this Agreement as Exhibit FA-II and any other form, including, without limitation, an "Electronic Debit Authorization Form," attached to this Agreement as Exhibit FA-III, prescribed by Franchisor in its discretion for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. Franchisee agrees to execute such additional documents and agreements requested by Franchisor from time to time as may be necessary to permit Franchisor to continue to debit electronically Franchisee's bank account. By signing this Agreement, Franchisee gives authorization to permit Franchisor to debit electronically Franchisee's account. Franchisee agrees to maintain an account at a bank or other financial institution that has the capacity to perform electronic debits to its account.

C. Upon Franchisor's request, Franchisee shall submit to Franchisor by 5:00 PM (Pacific Time) on Tuesday of each week a report, in the form specified by Franchisor, that includes Gross Sales figures for the immediately preceding Accounting Period. If Franchisor does not timely receive this report, or is unable, for any reason whatsoever, to poll Franchisee's point of sale ("POS") computer system to determine Franchisee's weekly Gross Sales figures, then Franchisor is authorized to withdraw by electronic transfer an amount from Franchisee's bank account for the Continuing Royalty Fee and the Marketing Fund Fee for the immediately preceding Accounting Period equal to the amount withdrawn for the most recent previously reported Accounting Period plus an additional ten percent (10%) of that amount (as an estimate of the Accounting Period's Continuing Royalty Fee and the Marketing Fund Fee).

D. Franchisee agrees to install at its expense and use such pre-authorized payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system as Franchisor in its discretion may require. This requirement may be specified by Franchisor to fulfill any business purpose reasonably related to the operation of the franchise and the franchise system or to permit Franchisee to make all required payments to Franchisor by automatic bank transfer.

E. Franchisee agrees to maintain account balances sufficient to make all payments due for the Continuing Royalty Fee, Marketing Fund Fee, POS Polling System Fee, PCI Compliance Fee and Gift Card Program, and any other payments due to Franchisor by electronic transfer. Any insufficiency of funds in Franchisee's bank account shall constitute a default in payment pursuant to Section 15.2(2) of this Agreement. Any charges incurred by Franchisor due to a shortage of funds in Franchisee's account shall be promptly reimbursed by Franchisee to Franchisor.

5.7 **Interest and Late Charges**. Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month, or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

5.8 **No Accord or Satisfaction; Application of Funds.**

A. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount due under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the longest outstanding amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction. Franchisor and any of its affiliates' acceptances of any payments made by Franchisee shall not be construed to be a waiver of any breach or default of any provision in this Agreement.

B. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments made by, or on behalf of, Franchisee (and to apply any amounts owed to Franchisee or any of its affiliates by Franchisor or any of Franchisor's affiliates) to any of Franchisee's past due indebtedness for Continuing Royalty Fees, Marketing Fund Fees, POS Polling System Fees, PCI Compliance Fees, Gift Card Program Fees and other amounts owing to Franchisor or any of Franchisor's affiliates, interest or any other indebtedness of Franchisee or any of Franchisee's affiliates to Franchisor or any of Franchisor's affiliates. No restrictive endorsement on any check or in any letter or other communications accompanying any payment shall bind Franchisor or any of its affiliates.

6. FRANCHISOR SERVICES

6.1 **Site Selection, Letter of Intent and Lease Negotiations**. Franchisee is solely responsible for locating, obtaining and evaluating the suitability and prospects of the It's A Grind Store location and for the review of any letter of intent for such location. Franchisor shall assist Franchisee in site selection and the review and negotiation of Franchisee's letter of intent and lease by i) furnishing Franchisee with the Getting Started I Manual and Franchisor's standard site documents, such as confidential site evaluation criteria, recommended form of letter of intent, "vanilla shell" construction exhibit, lease rider and key lease points document, ii) generally consulting with and counseling Franchisee, and iii) at Franchisor's discretion, conducting field inspections of proposed sites at mutually convenient times. Franchisee acknowledges that Franchisee is solely responsible for the selection of a site for Franchisee's It's A Grind Store location and that, regardless of the suggestions or comments of Franchisor or any other person/entity, Franchisee is solely accountable for the ultimate decision as to the selection of a particular location. Franchisee must obtain the approval of Franchisor for any site for Franchisee's It's A Grind location. Franchisor agrees not to withhold approval unreasonably of a site that meets its site criteria. Franchisee agrees that Franchisor's assistance to Franchisee in the review of a letter of intent and Franchisor's approval of a site, as requested by Franchisee, are each permissive only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location. Franchisee further acknowledges and agrees that participation, consulting or counseling by Franchisor in the site selection, letter of intent or lease process, or in making any recommendation to Franchisee as to the selection of any real estate, financial or legal professionals, consultants, architects, brokers, engineers or contractors, shall not create any responsibility or liability for Franchisor. Franchisee acknowledges that Franchisee is solely responsible for hiring Franchisee's own financial and legal professionals, consultants, architects, engineers and contractors to assist Franchisee, and that Franchisor urges Franchisee to seek legal counsel in connection with a lease review prior to entering into such commitment. Franchisee agrees to hold Franchisor harmless with respect to the selection of and documentation for the Authorized Location for Franchisee's It's A Grind Store.

6.2 **Unit Development; Architectural, Signage, Construction, Maintenance, Alterations, and Refurbishment.**

A. In order to maintain consistency of facility design, trade dress, construction quality, store image and goodwill associated with the It's A Grind name and Marks, Franchisee is required to use exclusively Franchisor's designated and/or approved suppliers for construction management services, architectural services and signage ("Designated Suppliers"). Franchisor shall provide Franchisee with information regarding one or more such Designated Suppliers for each such product/service, and Franchisee shall retain their services, as provided in this Section and Section 7.2, below. As of the Effective Date of this Agreement, Franchisor receives no payment, commissions or other compensation from such Designated Suppliers in connection with products/services delivered to and/or payments from franchisees, but reserves the right to do so.

B. Upon Franchisee's request, Franchisor may provide certain real estate management services (such as, sourcing suitable locations for development of an It's A Grind Store and negotiating the terms of the lease through the Letter of Intent) to Franchisee through a third-party consultant. The cost of such services will range from $3,000 to $5,000 per location, and are not required, but optional.

C. After Franchisee has executed a lease for the It's A Grind Store, Franchisee shall obtain from Franchisee's landlord and ensure that an architect approved by Franchisor (the "Designated Architect") has or receives detailed, "as built" construction drawings and a detailed site plan of the proposed premises for the It's A Grind Store. Franchisor shall provide Franchisee with Franchisor's standard specifications for the design and layout of a typical It's A Grind Store and required leasehold improvements. Franchisor will arrange to have the Designated Architect provide Franchisee, at Franchisee's sole expense, with a preliminary layout and design ("test fit") for the It's A Grind Store. Franchisee shall submit the proposed layout and design drawings to a designer designated by Franchisor (the "Designated Designer") and pay the Designated Designer a design review fee in the amount of $5,000 - $6,000 for a kiosk and $6,000 - $8,000 for in-line retail space and $8,000 - $10,000 for a Drive-thru. The Designated Designer will, provide Franchisee with comments and changes to the proposed layout and design drawings. Notwithstanding the foregoing, Franchisor recommends that Franchisee have a test fit done prior to lease execution, especially if the location is not a standard size or shape for an It's A Grind Store. Upon receipt by Franchisee of the test fit and after Franchisor's approval, Franchisee shall have Franchisee's Designated Architect prepare a complete set of site-specific, architectural design drawings, including the mechanical, plumbing, electrical and other applicable plans, (the "architectural drawings") for the It's A Grind Store, which shall be consistent with the test fit and shall be in compliance with Franchisor's standards and specifications. Franchisee is solely responsible for the costs of the preparation and completion of Franchisee's architectural drawings and other services, as agreed upon directly between Franchisee and the Designated Architect. Franchisee agrees to make no changes, alterations or modifications whatsoever to the original test fit or architectural drawings without obtaining prior written consent from Franchisor. If there is a conflict between Franchisee and Franchisor regarding the test fit or any other section(s) of the architectural drawings of the It's A Grind Store, Franchisor's decision shall control.

D. Franchisee agrees to maintain the condition and appearance of the It's A Grind Store consistent with the image of an It's A Grind Store as an attractive, clean, convenient and efficiently operated specialty shop offering high quality products and efficient and courteous service, and pleasant ambiance. Franchisee agrees to effect such maintenance of the It's A Grind Store as is reasonably required from time to time to maintain such condition, appearance and efficient operation, including, without limitation, replacement of worn out or obsolete fixtures, equipment and signs, repair of the interior and exterior of the It's A Grind Store and periodic cleaning and decorating and as is required by Franchisee's lease or sublease. Franchisee shall also replace and/or add additional fixtures and equipment which Franchisor may require to be installed in all the It's A Grind Store during the Term. If at any time in Franchisor's reasonable judgment the general state of repair, appearance or cleanliness of the premises of the It's A Grind Store or its fixtures, equipment or signs does not meet Franchisor's standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate a bona fide program to undertake and plan to complete any such required maintenance within fifteen (15) days after receipt of such notice or such lesser period required by the lease or sublease, Franchisor shall have the right (in addition to its rights under Section 15), but shall not be obligated, to enter upon the premises of the It's A Grind Store and effect such repairs, painting and replacement of fixtures, equipment or signs on behalf of Franchisee and Franchisee shall pay the entire costs therefor to Franchisor on demand.

E. Franchisee shall make no material alterations to the leasehold improvements or appearance of the It's A Grind Store nor shall Franchisee make any material replacements of or alterations to the fixtures, equipment or signs of the It's A Grind Store without prior written approval by Franchisor and any approval that may be necessary under the lease or sublease for the premises.

F. In addition to Franchisee's obligations under Section 6.2 C hereof, at Franchisor's request, which shall not be more than once every five (5) years, Franchisee shall refurbish the It's A Grind Store at its own expense to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for new It's A Grind Stores under the System, including, without limitation, remodeling, redecoration, structural changes, and modifications to, or replacement of, existing improvements and equipment. Franchisee will not be required to refurbish the It's A Grind Store if Franchisee has less than two (2) years remaining on the lease or sublease for the premises.

6.3 **Initial Training**. Prior to the opening of the It's A Grind Store and at no charge beyond the Initial Franchise Fee, Franchisor will provide Franchisee and Franchisee's store manager, if applicable, one (1) Initial Training program; provided, however, Franchisee and Franchisee's store manager must attend such course simultaneously. If Franchisee is a business entity, then the Designated Owner(s), as identified in Section 17.2, below, must successfully complete Initial Training and store opening training and comply on an ongoing basis with all ongoing training requirements. Franchisee and its store manager must satisfactorily complete Initial Training, which includes attendance at all scheduled training days and times, as communicated in advance of the training, within the timeframe established by Franchisor. Franchisee is responsible for all travel, lodging, food, wages, wage related expenses and other expenses in connection with training for Franchisee and Franchisee's store manager. Franchisee agrees that it will require all store managers employed after Franchisee's It's A Grind Store is opened to complete the Initial Training program at a location designated by Franchisor. Each store manager shall complete the next available Initial Training program following the commencement date of his/her employment. Before Franchisee attends the Initial Training program, Franchisee must: 1) send Franchisor a fully executed copy of the lease for the Authorized Location, 2) complete, sign and return to Franchisor the Electronic Debit Authorization Form (Exhibit FA-III to this Agreement), and 3) send Franchisor a list of Initial Training program attendees with their biographies and store positions. Franchisee shall also pay Franchisor (or its affiliates or designated supplier(s)) the Grand Opening Fee prior to attending the Initial Training program, as described below in Section 9.3. Franchisee shall not be permitted to participate in the Initial Training program until such Grand Opening Fee is received by Franchisor.

6.4 **Store Opening and Operating Assistance**.

A. Franchisee agrees to use its best efforts to merchandise the It's A Grind Store as soon as possible after obtaining possession of the It's A Grind Store premises and to open the It's A Grind Store for business and commence the conduct of its business by the period required by Franchisee's lease or sublease or, if sooner, within three (3) days after notice from Franchisor that it is in suitable condition therefor. Franchisor may, as it may so deem appropriate, supply an employee who will for a period up to three (3) days assist Franchisee in the opening of the It's A Grind Store.

B. Franchisor may advise Franchisee from time to time of operating problems of the It's A Grind Store disclosed by reports submitted to or inspections made by Franchisor. Further, Franchisor may furnish to Franchisee such assistance in connection with the operation of the It's A Grind Store as is from time to time deemed appropriate by Franchisor. Operating assistance may consist of advice and guidance with respect to:

(i) methods and operating procedures utilized by an It's A Grind Store or the It's A Grind Store;

(ii) additional products and services authorized for an It's A Grind Store;

(iii) purchasing of products and supplies;

(iv) formulating and implementing advertising, merchandising and promotional programs; and

(v) the establishment of administrative, bookkeeping, accounting, inventory control, sales training and general operating procedures for the proper operation of an It's A Grind Store.

Franchisee understands and agrees that all advice and guidance provided by Franchisor is only supportive of the operation of the It's A Grind Store and that the overall success of the It's A Grind Store is primarily dependent upon Franchisee's business abilities and efforts. Franchisor will not charge Franchisee for such operating assistance unless such operating assistance is made necessary by Franchisee's failure to comply with this Agreement or if Franchisee requests operating assistance in excess of what is normally provided by Franchisor. Any such charges will be commercially reasonable and payable upon Franchisee's receipt of an invoice for the same.

6.5 **Additional Training and Meetings**.

A. If at any time after completion of the Initial Training, Franchisee requests additional training for Franchisee or any of its employees, or if Franchisee employs a new store manager or selects a new Designated Owner, Franchisee shall reimburse Franchisor for its travel, lodging and off-site food and beverage expenses, wages and wage related expenses, plus all other expenses incurred by Franchisor in providing the additional training. Franchisee shall pay all expenses (including, without limitation, travel, food, lodging, wages and wage related expenses) incurred by Franchisee, its employee(s) and/or its store manager and/or Designated Owner in receiving the training at the location at which the training is provided. Franchisor may charge a training/tuition fee for such additional training.

B. Franchisee agrees to attend, at its sole expense, refresher training or new training offered by Franchisor, as Franchisor may reasonably require, to correct, improve and/or enhance the operation of the It's A Grind Store.

6.6 **Operations Manual**. Franchisor will lend Franchisee one (1) copy of Franchisor's Operations Manual during the term of this Agreement, which contains mandatory and suggested specifications, standards and operating procedures prescribed by Franchisor. For purposes of this Agreement, the Operations Manual means the entire collection of manuals, guidelines, standards and specifications provided to Franchisee in connection with the development, construction and operation of Franchisee's It's A Grind Store. Franchisee acknowledges that Franchisor may from time to time revise the contents of the Operations Manual, and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Operations Manual shall remain the sole property of Franchisor and shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the termination, expiration, or non-renewal of this Agreement. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual maintained at Franchisor's principal office shall be controlling.

6.7 **Continuing Services**. Franchisor shall provide such continuing advisory assistance and information to Franchisee in the operation of the It's A Grind Store as Franchisor deems advisable. Such assistance may be provided, in Franchisor's discretion, by Company directives, Systems bulletins, web-based training modules, meetings and seminars, telephone, computer, e-mail, personal visits, newsletters or manuals.

6.8 **<u>Approved/Designated Suppliers and Products/Services</u>**.

A. Franchisor shall provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services, products, materials and supplies, and training that may benefit Franchisee in the operation of the It's A Grind Store. Franchisor has the right to require that Franchisee obtain products/services specified by Franchisor from time to time exclusively from suppliers designated or approved by Franchisor. Franchisor has the right to designate or approve a single or multiple suppliers for any specified product/service and to designate a single supplier as an exclusive supplier of a required product or service. Suppliers may include, and may be limited to, Franchisor and/or companies affiliated with Franchisor. <u>Franchisee must not offer or sell any products or services not approved by Franchisor.</u> If Franchisor disapproves a particular item, Franchisee will not use it.

B. Designation or approval of a supplier may be conditioned on factors established by Franchisor as it considers appropriate, including without limitation performance relating to frequency of delivery, standards of service, inability to maintain quality/adequate supply of goods, inability to meet or maintain acceptable pricing, and payment or other consideration to Franchisor or parties designated by Franchisor. Franchisor can approve, or revoke or deny approval, of particular items or suppliers in its sole discretion. Franchisor and its affiliates reserve the right to receive rebates, incentive amounts, discounts and other economic benefits from any supplier and have the right to realize a profit on the sales of products and/or services to Franchisee.

6.9 **<u>Pricing</u>.** Franchisor may recommend prices and pricing strategies for products and services for purposes of menu uniformity, image and advertising. Franchisee is obligated to follow such pricing recommendations to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing its own retail prices at such levels as Franchisee deems appropriate.

6.10 **<u>Marketing Fund</u>.** Franchisor will institute, maintain and administer a Marketing Fund for such advertising or public relations programs as Franchisor, in its discretion, may deem necessary or appropriate to advertise and promote the It's A Grind Stores pursuant to Section 9.2 of this Agreement.

6.11 **<u>Grand Opening Advertising Assistance</u>.** Franchisor will coordinate with Franchisee in implementing Franchisee's advertising and marketing for the Grand Opening of the It's A Grind Store pursuant to Section 9.4 of this Agreement in accordance with Franchisor's standard Grand Opening plan, as adapted by Franchisor in its discretion to suit Franchisee's particular circumstances. Franchisee acknowledges that Franchisor makes no assurances or guarantees as to the success of any program or the efficacy of any expenditure for Franchisee's Grand Opening and agrees to hold Franchisor harmless for all actions taken and expenditures incurred by Franchisor in the good faith conduct of Franchisee's Grand Opening.

6.12 **<u>Franchisor Services</u>.** The rendering of any Franchisor consultation, advise, assistance, consent, approval or services set forth in this Agreement does not constitute any assurance or guaranty that such consultation, advice, assistance, consent, approval or services will result in any level of success of Franchisee's business. Any Franchisor services set forth in this Agreement may be provided by Franchisor and/or representative(s) or designee(s) of Franchisor.

7. FACILITY STANDARDS, DEVELOPMENT; LETTER OF INTENT AND LEASE

7.1 **Facility Standards.** Franchisee acknowledges and agrees that Franchisee's It's A Grind Store must meet the following conditions:

A. The It's A Grind Store shall be laid out, designed, constructed or improved, equipped and furnished, including signage, in accordance with Franchisor's standards and specifications and supplier requirements. Equipment, furnishings, fixtures, decor and signs for the It's A Grind Store shall be purchased from suppliers designated and/or approved by Franchisor. Franchisee may remodel or alter the It's A Grind Store, or change its equipment, signage, furniture or fixtures, only with Franchisor's written consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The It's A Grind Store shall contain or display only signage obtained from Franchisor's Designated Supplier, produced according to designs approved by Franchisor, and using only the type and style of menu board designated by Franchisor.

B. The It's A Grind Store shall be maintained in accordance with standards and specifications established by Franchisor or prescribed after inspection of the It's A Grind Store. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.

C. Franchisor may place in a conspicuous location signage, language and informational materials, including, without limitation, a brochure rack on the customer and/or condiment counter and various signage and/or language on the front doors and/or windows relating to its franchise opportunities at anytime during the term of this Agreement and any extensions to this Agreement.

D. The It's A Grind Store shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor, in a form and manner determined by Franchisor, in its sole discretion.

E. Franchisee's business and the It's A Grind Store shall be identified only by those Marks approved in writing by Franchisor with at least one outside sign as designated by Franchisor.

7.2 **Letter of Intent and Facility Development.**

A. Franchisee agrees that prior to submitting a Letter of Intent ("LOI") to the landlord for the proposed leased premises for the It's A Grind Store (the "Location"), Franchisee shall complete the following actions at Franchisee's sole cost and expense:

1. Franchisee shall submit a completed Location Report to Franchisor;

2. Franchisee shall submit the LOI for the Location to Franchisor;

3. Franchisee shall provide Franchisor and Franchisor's Designated Supplier of signage services with landlord's approved sign criteria for the Location;

4. Franchisee shall ensure that there is language in the LOI that requires the Approved Sign Criteria and Approved Sign Plan, as both are defined below, to be incorporated into the Lease as executed between Franchisee and landlord for the Location.

5. Franchisee shall give Franchisor an opportunity to review the LOI as it is to be executed between Franchisee and landlord of the Location to determine if it satisfies Franchisor's then current site leasing criteria.

B. Prior to execution of the lease, Franchisee shall obtain from Franchisor's Designated Supplier for signage an It's A Grind sign drawing that meets all of Franchisor's specifications and is specific to the Location (the "Approved Sign Criteria"). Franchisee must obtain a final approved sign plan from Franchisor and/or its designee (the "Approved Sign Plan"). The Franchisee shall then cause the Approved Sign Criteria and Approved Sign Plan to be incorporated into the lease executed by Franchisee and landlord for the Authorized Location. Franchisee shall, at Franchisee's sole cost and expense, immediately remove and replace any sign at the It's A Grind Store Authorized Location that does not meet Franchisor's Approved Sign Criteria and Approved Sign Plan, as defined below in this Section.

C. Franchisee agrees that after executing the lease for the Authorized Location, Franchisee shall promptly complete the following actions for the It's A Grind Store at the Authorized Location at Franchisee's sole expense:

1. Franchisee shall retain the services of a Designated Architect and Designated Supplier of construction management services, as provided in Section 6.2, above. Franchisee shall provide the Designated Suppliers with landlord's detailed, "as built" construction drawings and a detailed site plan for the leased premises for the It's A Grind Store at the Authorized Location;

2. Franchisee shall obtain from a Designated Architect a preliminary store layout and design (the "test fit") for the It's A Grind Store for the fee described in Section 6.2;

3. Franchisee is responsible for ensuring that all requisite drawings, designs, plans and specifications for the It's A Grind Store are in accordance with Franchisor's specifications and standards;

4. Franchisee shall submit to Franchisor, a Designated Supplier for construction management services, the landlord, and local authorities for approval all requisite drawings, designs, plans and specifications;

5. Franchisee shall obtain approval of such requisite drawings, designs, plans and specifications from Franchisor, the landlord, and local authorities prior to commencement of construction of the It's A Grind Store;

6. Franchisee shall employ a Franchisor approved licensed general contractor to construct or remodel the It's A Grind Store in accordance with the approved requisite drawings, designs, plans and specifications;

7. Franchisee shall obtain all permits and certifications required for lawful construction and operation of the It's A Grind Store, including, without limitation, zoning, building, access, sign, fire and health requirements;

8. Franchisee shall obtain or require the general contractor to obtain payment and performance bonds;

9. Franchisee shall obtain all customary contractor's sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services for the It's A Grind Store;

10. Franchisee shall obtain or have the general contractor obtain Builders Risk Insurance naming Franchisee as a loss payee;

11. Franchisee shall start and complete the construction or remodeling of the It's A Grind Store in full and strict compliance with plans and specifications, including, without limitation, the Approved Sign Plan and any signage specifications approved by Franchisor, the landlord, and local authorities and with all applicable ordinances, building codes and permit requirements;

12. Franchisee shall purchase or lease, in accordance with Franchisor's standards and specifications and from suppliers approved by Franchisor, all equipment, furniture, fixtures, menu boards, inventory, supplies and signs required for the It's A Grind Store;

13. Franchisee shall hire and train the It's A Grind Store operating personnel in accordance with Franchisor's standards and specifications;

14. Franchisee shall complete development of and have the It's A Grind Store open for regular, continuous business not later than eighteen (18) months after the date that Franchisor accepts this Agreement; and

15. Franchisee shall not later than ninety (90) days after the It's A Grind Store opens for business, furnish to Franchisor an itemized breakdown of the costs incurred by Franchisee in developing the It's A Grind Store, including, without limitation, design, construction, equipment, furniture, fixtures, signage, inventory and supplies.

7.3 **Franchisee's Lease.**

A. (1) Franchisee acknowledges and agrees that Franchisee is solely responsible for leasing a suitable site for the It's A Grind Store. Franchisee acknowledges and agrees (a) that Franchisor's Approved Sign Criteria, Approved Sign Plan and recommended and/or required LOI or lease terms are important for the successful operation of Franchisee's business; (b) that although Franchisor may advise and consult with Franchisee regarding the site selection, the LOI and the lease, Franchisee shall hold Franchisor harmless with respect to Franchisee's selection and development of a site and for the terms of the LOI and lease negotiated by Franchisee, and (c) that it is Franchisee's sole responsibility to negotiate the LOI and the lease for Franchisee's It's A Grind Store, according to terms acceptable to Franchisee.

(2) Franchisor's execution of this Agreement is conditioned upon Franchisee delivering to Franchisor, along with an executed copy of the lease for the Authorized Location, and a signed collateral assignment of lease in Franchisor's then current standard form. Such an assignment shall be obtained for each lease for the It's A Grind Store, will be conditional upon termination, expiration, or non-renewal of this Agreement or a default by Franchisee under the lease, and will be at Franchisor's sole

option. Franchisee acknowledges and agrees that the execution of such a conditional assignment and does not convey any obligations or requirements upon Franchisor relative to the terms and/or conditions in the lease. Franchisor may choose, in its sole discretion and in lieu of the conditional assignment, to accept a lease form containing the same basic terms or other terms acceptable to Franchisor.

B. Franchisee may not terminate, renew or in anyway alter or amend the lease for the It's A Grind Store during the term thereof, or any renewal term thereof, without Franchisor's written consent, except as otherwise provided in this Agreement. Franchisee may not sublicense or assign rights granted in this Agreement except in accordance with Article 14.

C. Franchisee's execution of a lease for the It's A Grind Store shall constitute selection by Franchisee of such site and location and the terms of such lease and Franchisee shall be solely responsible therefore.

D. Franchisee shall provide Franchisor with a copy of Franchisee's fully executed lease with all exhibits and attachments thereto for the It's A Grind Store promptly after execution.

E. Franchisee acknowledges that Franchisee has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.4 **Franchisee Responsibility.** Notwithstanding the foregoing, Franchisee acknowledges and agrees that although i) Franchisor and/or Designated Suppliers may provide Franchisee with various standard or sample plans, guidelines, and specifications, construction management services, a store layout and design (test fit), architectural plan, Franchisor's Approved Sign Criteria and site specific sign drawings (collectively referred to as the "store development information") with respect to constructing, furnishing and equipping an It's A Grind Store, and ii) Franchisor may designate and/or recommend various architects, contractors, construction management services companies, signage companies, and other consultants and professionals, it is Franchisee's sole responsibility to hire and pay for all consultants and professionals and to design, supervise, construct, furnish and equip the It's A Grind Store, including signage, in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act, and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisor makes no representations or warranties that any of the store plans, specifications, guidelines, design, construction, or other development information provided to Franchisee comply with such laws and regulations. Franchisee agrees to indemnify, defend, and hold harmless Franchisor and Franchisor's affiliated companies, and the officers, directors, shareholders, managers, members, employees, agents, attorneys and representatives of Franchisor and each such affiliated company (collectively referred to as the "Franchisor Affiliates"), with respect to claims, damages or liability, (including, but not limited to, any claims of vicarious or other liability) arising with respect to the selection of any Designated Suppliers and any other contractor, consultant or professional retained by Franchisee or with respect to any store plans, specifications, guidelines or other development information provided by Franchisor, Franchisor's Designated Architect, any Franchisor Designated Supplier of construction management services or Designated Supplier of signage services, or other representatives of Franchisor, and with respect to the constructing, furnishing and equipping, including signage, of Franchisee's It's A Grind Store.

8. FACILITY IMAGE AND OPERATING STANDARDS.

8.1 **Compliance**. Franchisee acknowledges and agrees that every detail regarding the appearance and operation of the It's A Grind Store is important to Franchisor, the System and to other It's A Grind franchisees in order to maintain high and uniform operating standards, to increase demand for the products and services sold by all franchisees, and to protect It's A Grind's reputation and goodwill, and accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and Franchisor's standards and specifications, (whether contained in the Operations Manual or any other written or oral communication to Franchisee by Franchisor) relating to the appearance or operation of the It's A Grind Store. Franchisee further agrees to promptly implement any changes in operational and facility requirements when prescribed by Franchisor, even should additional investment or expenditures be required. Franchisee acknowledges that other It's A Grind Stores may operate under different forms of agreement with Franchisor, and that the rights and obligations of parties to other agreements may differ from those hereunder.

8.2 **Franchisor's Right to Inspection**. Franchisor's authorized representatives will have the right to enter the Authorized Location and the It's A Grind Store at any time during business hours, and without prior notice to Franchisee, for the purposes of: (i) examining same; (ii) conferring with Franchisee's employees; (iii) inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment; (iv) removing samples for testing and analysis; (v) interviewing customers; (vi) conducting inventories; and (vii) determining whether the business is being conducted in accordance with this Agreement, the System and the Operations Manual. Franchisee agrees to fully cooperate in connection with such matters. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Operations Manual, including but not limited to quality, cleanliness, service, health and authorized product line, Franchisor will notify Franchisee in writing of Franchisee's non-compliance with the Operations Manual, the System, or this Agreement. Franchisee shall have 24 hours after receipt of such notice, or such other greater time period as Franchisor may provide, at its sole discretion, to correct or repair such deficiency or unsatisfactory condition. If Franchisee fails or refuses to correct the non-compliance within the required period of time, Franchisor shall have the right, in addition to all other remedies, to take such corrective action as is, in the sole determination of Franchisor, necessary and appropriate to bring the It's A Grind Store in compliance with Franchisor's specifications, standards, methods, policies and procedures, and Franchisee shall pay the entire cost thereof to Franchisor on demand.

8.3 **Franchisor's Notice of Deficiency**. If Franchisor issues to Franchisee a notice of default, Franchisor will have the right (but not the obligation), in addition to all other remedies, to take such corrective action as is, in the sole determination of Franchisor, necessary and appropriate to bring the It's A Grind Store in compliance with Franchisor's specifications, standards, methods, policies and procedures; provided that Franchisor will not initiate any such action in connection with any default under Section 15.2 (2) until the applicable cure period has expired. Franchisee shall pay the entire cost thereof to Franchisor on demand.

8.4 **Adherence to Good Business Practices**. Franchisee shall adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all business dealings with customers, employees, vendors and Franchisor.

8.5 **Personnel.** Franchisee agrees to employ in the operation of the It's A Grind Store only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of It's A Grind Stores. Franchisor may require Franchisee to use at Franchisee's expense various human resources products/services to assist Franchisee in meeting such employment objectives. Franchisee agrees to staff the It's A Grind Store at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with Franchisor's standards and who shall wear Franchisor approved uniforms during working hours. Franchisee shall be the employer of employees of the It's A Grind Store, and shall have the sole right to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment. Franchisor shall have no responsibility for the terms and conditions of employment of Franchisee's employees. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies. Franchisee agrees to make all necessary filings with, and to pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required.

8.6 **Products and Services to be Offered for Sale.** The presentation of a uniform image to the public and the offering of uniform product lines is an essential element of a successful franchise system. The reputation and goodwill of It's A Grind Store is based upon, and can be maintained only by, the sale of high-quality products. Franchisee therefore agrees that the It's A Grind Store will offer only brands and types of products required by Franchisor from time to time (the "Products") and at the retail prices recommended by Franchisor to the extent such obligation is consistent with applicable law.

A. Franchisee must not offer for sale at the Store: (1) any products or services other than the Products without the Franchisor's prior written approval; or (2) any Products which are damaged or deteriorated, or are "out of date" pursuant to the Operations Manual or as specified on the Products.

B. Franchisee must only purchase from Franchisor all Products and services supplied by the Franchisor, and only purchase from Approved Suppliers all Products and services not supplied by the Franchisor.

C. Franchisee must not offer for sale coffee beans on a wholesale basis, that is, to a customer who proposes to on-sell the beans or to use the beans in a business.

D. Franchisee further agrees that the It's A Grind Store will not, without prior written approval by Franchisor, offer any other products or services nor shall the It's A Grind Store or the premises which it occupies be used for any purpose other than the operation of an It's A Grind Store in compliance with this Agreement and Franchisee's lease or sublease for the premises.

E. The term Products as used in this Agreement, includes all products hereafter approved and/or developed by Franchisor for It's A Grind Stores. Franchisor may from time to time modify the list of approved brands and/or suppliers and Franchisee shall not, after receipt in writing of such modification, reorder any brand or from any supplier which has been removed by Franchisor from the approved brand/supplier list. Subject to Section 8.G. below, if Franchisee proposes to sell any product of a brand which has not been approved as being acceptable or from a supplier which has not been approved, it shall first notify Franchisor in writing and submit sufficient photographs, drawings, specifications, samples and/or other information concerning the product and/or the supplier and Franchisor shall, within a reasonable time, notify Franchisee in writing whether or not such proposed brand and/or such proposed supplier is acceptable. Franchisor may approve a supplier for any products and may approve a supplier only as to certain products. Franchisor may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for a group of It's A Grind Stores owned or franchised by Franchisor or its affiliates. Franchisor and its affiliates reserve the right to receive revenue from approved suppliers based on transactions with franchisees and Franchisor (or its affiliate). Approval of a supplier may be conditioned on requirements related to the frequency of delivery, standards of service, including prompt attention to customer complaints, consistency and reliability and may be temporary pending a further evaluation of such supplier by Franchisor. Franchisor will require any supplier applying for approval to allow Franchisor or its affiliates to inspect the proposed supplier's facilities to assist Franchisor in determining if the proposed supplier meets Franchisor's criteria.

F. Franchisee shall at all times maintain an adequate and representative inventory of Products, sufficient in quality, quantity and variety, to satisfy customer demand and realize the full potential of the It's A Grind Store, as prescribed from time to time by Franchisor. The inventory of the It's A Grind Store shall contain a representative number of each "It's A Grind" brand or other private brands of Franchisor which shall be given representative display area. Franchisor shall not have any liability to Franchisee if Franchisor is at any time unable for any reason to offer any "It's A Grind" brand or other brand of products for purchase by Franchisee or at competitive prices. Certain Products may be offered by an affiliate of Franchisor.

G. In order to maintain consistency of product, quality, taste and identity of coffee and coffee products, Franchisee agrees that all coffee and coffee products, except those coffee or coffee products specifically approved in writing by Franchisor, must be purchased exclusively from suppliers designated or approved by Franchisor.

8.7 **Compliance with Laws.**

A. Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the It's A Grind Store, obtain all municipal and state permits, certificates or licenses necessary to operate the It's A Grind Store and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee shall make all such permits, licenses and certificates available for inspection by representatives of Franchisor prior to the opening for business of the It's A Grind Store and thereafter at all times during Franchisee's business hours. Franchisee shall operate and maintain the It's A Grind Store in strict compliance with all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to provide immediately Franchisor with a copy of any notice received by Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the It's A Grind Store. Franchisee must at all times be current in its knowledge and understanding of all laws as they relate to the operation of the It's A Grind Store.

B. Franchisee shall manage the It's A Grind Store and its staff in compliance with all laws, the Operations Manual and any other general policies as prescribed by Franchisor. Franchisee agrees to abide by all employment laws, including, without limitation, Title VII of the Civil Rights Act, Family and Medical Leave Act, ADA, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state wage and hour laws, Internal Revenue Code and the immigration laws. Franchisor may from time to time provide information or training to assist Franchisee in gaining knowledge about applicable laws, but this does not in any way relieve Franchisee of its full responsibility and sole obligation to comply with such laws.

8.8 **Management and Operational Efforts**. The It's A Grind Store shall be managed by Franchisee. If Franchisee is a corporation, partnership or limited liability company, one of the owners of Franchisee must be designated as the "Managing Owner" who must be a natural person who owns and controls not less than ten percent (10%) of the equity and voting power of Franchisee. Franchisee (or the Managing Owner) must complete, to the satisfaction of Franchisor, the training program. If Franchisee (or the Managing Owner) has completed the franchise training, Franchisee shall be qualified to train its managers. If and in the event Franchisor, in its sole discretion, determines that the Franchisee (or the Managing Owner) is not properly performing his duties, Franchisor shall advise Franchisee and Franchisee shall take such corrective measures as are necessary to immediately rectify the situation. Franchisee shall keep Franchisor informed at all times of the identity of any Managing Owner(s) of the It's A Grind Store.

If Franchisee and its affiliates own three (3) or more It's A Grind Stores, Franchisor may, at its option, require Franchisee to engage a district manager to oversee the development and operation of It's A Grind Stores owned by Franchisee or its affiliates. Such district manager shall be in addition to, and not in lieu of, the Managing Owner responsible for the operation of each It's A Grind Store.

8.9 **Communications.** Franchisee agrees during the term of this Agreement and at Franchisee's sole expense, to maintain Internet access and to use an It's A Grind assigned e-mail address and a fax number for purposes of communicating with Franchisor and other persons regarding Franchisee's business. Franchisee agrees to check Franchisee's e-mail and fax on a daily basis (except for weekends) and respond promptly to all e-mail, fax and other communications. Franchisee agrees to install and maintain a high speed internet connection (i.e., DSL, cable-modem or comparable connection that allows real-time communications between Franchisee and Franchisor regarding Franchisee's POS computer system).

8.10 **Computer and POS Systems; Gift Card Program Transactions; Security Systems; Technology; Use of Systems Data.**

A. Franchisee agrees to obtain and use for the It's A Grind Store's operations the computer hardware and/or operating software, including, but not limited to, point of sale ("POS") reporting systems, that Franchisor specifies from time to time (the "Computer System"). Franchisor may modify specifications for and components of the Computer System from time to time. Franchisee also agrees to maintain a functioning e-mail address. Franchisor's modification of specifications for the Computer System, and/or other technological developments or events, might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. Franchisor has no obligation to reimburse Franchisee for any Computer System costs.

During Franchisee's operation of the It's A Grind Store pursuant to this Agreement, Franchisee must, within thirty (30) days after Franchisee receives notice from Franchisor, obtain any new Computer System components Franchisor designates and ensure that Franchisee's Computer System, as modified, functions properly, including any updates to the software as may be provided.

Although Franchisee agrees to buy, license, use, and maintain the Computer System according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which the Computer System interfaces with Franchisor's and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) ensuring that the Computer System is in compliance with any and all industry standards and governmental regulations.

B. Franchisor and Franchisee agree all transactions conducted under the Gift Card Program shall be governed by guidelines, procedure and standards established by Franchisor, as may be modified from time to time by Franchisor in its reasonable discretion. Franchisor agrees to apply such guidelines, procedures and standards on a uniform and fair basis to all participants in such program (which may include other It's A Grind franchisees, as well as Stores owned or operated by Franchisor, by Praise IAG Stores, LLC, subject to reasonable exceptions and special circumstances, as determined by Franchisor in its reasonable discretion. Unless otherwise specified by Franchisor, all "sales" of gift cards shall not be included in the "Gross Sales" of a participating It's A Grind Franchisee, and no Continuing Royalty Fee or Marketing Fund Fee shall be payable in connection therewith. All amounts received by Franchisee for the "sale" of the gift card shall be remitted to Franchisor weekly without set-off, credit or deduction at the same time and in the same manner as the Continuing Royalty Fee is paid.

C. At the time each gift card (or any portion thereof) is "redeemed" by a customer's purchase at Franchisee's Store (regardless from which participating It's A Grind Store the gift card was issued), such transaction shall be recorded with the "Gross Sales" of Franchisee, and Franchisee shall pay the applicable Continuing Royalty Fee and the Marketing Fund Fee on such redemption transaction; provided, however, Franchisee shall receive a credit against the amount Franchisee owes for gift card sales equal to the amount of gift card (or portion thereof) "redeemed". In the event the gift card "redemptions" exceed the gift card sales then Franchisee shall receive a credit against the amount Franchisee owes for Continuing Royalty Fees equal to the amount the gift card redemptions exceed the gift card sales (or portion thereof). The adjustment for any such gift card redemption transaction shall be included in the weekly accounting of fees owing by Franchisee.

D. Except as otherwise provided in this Agreement, Franchisee agrees to indemnify, defend and hold harmless Franchisor and all other companies participating in the Gift Card Program for all liabilities or claims arising out of or relating to all improper or unauthorized "sales," or other distributions, of gift cards by Franchisee (the full amount of the face value of each such gift card related to which is not promptly remitted to Franchisor) and to all improper or fraudulent use of gift cards delivered to or in the custody of Franchisee for sale in connection with the Gift Card Program. Franchisee agrees to implement adequate security measures to prevent unauthorized access to distribution of unissued gift cards and to the Gift Card Program authorization procedures.

E. Franchisor agrees to reimburse Franchisee (through a credit against weekly Continuing Royalty Fees payable by Franchisee) for the full value of all bona fide gift card redemptions made in accordance with the guidelines, procedures and standards established by Franchisor. Franchisor shall be entitled to commingle all amounts received from Franchisee for the original "sale" of each gift card, but shall be responsible for honoring the redemption of all bona fide It's A Grind gift cards issued in accordance with the guidelines, procedures and standards established by Franchisor and for which Franchisor has previously received all of the proceeds from the "sale" of each such It's A Grind gift card.

F. Franchisee shall subscribe to a music subscription service in accordance with Franchisor's requirements.

G. Franchisee acknowledges and agrees to install and use new technology in all phases of the operation of Franchisee's It's A Grind Store, as such technology becomes available and is recommended or mandated by Franchisor from time to time.

H. Franchisee agrees to comply with the Operations Manual, usage policies, and any other specifications Franchisor provides regarding Franchisee's use of the Internet, World Wide Web or other electronic media in connection with Franchisee's It's A Grind Store, including, but not limited to, a requirement that any such use be only through Franchisor/any Affiliate or a designated host or service provider, and/or that all web pages related to Franchisee's It's A Grind Store be accessed through a designated site and otherwise meet specifications. Franchisee agrees not to establish and/or maintain without Franchisor's prior written consent any independent website, domain name, e-mail address, site links, or other such electronic publications/addresses/technologies in connection with Franchisee's It's A Grind Store business. Franchisor has implemented an It's A Grind intranet to enhance communications by and among It's A Grind network members, to help support various system maintenance services, and to permit the efficient/economic delivery of a variety of information, such as the Operations Manual, bulletins, marketing materials, financial data, reporting information, technical instructions, training, updates, etc. Franchisee agrees to participate in any such intranet/Internet activities, to sign appropriate licensing/user agreements, and any amendments thereto, as Franchisor may require, and to maintain the necessary hardware, software, POS systems, equipment, operating and accounting systems, High-Speed Internet Service and other items as Franchisor requires on an ongoing basis at Franchisee's expense.

8.11 **Meetings.** Franchisee agrees to attend, at its sole expense, all annual and other meetings, conventions, and conference calls of franchisees that Franchisor determines are mandatory for all franchisees, or groups of franchisees (as designated by Franchisor in its sole discretion).

8.12 **Franchise Advisory Board**. Franchisor reserves the right to establish a franchise advisory board in the future to be purely advisory in nature, and have no operational or decision-making authority as to Franchisor, It's A Grind franchises, the System or otherwise. The purpose of such a board would be to provide Franchisor with input on advertising and marketing matters and on such other subjects relevant to the It's A Grind Franchise system as Franchisor may request.

9. ADVERTISING

9.1 **General.**

A. **By Franchisor**. Franchisor will develop, prepare and offer to Franchisee (in some cases with, and in some cases without, charge) such posters, ad formats, direct mail, point of sale and other advertising materials for the It's A Grind Store as Franchisor deems appropriate and will implement a marketing program as described below. Franchisee must participate in all advertising and/or promotional campaigns that Franchisor may establish.

B. **By Franchisee**. Franchisee must submit for prior approval by Franchisor, any and all advertising and promotional materials prepared by Franchisee for the It's A Grind Store and Franchisee must not use any disapproved or unapproved advertising or promotional materials. Franchisee must comply with any advertising requirements contained in its lease or sublease for the premises of the It's A Grind Store. All advertising and promotional materials used by Franchisee must be completely factual, comply with all applicable laws and conform to the highest standards of ethical advertising and policies prescribed from time to time by Franchisor.

9.2 **Marketing Fund**. Franchisor's experience and business judgment is that a unified marketing program, on both a local and broader level, is an essential factor in the potential success of all It's A Grind Stores, to achieve top-of-mind awareness in potential customers, to build and retain goodwill associated with the Name and Marks thereby hopefully benefiting all It's A Grind Store operators, to create improved brand loyalty among new and future customers and to achieve a favorable retail position for all It's A Grind Stores. To maximize the possibility of obtaining these goals, Franchisor and Franchisee have agreed to a marketing program as follows:

(1) Franchisor has instituted an advertising, publicity and marketing fund (the "Marketing Fund") for such advertising; advertising-related marketing and/or public relations programs, travel, and personnel; menu and product development; and promotional services and/or materials as Franchisor may deem necessary or appropriate to promote It's A Grind Stores. The Marketing Fund may be combined with any marketing fund otherwise established for It's A Grind Stores and the funds merged for use in accordance with this Agreement. Franchisee will contribute to the Marketing Fund two percent (2%) of the gross sales (as defined in Section 5.2) of the It's A Grind Store, payable as provided in Paragraph A of Section 5.3. Franchisor reserves the right to increase the amount Franchisee is required to contribute to an amount not to exceed three percent (3%) of the gross sales of the It's A Grind Store. Franchisor will cause all It's A Grind Stores owned by it to make contributions to the Marketing Fund based on the contribution rate generally in effect at the time such It's A Grind Stores most recently came under Franchisor's ownership. Franchisee understands that, due to differing forms of franchise agreements or otherwise, some It's A Grind franchisees may have different marketing funds and/or other obligations than in this Agreement.

(2) Franchisor will have sole and absolute discretion over all matters relating to the Marketing Fund in any way, including (but not limited to) its management, all financial matters, expenditures, receipts and/or investments by the Marketing Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation thereof. The Marketing Fund may be used, in Franchisor's sole and absolute discretion, to (among other things) pay costs of preparing, producing, distributing and using marketing, advertising and other materials and programs; administering national, regional and other marketing programs, purchasing media, employing advertising, public relations and other agencies and firms; and supporting public relations, market research and other advertising and marketing activities, as well as any expenses associated with any Franchisee Advisory Council(s), if those Councils, and such expenses, are approved by Franchisor. Brief statements regarding the availability of information regarding the purchase of It's A Grind franchises may be included in advertising and other items produced and/or distributed using the Marketing Fund.

(3) Franchisor may arrange for services, goods and otherwise, including (but not limited to) creative concepts, production, placement, purchase of media, legal, accounting and other services, to be provided to the Marketing Fund by itself, any of its affiliates and/or their employees or agents, including persons/entities who may be owned, operated, controlled by, and/or affiliated with, Franchisor (such as an "in-house advertising agency") or who may be independent. Franchisor may use the Marketing Fund to compensate and reimburse any of such persons/entities (including itself) as Franchisor deems appropriate in its sole and absolute discretion (including payment of commissions) and to compensate itself and/or others for administrative and other services, materials, etc. rendered to the Marketing Fund, provided that any compensation to Franchisor or any affiliate will not be unreasonable in amount. While Franchisor is not required to submit any proposed or other expenditures by (or any other matters relating

to) the Marketing Fund for approval by any Franchisee Advisory Council, if Franchisor does submit any matters for approval and approval is granted by a majority of such Franchisee Advisory Council, such approval will be final and binding on Franchisee.

(4) Franchisor may recommend prices and pricing strategies for products and services for purposes of menu uniformity, image and advertising. Franchisee is obligated to follow such pricing recommendations to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing its own retail prices at such levels as Franchisee deems appropriate.

(5) Franchisee will participate in all advertising and public relations programs instituted by the Marketing Fund. The Marketing Fund will, as available, furnish Franchisee with marketing, advertising and promotional formats and sample materials and may charge the direct cost of producing them plus shipping and handling. Franchisor may use the Marketing Fund to pay the costs of advertising, advertising-related, marketing and/or public relations programs, services and/or materials with respect to locations, programs or concepts where products and/or services offered under the Name and/or Marks are to be offered in conjunction with products and/or services offered under other marks, including (but not limited to) any co-branding, dual franchising or other programs, and any other franchised or non-franchised alternative channel of distribution, whether or not controlled by Franchisor.

(6) The Marketing Fund will be accounted for separately from Franchisor's other funds (but may be commingled with Franchisor's other funds) and will not be used to defray any of Franchisor's general operating expenses, except for such salaries, administrative costs, overhead and other expenses as Franchisor may reasonably incur in activities related to the Marketing Fund and its programs (including, without limitation, conducting market research, preparing advertising and marketing materials, insurance, legal costs and collecting and accounting for the Marketing Fund.) Franchisor may, in Franchisor's sole and absolute discretion, spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year and the Marketing Fund may borrow from Franchisor or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. Franchisee authorizes Franchisor to collect for remission to the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by Franchisee or otherwise. All interest earned on monies contributed to the Marketing Fund will be contributed to the Marketing Fund and will be used to pay costs before using the Marketing Fund's other assets. A statement of monies collected and costs incurred by the Marketing Fund will be prepared annually by Franchisor and be furnished to Franchisee upon written request. Franchisor may (but is not required to) have financial statements of the Marketing Fund audited and any costs in connection therewith will be paid by the Marketing Fund. Franchisor will have the right to cause the Marketing Fund to be incorporated or operated through an entity separate from Franchisor as Franchisor deems appropriate in its sole and absolute discretion, and such successor entity will have all rights and duties of Franchisor relating to the Marketing Fund.

(7) Franchisor may (but is not required to) remit a portion of Marketing Fund contributions back to a franchisee on such terms and conditions as determined by Franchisor including (but not limited to) reimbursement of local advertising expenditures made by a franchisee. Franchisor may also forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Franchisor will have sole and absolute discretion as to whether or not Franchisor takes legal or other action against any franchisee who is in default of his or her obligations with respect to the Marketing Fund (including obligations to make contributions) or otherwise and whether a franchisee may be allowed to make direct advertising expenditures in place of contributions to the Marketing Fund.

(9) Franchisee acknowledges and agrees that the Marketing Fund is generally intended to maximize general recognition of the Name and/or Marks and patronage of It's A Grind Stores. Franchisee understands and acknowledges that the It's A Grind Store may not benefit directly or in proportion to its contribution to the Marketing Fund from the development and placement of advertising and development of marketing materials. Franchisor will have no obligation to cause other It's A Grind Stores, licensees or outlets (some of which may be under different arrangements) to contribute to the Marketing Fund, any cooperative or engage in local marketing. Franchisee and Franchisor, each having a mutual interest in, and agreeing on the critical practical business importance of, Franchisee's and Franchisor's relationship being governed solely by written instruments signed by the parties to be bound (and not having either Franchisee or Franchisor subject to the uncertainty and ambiguity inherent in the application of legal or other concepts not expressly agreed to in writing by Franchisee and Franchisor), agree that Franchisee's and Franchisor's rights and obligations with respect to the Marketing Fund and all related matters are governed solely by the express terms of this Agreement and that this Agreement (and the parties' relationship and all rights and obligations with respect to the Marketing Fund) does not create a "trust," "fiduciary relationship" or similar special arrangement. Franchisor may maintain Marketing Fund assets in one or more accounts designated as "trust accounts" (or similarly designated), for purposes of protecting such assets from claims of third-party creditors or otherwise, but such designation and/or treatment will not operate to create any "trust," "fiduciary relationship" or similar special arrangement as to the Marketing Fund, its assets or otherwise.

9.3 **Grand Opening Advertising and Fee.** Franchisee agrees to pay Franchisor a grand opening fee in the amount of Five Thousand Dollars ($5,000) (the "Grand Opening Fee") prior to attending the initial training program for a grand opening advertising, marketing and promotion package (the "Grand Opening Package"). Franchisor will advise Franchisee in connection with the Grand Opening which shall be conducted in accordance with Franchisor's standard plans, as adapted for the It's A Grind Store. The Grand Opening Package shall be in the form, and using the advertising and promotional campaign and materials, specified by Franchisor, and Franchisee agrees that Franchisor, in its sole discretion, may include a brief statement regarding the availability of It's A Grind Store franchises. The Grand Opening Package will include, but not be limited to direct marketing materials and production-ready, customized promotional slicks/items. Franchisee shall not be permitted to participate in the initial training program until Franchisor has received the Grand Opening Fee. Franchisor may waive or reduce the Grand Opening Fee contribution and/or other advertising expenditure requirements in limited instances where the venue or other circumstances warrant it in Franchisor's sole judgment.

9.4 **Advertising Cooperative**. Franchisor reserves the right, if necessary and in Franchisor's sole judgment, to establish a local or regional advertising cooperative to promote It's A Grind Stores in the television market (the "Media DMA") in which the It's A Grind Store is located, Franchisee agrees to become a member and participate the same as the other members. A cooperative may require its members to make contributions to the cooperative in such amounts as are determined by a majority of its members with each It's A Grind Store (whether owned by a franchisee or by Franchisor's affiliate) counting as one member, but with no party (whether a franchisee or Franchisor) having the right to more than twenty-five percent (25%) of all member votes for such advertising cooperative. The by-laws of any advertising cooperative must be approved by Franchisor, and must provide for a representative of the Franchisor to be a member of the cooperative and any committee responsible for advertising and sales promotion decisions. Praise IAG Stores, LLC may choose, but is not required, to participate in any such advertising cooperative.

9.5 **Website**.

A. Franchisee must not establish a Website. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that refers to It's A Grind Stores or the Marks. The term Website includes, but is not limited to, Internet and World Wide Web home pages. Franchisor shall have the right, but not the obligation, to establish a Website and to designate one or more web page(s) on such Website to describe Franchisee and/or the It's A Grind Store, such web page(s) to be located within Franchisor's Website.

B. If Franchisor provides Franchisee with a webpage on the Website, Franchisee must: (i) provide Franchisor the information and materials Franchisor requests to develop, update, and modify Franchisee's webpage; and (ii) notify Franchisor whenever any information on Franchisee's webpage is not accurate. Franchisor will own all intellectual property and other rights in the Website, including Franchisee's webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

C. Franchisor may use the Marketing Fund's assets to develop, maintain, and update the Website. Franchisor periodically may update and modify the Website (including Franchisee's webpage). Franchisee acknowledges that Franchisor has final approval rights over all information on the Website (including Franchisee's webpage).

D. Even if Franchisor provides Franchisee a webpage on the Website, Franchisor will only maintain such webpage while Franchisee is in full compliance with this Agreement. If Franchisee is in default of any obligation under this Agreement, then Franchisor may, in addition to its other remedies, temporarily remove Franchisee's webpage information from the Website until Franchisee fully cures the default.

E. All advertising, marketing and promotional materials that Franchisee develops for the It's A Grind Store must contain notices of the Website's domain name in the manner Franchisor designates. Franchisee may not develop, maintain, or authorize any other Website that mentions or describes Franchisee or the It's A Grind Store or displays any of the Marks.

9.6 **Social Media Activities.** As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn and Twitter), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Operations Manual. Any use of Social Media by Franchisee pertaining to the It's A Grind Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding It's A Grind Stores on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the It's A Grind Store that does not comply with this Agreement or the Operations Manual.

10. FINANCIAL STANDARDS

10.1 **<u>Records, Reports, and Accounting/Business Systems.</u>** Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall submit weekly financial reporting forms and such other financial, operational and statistical information as Franchisor may require to: (i) assist Franchisee in the operation of the It's A Grind Store in accordance with the System; (ii) allow Franchisor to monitor Franchisee's Gross Sales, purchases, costs and expenses; (iii) enable Franchisor to develop chain wide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized Products or the removal of existing unsuccessful products; (v) enable Franchisor to refine existing authorized Products; and (vi) generally improve chain-wide understanding of the System. Without limiting the generality of the foregoing:

A. Franchisee will allow Franchisor to poll on a daily basis, at a time selected by Franchisor, Franchisee's computerized point of sale system for the It's A Grind Store to retrieve sales, usage, and operations data.

B. On or before noon (pacific standard time) each Friday, during the Term hereof, Franchisee shall submit a weekly sales summary, on a form prescribed by Franchisor, reporting all Gross Sales for the preceding week (defined as the seven day period beginning each Thursday and ending on the following Wednesday) either by electronic mail ("e-mail"), by facsimile or, by any other electronic means prescribed by Franchisor.

C. On or before the 10th day of each month, during the Term hereof, Franchisee shall submit a monthly sales summary signed by Franchisee, on a form prescribed by Franchisor, reporting all Gross Sales for the preceding month, or fiscal period as applicable, together with such additional financial information as Franchisor may from time to time request.

D. Within thirty (30) days after the end of each fiscal quarter, Franchisee shall also provide Franchisor with quarterly sales and menu mix data in the format and manner prescribed by Franchisor.

E. Within thirty (30) days following Franchisee's receipt of written request from Franchisor, Franchisee shall submit to Franchisor financial statements for the preceding quarter, including a Balance Sheet and Profit and Loss Statement, prepared in the form and manner prescribed by Franchisor and in accordance with generally accepted accounting principles ("GAAP"), which shall be certified by Franchisee to be accurate and complete.

F. Franchisor reserves the right to require such other information concerning the It's A Grind Store as Franchisor may from time to time reasonably request, including, without limitation, a semi-annual balance sheet and Profit and Loss Statement, prepared by a Certified Public Accountant, in accordance with GAAP. Franchisee shall submit to Franchisor a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. Franchisee shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority.

G. Within sixty (60) days following the end of each calendar year, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with GAAP, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete.

H. Franchisee shall immediately (in no event more than 24 hours following) notify Franchisor of any (i) incident that may adversely affect the operation or financial condition of the It's A Grind Store, Franchisor or its affiliates; (ii) legal action (including the commencement of a suit or proceeding, or the threat thereof), (iii) issuance of any writ, order, injunction, award or decree of any court, agency or government authority, including any citation, fine or closing order, or (iv) any other adverse inquiry, notice, demand or sanction received by Franchisee relating to the operation of the It's A Grind Store or the Location, including any alleged violation of any law, including health, safety or employment law violations, and including any labor dispute or actual or threatened labor strike, work stoppage, lock-out or other incident relating to any labor agreement, and shall provide Franchisor with copies of all related correspondence and other communications and information relating thereto.

I. If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalty Fees and Marketing Fund contributions for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (i) Franchisee's average weekly Royalty Fee and Marketing Fund contributions over the prior twelve months, or (ii) the Royalty Fee and Marketing Fund contributions of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this Paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

10.2 **Right to Conduct Audit or Review**. Upon ten (10) days prior written notice, Franchisor, its agents or representatives may audit Franchisee's books and records. In connection with such audit(s) or other operational visits, Franchisee shall keep its cash receipts records, monthly control forms, accounts payable records including all payments to Franchisee's suppliers at the Location or at its business office for five (5) years after their due date, which records shall be available for examination by Franchisor or its representative(s), at Franchisor's request. Without any prior written notice, Franchisor, its agents or representatives may inspect the It's A Grind Store and Franchisee's daily, weekly and monthly statistical information which is required under the Operations Manual. Franchisee shall make such information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information. If any audit or other investigation reveals an under-reporting or under-recording error of two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, plus interest as provided under Section 5.6, above.

10.3 **Insurance.**

A. Prior to the opening for business of the It's A Grind Store and throughout the entire term of this Agreement, Franchisee will keep in force, at Franchisee's own expense and by advance payment of premium, the following insurance coverage:

(1) Worker's compensation insurance as required by law and employer's liability insurance with a limit not less than $1,000,000, and such other insurance as may be required by the state or locality in which the It's A Grind Store is operated;

(2) Commercial general liability insurance, occurrence form, including a per location aggregate if the policy is covering more than one location, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest

clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring Franchisee and Franchisor against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the It's A Grind Store, including general aggregate coverage in the following limits:

Required Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Fire Damage (any one fire)	$50,000
Medical Expense (any one person)	$5,000

(3) "ALL RISK" or special property coverage of not less than current replacement cost of the It's A Grind Store's glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore the It's A Grind Store to full operations;

(4) Business interruption insurance with coverage for at least twelve (12) months for actual losses (for purposes of this Agreement, "Gross Sales shall further include any proceeds received by Franchisee in connection with a "business interruption" insurance claim.); and

(5) If Franchisee has company-owned vehicles, automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least One Million Dollars ($1,000,000).

B. Franchisor reserves the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

C. All insurance policies required hereunder of the Franchisee shall be: (i) primary and non-contributory, and (ii) issued by an insurance company with a rating of not less than "A" in the current A.M. Best's Key Rating Guide or approved by Franchisor.

D. Franchisee's obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. All insurance shall name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor, and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change or cancellation to any such policy. Franchisee shall give Franchisor certificates of coverage at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.2, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action.

E. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty

(30) days before Franchisee commences operation of the It's A Grind Store. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

F. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage, on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor**. It is specifically understood and agreed that the only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor, that the business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and that nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties. The It's A Grind Store shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor, as determined by Franchisor, in its sole discretion.

11.2 **Indemnification**.

A. Franchisee shall indemnify, defend, and hold harmless Franchisor, its affiliates, and their respective officers, directors, shareholders, managers, members, consultants, agents, attorneys, accountants, brokers, representatives or employees (collectively, the "Indemnified Parties") from and against any and all losses, costs, expenses (including attorneys' fees at all levels), damages and liabilities, (including, but not limited to, any claims of vicarious or other liability), (a) that arise out of or relate to the negligence, breach of contract or other civil or criminal wrongdoing of Franchisee or any of Franchisee's affiliates and any of their respective officers, directors, shareholders, managers, members, agents, attorneys, accountants, brokers, representatives or employees, or (b) that result, directly or indirectly, from or pertaining to the conduct of Franchisee's business. Franchisor's right to indemnity shall be valid notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation, or other legal requirement. Each Indemnified Party reserves the right to appoint its own attorney and defend and/or settle any such claim with no obligation to Franchisee and without affecting such Indemnified Party's rights under this indemnification or otherwise. Franchisee can appoint separate independent counsel to represent Franchisee's interest in any such proceedings, suits, claims, etc., all at Franchisee's expense. Franchisee waives and releases all claims against the Indemnified Parties for damages to property or injuries to persons arising out of or relating to the operation of the It's A Grind

Store, including any such claims currently unknown to Franchisee and arising at any time during the term of this Agreement to the full extent permitted by law. No Indemnified Party shall be required to seek recovery from any insurer or other third party, or to otherwise mitigate losses and/or expenses, to maintain a claim under this provision and recover thereon. Franchisee agrees that a failure by an Indemnified Party to seek a recovery against a third party and/or mitigate a loss will not reduce or alter an Indemnified Party's rights to recover or the amount of any such recovery.

B. Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding rising out of Franchisee's use of any of the Marks pursuant to and in compliance with this Agreement and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceeding in which Franchisee is named as a party; provided that Franchisee has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement.

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

12. CONFIDENTIAL INFORMATION

12.1 **Franchisor's Confidential Information**.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the It's A Grind Store, including, without limitation, the Operations Manual, Franchisor's training program, customer and supplier lists, recipes, or other information or know-how distinctive to an It's A Grind Store (all of the preceding information is referred to herein as the "Confidential Information") are considered to be proprietary and trade secrets of Franchisor. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the term of this Agreement and is not to be divulged to anyone directly or indirectly at any time, except to Franchisee's It's A Grind Store employees with a need to know the information in order to operate the It's A Grind Store. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the It's A Grind Store and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make them available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees learn about an unauthorized use of any trade secret or confidential materials, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action, but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that all ideas, concepts, techniques, materials, processes, or improvements to an It's A Grind Franchise Business/Store, whether or not constitutionally protectable intellectual property, and whether created by or on behalf of Franchisee, Franchisee's owners, Franchisee's employees, a third party, or otherwise, will be promptly disclosed to Franchisor, deemed to be Franchisor's sole and exclusive property, part of the It's A Grind System and deemed to be works made for hire for Franchisor. Franchisee agrees to provide Franchisor with all necessary information and execute all necessary documents with respect thereto, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees.

12.2 **Franchisee's Employees Shall Sign Nondisclosure Agreement**. All employees of Franchisee having access to Confidential Information of Franchisor shall be required to execute a standard confidentiality agreement in the form attached hereto as Exhibit FA-VIII, recognizing Franchisor's confidential information and the employees' obligation to refrain from disclosing or using any confidential information and to protect the rights of Franchisor and Franchisee against violation or infringement because of any disclosure or use by any employees. Franchisee shall send the signed agreement to Franchisor promptly after they are signed by employees.

12.3 **No Other Interests.** Franchisee further acknowledges that Franchisor would be unable to protect its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among It's A Grind Stores if Franchisor's Franchisees were permitted to hold an interest in other coffee beverage businesses and otherwise to compete with Franchisor. Therefore, during the term of this Agreement, Franchisee must comply with the competitive covenant provisions of Article 13 herein.

12.4 **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.2 (H) herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

13. COVENANTS NOT TO COMPETE

13.1 **Non-Competition Covenants of Franchisee.** To prevent a conflict of interest and unfair competition based upon Franchisee's knowledge and use of the System, the Marks, and other Confidential Information, Franchisee, including all officers, directors, holders of beneficial interests of Franchisee, members, general partners, any limited partners and their respective spouses and immediate family members, covenant and agree, pursuant to this Agreement, that Franchisee, shall not without Franchisor's prior written consent, directly or indirectly, as an individual, owner, partner, stockholder, member, employer, employee, consultant, or in any other capacity, participate in or share the earnings or profits of any business (except through Franchisee's ownership of publicly-traded securities) that provides coffee beverages, or coffee beverage marketing or consulting, or any similar business offering products of a similar nature to those of It's A Grind Stores, any concept (including, but not limited, to It's A Grind Stores) franchised or owned and operated by Franchisor, its parent, or any of its affiliates, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses: (i) during the term of this Agreement and any extensions or renewals, at any location other than the It's A Grind Store; (ii) for two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement anywhere within a ten (10) mile radius of the It's A Grind Store location licensed under this Agreement or of any concept (including, but not limited, to It's A Grind Stores) franchised or owned by Franchisor, its parent, or any of its affiliates; and (iii) for two (2) years after Franchisee has assigned its interest in this Agreement anywhere within a ten (10) mile radius of the It's A Grind Store location licensed under this Agreement or of concept (including, but not limited to, It's A Grind Stores) franchised or owned and operated by Franchisor, its parent, or any of its affiliates.

13.2 **Non-Solicitation Covenants.** Franchisee agrees not to employ or seek to employ any person employed by Franchisor or by any other Franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the term of this Agreement. Franchisee acknowledges that Franchisor has the right to offer to sell or to sell an It's A Grind franchise to any employee of Franchisee.

13.3 **Covenants of Affiliates of Franchisee.** Franchisee acknowledges and agrees that Franchisee is liable and responsible for supervising its employees and representatives to prevent the unauthorized use or disclosure of Franchisor's trade secrets and other proprietary and confidential information related to the System. Upon Franchisor's request, Franchisee shall require its principal owners, managers and other senior employees (to the extent such persons have access to confidential or proprietary information related to the System) to execute covenants, in the form attached hereto as Exhibit FA-VII, similar to those set forth in this Article 13 (including covenants applicable upon the termination of a person's relationship with Franchisee).

13.4 **Enforcement of Covenants.**

A. If Franchisee violates Section 13.1, above, and competes with Franchisor, Franchisor has the right to require that all sales made by the competing business ("Competitive Business") be reported to it. Franchisee will pay to Franchisor, on demand, a weekly fee of Seven Hundred Fifty Dollars ($750) without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate Franchisor for its damages from Franchisee's violation of the covenant not to compete and are not a penalty.

B. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the It's A Grind Coffee System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this

Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

C. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in Article 13 are reasonable and necessary to protect the legitimate interests of the It's A Grind Stores and other concepts franchised, or owned and operated by Franchisor, its parent or any of its affiliates. If, however, any court should find Article 13 or any portion of Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

D. Franchisor shall have the right, in Franchisor's discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

14. TRANSFER OF INTEREST

14.1 **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the It's A Grind Store, any of its rights hereunder, or in the lease for the premises at which the It's A Grind Store is located, and any purported sale, assignment, transfer, pledge or encumbrances shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.2(B) of this Agreement must promptly be reported to Franchisor and is a "transfer" within the meaning of this Article 14. Franchisor's consent to a transfer is not a waiver of any claims Franchisor may have against Franchisee, and Franchisee is not relieved of any obligations under this Agreement, unless Franchisee receives an express written release signed by Franchisor, which Franchisor has the unrestricted right to provide or not. In any event, Franchisee's obligations under the post termination provisions of this Agreement will survive a transfer of the Franchise. Franchisor shall not be liable to Franchisee or to any proposed or actual transferee in connection with consent or denial of consent to a proposed transfer, or the exercise of any right by Franchisor that is consistent with this Agreement. Neither Franchisee nor any transferee will rely on Franchisor to assist in the evaluation of, or provide any guidance about, the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

14.2 **Right of First Refusal.**

A. No transfer by Franchisee shall be permitted nor be binding on Franchisor unless a written offer has first been made to Franchisor of the proposed transfer. Franchisee shall provide Franchisor the following: (i) a purchase agreement or letter of intent signed by the proposed transferee and by

Franchisee specifying all the terms and conditions of the offer, (ii) the name, address and telephone number of the proposed assignee, (iii) a copy of the most recent income statement and the income statement for the It's A Grind Store's last fiscal year end, (iv) financial statements of the proposed transferee, and (v) any other information or documents as may be reasonably be requested by Franchisor. Franchisor shall have thirty (30) days from receipt of all of the above information to accept the offer, by written notice to Franchisee, upon the same terms and conditions offered by the proposed transferee.

B. In the event that Franchisor does not exercise its right of first refusal and the offer changes in any way, or another offer is made to Franchisee, this new offer must also be presented to Franchisor before Franchisee may consummate the new offer. Franchisor has thirty (30) days to accept the new offer, by written notice to Franchisee, upon the same terms and conditions offered by the proposed transferee. Any offer that Franchisor does not match must be transacted within ninety (90) days from the date that Franchisor informs Franchisee of its intent not to exercise its right of first refusal. If the transaction does not take place within ninety (90) days, Franchisor has the right to re-evaluate and match the offer if it elects to do so by notice to Franchisee.

14.3 **Conditions for Approval of Transfer.** If the required offer has been made and the offer has not been accepted by Franchisor within the acceptance period, Franchisor shall not unreasonably withhold its approval of the transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable under Franchisor's then current standards for new franchisees, will devote best efforts to management of the It's A Grind Store and such other commercially reasonable factors as are in Franchisor's judgment are applicable, and further provided that the Franchisor shall require that the following conditions be met prior to or concurrently with the effective date of the transfer:

A. The transferee shall be approved in writing by Franchisor;

B. The transfer is upon terms and conditions that are not more favorable to the transferee than the terms and conditions offered to Franchisor;

C. Franchisee shall have satisfied all outstanding obligations, monetary or otherwise, of Franchisee to Franchisor and its affiliates and shall have satisfied any obligations to any person or entity in connection with the construction, equipment, products, leasing, financing, operation or supply of Franchisee's It's A Grind Store (collectively, "vendor obligations"), except for disputed vendor obligations that, in Franchisor's judgment, Franchisee is working in good faith to resolve;

D. Franchisee shall have substantially complied with all of the terms and conditions of this Agreement and any amendments hereof, and is not in default of any provision of this Agreement;

E. Franchisee, including all shareholders, members or partners and any beneficial owners of Franchisee shall execute and deliver to Franchisor a franchise termination agreement, in a form then currently prescribed by Franchisor, as well as all other documents customarily required by Franchisor relating to such a termination. Franchisor's current form of franchise termination agreement is an exhibit to the Franchise Disclosure Document received by Franchisee, as acknowledged by Franchisee in Section 18.4 of this Agreement. Franchisor reserves the right to revise and update this form from time to time, as it deems appropriate;

F. If required by lease, the landlord of the premises of the It's A Grind Store has consented to Franchisee's transfer or sublease of said premises, a copy of which consent shall be provided to Franchisor (which lease shall continue to have the riders or addenda protecting Franchisor's interest, as set forth in Section 7.2);

G. At the time the proposed transfer is first presented to Franchisor for approval or disapproval, Franchisee shall pay Franchisor a transfer fee ("Transfer Fee") to cover Franchisor's costs in approving and effectuating the transfer and training the transferee. The amount of the Transfer Fee is as follows: $7,500 for the transfer of one It's A Grind Store; $12,500 for two It's A Grind Stores transferred simultaneously to the same transferee; and if more than two It's A Grind Stores are transferred simultaneously to the same transferee, an additional $2,500 will be charged per each additional transferred It's A Grind Store. The Transfer Fee is not refundable.

H. Franchisee, including all its shareholders, members or partners and any beneficial owners of Franchisee shall execute an indemnity agreement regarding Franchisee's operations prior to the transfer and a confidentiality and non-competition covenant in favor of Franchisor and transferee in accordance with the provisions of Articles 12 and 13 herein, effective the date of the assignment;

I. Franchisee shall enter into an agreement with Franchisor agreeing to subordinate any obligations which transferee owes to Franchisee to the obligations which transferee owes to Franchisor, including, without limitation, any Continuing Royalty Fees or Marketing Fund Fees;

J. No security interest and/or no right to retake possession, ownership or any other such interest may be created in or with respect to any of the assets or business of Franchisee's It's A Grind Store, without Franchisor's express written consent, which Franchisor is under no obligation to provide. If any authorized or unauthorized attempt to create a security interest and/or a right to retake possession, ownership or any other such interest in the assets or business of the It's A Grind Store is permitted and/or held to be effective, (a) Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of the then current Franchisee; and (b) Franchisor shall have the right and option to impose reasonable conditions upon the secured party, including the following, each of which are agreed to be reasonable: a general release from the secured party (and its owners and affiliates) in form satisfactory to Franchisor of all claims, <u>known or unknown</u>, with respect to Franchisor and/or Franchisor's affiliates and/or any of their respective employees, officers, directors, shareholders, members, agents and/or representatives and/or any of them; the curing by the secured party of any and all outstanding defaults under the Franchise Agreement; and an agreement by the secured party to indemnify Franchisor and Franchisor's affiliates in connection with any transfer of the assets or business of the It's A Grind Store and/or any reacquisition thereof;

K. Prior to the closing of the sale to the transferee, the transferee and transferee's store manager, if applicable, must attend and satisfactorily complete Franchisor's Initial Training program (as specified in Section 6.3 of this Agreement) at a time and place designated by Franchisor. If Franchisee is a business entity, then the Designated Owner(s), as identified in Section 17.2, below, must successfully complete Initial Training and store opening training and comply on an ongoing basis with all ongoing training requirements;

L. The transferee must, at Franchisor's option, i) agree to be bound by all the terms and conditions of this Agreement and ancillary documents (including guarantees) for the remainder of the term, or ii) execute Franchisor's then current standard form franchise agreement for the remainder of the transferor's franchise term and ancillary documents (including guarantees) as are then customarily used by Franchisor in the grant of franchises, which may contain terms materially different from this Agreement. In the event Franchisor selects ii), above, Franchisee may choose to execute Franchisor's then current standard form franchise agreement and ancillary documents (including guarantees) as are then customarily used by Franchisor in the grant of franchises for the full term generally awarded to new franchisees as of the time of the transfer. In that event, Franchisor will require a payment from the transferee concurrent with the signing of the new franchise agreement. Such payment shall be calculated by multiplying the then-current Initial Franchise Fee for a single Store by the percentage representing the difference between the full term of the new agreement and the remaining term of the existing franchise agreement for the Store the transferee is acquiring. By way of illustration, if four (4) years of the initial term of a transferring franchise are remaining at the time of transfer, and if a new ten (10)- year term is awarded by Franchisor, then Franchisor will charge the pro-rated fee, which shall be sixty percent (60%) of the then-current Initial Franchise Fee. Any such fee is non-refundable and in addition to any other fees owed by the transferee or transferor in connection with such transfer;

M. The transferee, including all current and future shareholders, members or partners owning ten percent (10%) or more of the transferee, and any beneficial owners of ten percent (10%) or more of transferee that will become the new Franchisee shall personally guarantee performance of the franchise agreement in a form prescribed by Franchisor;

N. Franchisee and transferee, including all their shareholders, members or partners and any beneficial owners of Franchisee and transferee, shall execute and deliver to Franchisor a consent to assignment/transfer of Franchise to a third party, with guaranty and general release provisions, as well as all other documents customarily required by Franchisor relating to such a transfer. Franchisor's current form of consent to assignment/transfer is an exhibit to the Franchise Disclosure Document received by Franchisee, as acknowledged by Franchisee in Section 18.4 of this Agreement. Franchisor reserves the right to revise and update these forms from time to time as it deems appropriate;

O. Franchisee and transferee, including all their shareholders, members or partners and any beneficial owners of Franchisee and transferee shall execute and deliver to Franchisor all other documents necessary to complete the transfer in a form prescribed by Franchisor;

P. Franchisee, including all its shareholders, members or partners and any beneficial owners of Franchisee, shall execute and deliver to Franchisor a franchise termination agreement in a form acceptable to Franchisor and which shall include a general release in a form acceptable to Franchisor; attached hereto as Exhibit FA-VI is Franchisor's current form general release language. Franchisor reserves the right to revise and update this form from time to time;

Q. Franchisee will be required to deposit into an escrow account funds in an amount equal to the anticipated cost of any refurbishing or remodeling necessary to bring the It's A Grind Store up to the then-current design and equipment standards at the time of the transfer. Funds from the escrow account will be released to Franchisee as per invoice submitted by Franchisee evidencing work completed to Franchisor; and

R. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales and time periods for making of disclosures or receipt of payments.

S. If transferee is a corporation or limited liability company, transferee shall have:

(1) All stock certificates representing shares in the corporation or evidence of ownership in the limited liability company, whichever is applicable, clearly indicating that they are subject to the terms of this Agreement;

(2) No new common or preferred voting shares in the corporation or similar interests in the limited liability company, which ever is applicable, can be issued to any person, trust, foundation, corporation or other entity without Franchisor's prior written approval;

(3) All shareholders, officers, directors and any beneficial owners of the transferee corporation, or all members or beneficial owners of the transferee limited liability company, whichever is applicable, must personally guarantee the corporation's or limited liability company's performance of its obligations under the Franchise Agreement.

(4) Transferee shall provide Franchisor with a copy of the fully-executed legal documents that reflect the formation of the business entity, including evidence of distribution of ownership.

(5) Regardless of the foregoing, nothing contained herein shall be construed to permit Franchisee to disclose any Confidential Information to a prospective transferee without the express written consent of Franchisor.

14.4 **Transfer to Franchisee's Business Entity**. If Franchisee is an individual or partnership, and desires to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly-owned by Franchisee and formed for the convenience of ownership, it may if the following conditions are met:

A. Franchisee shall obtain the written consent to the proposed assignment from Franchisor, and Franchisee, and all its shareholders, members or partners, and Franchisee's transferee corporation or limited liability company, shall execute the then current consent to assignment, guaranty and general release form(s) prescribed by Franchisor, as well as all other documents customarily required by Franchisor relating to such a transfer. Franchisor's current form of assignment, guaranty and general release is an exhibit to the Franchise Disclosure Document received by Franchisee, as acknowledged by Franchisee in Section 18.4 of this Agreement. Franchisor reserves the right to revise and update these forms from time to time as it deems appropriate;

B. Franchisee's corporation or limited liability company is newly organized and its activities are confined exclusively to acting as an It's A Grind Franchisee under this Agreement;

C. Franchisee is in full compliance with this Agreement;

D. Franchisee is current in meeting all financial obligations to Franchisor and its affiliates;

E. Franchisee shall own and control all of the equity and voting power of all issued and outstanding stock of the transferee corporation or all of the equity and voting power of the limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee prior to the transfer;

F. Franchisee actively manages the corporation or limited liability company and continues to devote his best efforts to the development and operation of the license and the business of the It's A Grind Store;

G. Franchisee executes a written assignment to said transferee corporation or limited liability company, and Franchisee and all shareholders of the transferee corporation or all members of the limited liability company, execute a document in a form prescribed by Franchisor in which they agree to remain jointly and severally liable for full payment and performance and all obligations under this Agreement;

H. Franchisee submits to Franchisor a copy of Franchisee's Articles of Incorporation, partnership documents, operating agreement, bylaws, or a copy of those fully-executed legal documents that reflect the formation of such entity, including evidence of distribution of ownership. Franchisee must also provide Franchisor with a certificate of good standing from the state where Franchisee's entity is formed;

I. No new common or preferred voting shares in said corporation, or any similar interests in said limited liability company, whichever is applicable, are issued to any person, partner, partnership, trust, foundation, corporation, limited liability company or other entity of any kind without Franchisor's prior written consent, which consent will not be unreasonably withheld, and then only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock or membership interests, whichever is applicable; and

J. The corporate or limited liability company name of Franchisee's business entity may not include It's A Grind or any of the Marks licensed under this Agreement.

K. If all of the above conditions are met and transfer to said corporation or limited liability company is approved by Franchisor, the Transfer Fee shall be waived in this transaction only.

14.5 **Death or Disability of Franchisee**. In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, shall not be deemed a transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Franchisor's Initial Training), nor obligate Franchisee to pay any transfer fee (provided, however, the then-current additional training fee shall be payable if there is to be new management of the It's A Grind Store who have not previously received the Initial Training provided by Franchisor) nor give rise to Franchisor's right of first refusal, although such refusal right or obligation to pay shall apply to any proposed transfer by such heirs, trust, personal representative or conservators; provided however, if Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the It's A Grind Store, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the It's A Grind Store on behalf of Franchisee. Franchisee shall be obligated to, and shall pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the It's A Grind Store during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, loses or obligations incurred by the It's A Grind Store, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the It's A Grind Store during any period in which it is managed by a Franchisor appointed manager. If such person or entity does not wish to continue as Franchisee, such person or entity shall transfer its interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in Article 14 of this Agreement. Failure to so dispose of such interest within the period of time stated above shall constitute a breach under Article 15 of this Agreement.

14.6 **Relocation**. Franchisee may relocate the It's A Grind Store during the Term at its own expense if:

A. without the fault of Franchisee, the lease or sublease terminates prior to the expiration of the Term or the premises are, in the sole opinion of Franchisor, damaged, condemned or otherwise rendered unusable;

B. Franchisee is released by the Lessor from all of its obligations to the Lessor of the premises and the Lessor releases any security held;

C. Franchisee secures a lease or sublease for suitable substitute premises (the "Substitute Location") for operation of the Store on terms and conditions suitable to Franchisor in its absolute discretion;

D. the Substitute Location is fitted out at the cost of Franchisee and otherwise in accordance with Sections 6.2 B. and 6.2 C. above; and

E. Franchisee agrees to develop the Substitute Location in compliance with Franchisor's standard specifications for the design and layout of a typical It's A Grind Store and required leasehold improvements, as modified or revised if applicable with Franchisor's prior written consent.

If Franchisor does not approve any Substitute Location or if Franchisee is unable to negotiate a new lease or sublease pursuant to Section 6.1 of this Agreement within ninety (90) days after the Store ceases to operate from the Location, Franchisor may terminate this Agreement by written notice to Franchisee. Franchisor is not required to pay any compensation to Franchisee or any other person in respect of the termination.

14.7 **Transfer by Franchisor**. This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor to the interests of Franchisor herein, and Franchisor may sell, assign, or otherwise transfer all or any part of its rights or obligations herein or any other assets of Franchisor or its owners, directly or indirectly, to any person or legal entity, without notice to or approval of Franchisee, at any time.

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 **Franchisee Claims.** Franchisee understands that Franchisee is not permitted to terminate this Agreement for any default committed by Franchisor, except as permitted by applicable law. If Franchisee claims that such a material default exists, or if Franchisee has any other basis for terminating this Agreement or for making any other claim against Franchisor, Franchisee agrees to give Franchisor written notice thereof, and thirty (30) days to cure such default. Franchisee agrees that Franchisee shall not take any action to terminate this Agreement or otherwise until Franchisor has been given such notice and an opportunity to cure. If Franchisor cannot reasonably cure within such thirty (30) day period, and is diligently continuing efforts to cure, then Franchisor shall have ninety (90) days to cure; provided that any claim for equitable relief with respect to a dispute under Section 16.2 (H) will not be subject to this Section.

15.2 **Termination of Franchise by Franchisor**. Franchisor shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to Franchisee. For purposes of this Agreement, "good cause" shall include, but not be limited to: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, and (iii) the breaches set forth below:

(1) **Immediate Termination**. Franchisee shall be deemed to be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, and such termination shall be for good cause where the grounds for termination are:

(a) Franchisee has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

(b) Franchisee becomes insolvent by reason of Franchisee's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee's inability to pay obligations as they become due;

(c) Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee's business, or a final judgment remains unsatisfied or of record for thirty (30) days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

(d) Franchisee voluntarily abandons or discontinues to actively operate the It's A Grind Store for two (2) business days or more in any twelve (12) month period;

(e) Franchisee operates the It's A Grind Store in a manner that presents a health or safety hazard to its customers, employees or the public;

(f) Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

(g) Franchisee or any partner, member or shareholder in Franchisee makes, purports to make or attempts to make an unauthorized direct or indirect transfer of this Agreement or any rights or obligations under this Agreement, or makes, purports to make or attempts to make an unauthorized direct or indirect transfer of an ownership interest in the Franchise, or fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as otherwise required in this Agreement;

(h) Franchisee falsifies any financial reports or records required to be provided by Franchisee to Franchisor under this Agreement or an audit of Franchisee's records discloses an understatement by Franchisee of its Gross Sales by two percent (2%) or more;

(i) Franchisee's disclosure, utilization, or duplication of any portion of the System, the Operations Manual or other proprietary or Confidential Information relating to the It's A Grind Store that is contrary to the provisions of this Agreement;

(j) Franchisee fails to obtain lawful possession of an acceptable location and to open for business as an It's A Grind Store within eighteen (18) months after this Agreement is accepted by Franchisor;

(k) Franchisee defaults under the lease or sublease, or otherwise loses the right to possess the premises at the Authorized Location for the It's A Grind Store and fails to secure a Substitute Location approved by Franchisor within ninety (90) days after the It's A Grind Store ceases to operate from the Authorized Location;

(l) Franchisee fails to comply with the confidentiality and non-competition covenants, as required in Article 12 and Article 13 herein;

(m) Franchisee offers, sells, markets, distributes, delivers, serves and/or promotes any products/services which are not authorized by Franchisor as required in Section 8.6, above;

(n) Franchisee closes any bank account without completing all of the following forthwith after such closing; (i) immediately notifying Franchisor thereof in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer as Exhibit FA-II and FA-III to this Agreement permit;

(o) Franchisee loses or fails to obtain or maintain, any permit or license necessary to operate the It's A Grind Store; or

(p) Franchisee, after curing a default pursuant to Section 15.2(2) herein, commits the same act of default again within any twelve (12) consecutive month period, whether or not such default is cured after notice thereof is delivered to Franchisee, or if Franchisee receives three (3) or more default notices from Franchisor within any twelve (12) consecutive monthly period or six (6) or more default notices from Franchisor during the term of this Agreement, whether or not any such defaults were related to the same problem or were cured after notice thereof was delivered to Franchisee.

(2) **Termination with Notice**. In addition to the provisions of Section 15.2(1), if Franchisee shall be in default under the terms of this Agreement and the default shall not be cured or

remedied (to Franchisor's satisfaction) within thirty (30) days after receipt of written notice from Franchisor (or ten (10) days prior notice in the event of a default described in Subsections (b), (f), (g), (h), (j), and (p) below), in addition to all other remedies available to Franchisor at law or in equity, Franchisor may at any time thereafter immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the cure period. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(a) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement (except for a transfer or attempted transfer of an interest in this Agreement without approval (for which Franchisor has the right to terminate this Agreement immediately without right to cure), as provided in Section 15.2(1)(f) above);

(b) Franchisee uses any name, marks, system or symbol not authorized by Franchisor, or Franchisee commits any act or practice that impairs or imminently threatens to impair the goodwill associated with the Marks, as determined by Franchisor;

(c) Franchisee fails to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

(d) Franchisee fails (i) to maintain books and financial records for the It's A Grind Store suitable for proper financial audit, (ii) to submit, as required by this Agreement, all reports, records and information of the It's A Grind Store or (iii) to permit Franchisor to carry out Franchisor's rights to conduct an inspection or audit, as provided in this Agreement;

(e) Franchisee and, if Franchisee has elected not to directly supervise "on-premises" the day-to-day store operations, Franchisee's store manager fail to complete, to Franchisor's satisfaction, the Initial Training program as provided in this Agreement;

(f) Franchisee fails or refuses to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the It's A Grind Store;

(g) Franchisee fails or refuses to pay when due any amounts owing to any person or entity in connection with the construction, equipment, products, leasing, financing, operation or supply of the It's A Grind Store, except, in Franchisor's sole judgment, for disputed amounts that Franchisee is working in good faith to resolve;

(h) Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement;

(i) Franchisee violates any health or safety law, ordinance or regulation;

(j) Franchisee fails to comply with the then current It's A Grind Store staffing requirements, as stated by Franchisor in the Operations Manual or in other written requirements;

(k) Franchisee fails to obtain execution of the confidentiality and non-competition covenants as required in Articles 12 and 13 herein;

(l) Franchisee fails to execute any exhibits, addendum, attachments, or agreements to this Agreement requiring Franchisee's signature;

(m) If Franchisee, by act or omission, permits a continued violation in connection with the operation of the It's A Grind Store of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief there from;

(n) Franchisee fails to maintain and operate the It's A Grind Store in accordance with any provisions, specifications, methods, standards or procedures prescribed by Franchisor for the System, including, but not limited to, complying with the Operations Manual and other written materials, and maintaining uniform high standards for product quality, customer service, and a clean It's A Grind Store in orderly condition and excellent repair;

(o) Franchisee fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by Franchisor; or

(p) Franchisee fails to use an approved or designated supplier for a specified product or service, as required by Franchisor.

15.3 **Cross-Default.** If there are now, or hereafter shall be, other franchise agreements or any other agreements in effect between Franchisee and Franchisor and/or any of Franchisor's affiliates, a default by Franchisee under the terms and conditions of this or any other such agreement, shall at the option of Franchisor, constitute a default under all such agreements.

15.4 **State Laws.** Notwithstanding anything to the contrary in this Article 15, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

15.5 **Subsequent Defaults.** The description of any default in any notice served by Franchisor hereunder upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

15.6. **Obligations of Franchisee upon Termination, Expiration or Non-Renewal.**

A. **Payment of Amounts Owed to Franchisor**. Franchisee agrees to pay to Franchisor and its affiliates within ten (10) days after the effective date of termination or expiration of the Franchise, such Continuing Royalty Fees, Marketing Fund Fees, amounts owed for products purchased by Franchisee from Franchisor and its affiliates, and all other amounts owed to Franchisor and its affiliates which are then unpaid, including any interest and late fees due pursuant to this Agreement as provided in Section 5.6.

B. **Return of the Operations Manual.** Franchisee agrees that upon termination, expiration, or non-renewal of the Franchise, it will immediately return to Franchisor all copies of the Operations Manual for the It's A Grind Store which have been loaned to it by Franchisor.

C. **Discontinue Use of Intellectual Property, Confidential Information and Trade Dress.** Upon termination or expiration of the Franchise, Franchisee shall have no further rights to use, in any manner, the System or the Marks. Franchisee agrees to immediately and permanently discontinue operation of the It's A Grind Store and any use of the intellectual property and/or the Confidential Information owned by Franchisor, and will not use any similar or derivative marks, or materials, or colorable imitations of any such intellectual property in any medium or manner or for any purpose.

Franchisee will remove from the Authorized Location any distinctive signage, physical and/or structural features associated with the It's A Grind Store, so that the premises are clearly distinguished from other It's A Grind Stores and do not create any public confusion (to the extent the It's A Grind Store has not been assigned in connection with an authorized transfer or purchased by Franchisor).

Franchisee agrees not to identify itself, or any business it may operate or in which it may become involved, or to advertise or promote itself in any manner, as a present or former It's A Grind franchisee.

D. **Cancellation of Assumed Names, Transfer of Phone Numbers and Internet Sites.** Franchisee agrees that upon termination or expiration of the Franchise, it will take such action as may be required to cancel all fictitious and assumed names or equivalent registrations relating to its use of the Marks and to notify the telephone/communication service provider and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified and other telephone directory listings associated with any Marks and the It's A Grind Store and to authorize transfer of same to Franchisor or its designee. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with any Marks of the It's A Grind Store and Franchisee authorizes Franchisor, and hereby appoints Franchisor and any officer of Franchisor as its attorney-in-fact, to direct the telephone/communication service provider and all listing agencies to transfer the same to Franchisor or its designee should Franchisee fail or refuse to do so. The telephone/communication service provider and all listing agencies may accept such direction or this Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

Franchisee agrees to sign any documents and/or pay any amounts required by a telephone/communication services provider as a condition to Franchisor exercising any rights under this Section. If Franchisor is required to pay any amounts owed by Franchisee, to any telephone/communication services provider or otherwise, in connection with Franchisor exercising its rights under this Section or otherwise obtaining/exercising rights to the telephone numbers, Franchisee will immediately reimburse Franchisor for such amounts and all related costs, on demand.

Franchisee will also be required to cancel or if Franchisor so elects to have assigned to Franchisor, all ownership of any and all computerized media or electronic media, including but not limited to the World Wide Web, Internet addresses/sites, Telnet, news groups, bulletin boards, FTP, and the like which presently or which may later exist.

Franchisee shall also comply as to the terms of the Telephone Listing Agreement attached hereto as Exhibit FA-IV.

E. **Franchisor has the Right to Purchase the It's A Grind Store.** If this Agreement is terminated prior to its scheduled expiration date by Franchisor in accordance with the provisions of this Agreement, Franchisor or its designee shall have the right and option (exercisable by written notice thereof within thirty (30) days after the determination of the purchase price pursuant to this Paragraph) to purchase (at the purchase price determined pursuant to this Paragraph) from Franchisee some or all of the assets (including Franchisee's inventory of saleable products which have been fully paid for by Franchisee) of the It's A Grind Store and if the premises were not leased to Franchisee by Franchisor or its affiliates, the right to an assignment of Franchisee's lease or sublease for the premises of the It's A Grind Store (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as Franchisee's lease). There shall be no provision for payment for leasehold improvements, the title of which shall be governed by the terms of Franchisee's lease or sublease for the It's A Grind Store premises. The purchase price for the assets of the It's A Grind Store shall be the depreciated value of those assets as shown on Franchisee's most current federal tax return; provided that the purchase price shall not contain any factor or increment for "goodwill" or "going concern value." Franchisor may exclude from the assets purchased hereunder any fixtures, equipment, signs or products and supplies in the inventory of the It's A Grind Store that are not approved as meeting quality standards for an It's A Grind Store. The purchase price shall be paid by Franchisor in cash at the closing of the purchase, offset by any amounts owed to Franchisor by Franchisee. Contemporaneously therewith, Franchisee shall: (i) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances to Franchisor or its nominee with all sales and other transfer taxes paid by Franchisee; and (ii) assign or transfer all licenses or permits which may be assigned or transferred. In the event that Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Further, Franchisee and Franchisor shall, prior to closing, comply with any applicable bulk filings required in the state where the It's A Grind Store is located. If Franchisor exercises its option to purchase, pending the closing of such purchase as hereinabove provided, Franchisor shall have the right to appoint a manager to maintain the operation of the It's A Grind Store. Alternatively, Franchisor may require Franchisee to close the It's A Grind Store during such time period without removing therefrom any assets. Franchisee shall maintain in force all required insurance policies until the date of closing. In connection with such purchase, Franchisee (and each owner and/or affiliate of Franchisee) will execute a general release, in form prescribed by Franchisor, of any and all claims, liabilities and/or obligations against Franchisor and its affiliates.

If agreement on the depreciated value is not reached by Franchisee and Franchisor within ten (10) days after the effective date of termination, the determination of depreciated value (as above defined) shall be submitted to an independent appraiser selected by Franchisor. All fees, costs and expenses of such independent appraiser shall be borne equally by Franchisor and Franchisee.

In the event Franchisor does not exercise said option to purchase, Franchisee shall, within ten (10) days after the earlier of (i) the expiration of the option period without exercise by Franchisor of its option or (ii) service by Franchisor upon Franchisee of written notice that Franchisor does not intend to exercise its option, remove from the It's A Grind Store by physical removal or in the case of signs, by obliteration, painting over or otherwise, and cease to use, either at the It's A Grind Store or elsewhere, all names, distinctive architectural or other designs, signs, pictures, crests, shields, and other advertising and equipment which are indicative of Franchisor or Franchisee. All products which are not merchantable due to physical deterioration or which are "out-of-date" shall be destroyed by Franchisee.

F. **Continuing Obligations.** All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of the Franchise shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

15.7 **Franchisor's Rights and Remedies in Addition to Termination.** If Franchisee shall be in default in the performance of any of its obligations or breach any term or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee cure such default for the account of and on behalf of Franchisee including, without limitation, entering upon and taking possession of the It's A Grind Store and to taking in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement and any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the It's A Grind Store.

16. RESOLUTION OF DISPUTES

16. **DISPUTE RESOLUTION.**

For the purposes of this Section 16, "Franchisee" shall be deemed to include its owners, affiliates and its respective employees, and "Franchisor" shall be deemed to include Franchisor, its parent, and its affiliates.

16.1 **Mediation, Mandatory Binding Arbitration, and Waiver of Court Trial.** Franchisee and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. Franchisee and franchisor have agreed that the provisions of this Section 16 support these mutual objectives and, therefore, agree as follows:

A. **Claim Process.** Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where Franchisee is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, Franchisee and Franchisor each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 16.1 D.

(i) First, discussed in a face-to-face meeting held within thirty (30) days after either Franchisee or Franchisor give written notice to the other proposing such a meeting.

(ii) Second, if not resolved, submitted to non-binding mediation for a minimum of four hours. Franchisee and Franchisor will split the costs and each will bear their own expenses of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four-hour period. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If both Franchisee and Franchisor do not want to participate in mediation, then they may proceed to arbitration as provided below.

(iii) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where Franchisor's then-current headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction.

B. **Confidentiality**. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. **Fees and Costs**. The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

D. **Disputes Not Subject to the Mediation/Arbitration Process**. Claims or disputes relating primarily to (a) the validity of the Marks and/or any intellectual property licensed to Franchisee, and (b) injunctive relief for health and safety issues and violations, may be subjected to court proceedings, at Franchisor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any intellectual property licensed to Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

E. **Intentions of Franchisee and Franchisor**. Franchisee and Franchisor mutually agree (and have expressly had a meeting of the minds) that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in Franchisor's Franchise Disclosure Document required by a state or the Federal government as a condition to registration or for some other purpose:

(i) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(ii) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(iii) Franchisee and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(iv) **Franchisee and Franchisor each knowingly waive all rights to a court trial** (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(v) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document it furnished to Franchisee.

16.2 **Venue.** Without in any way limiting or otherwise affecting the obligations of Franchisee and Franchisor under Section 16.1 above, Franchisee and Franchisor agree that any litigation will be brought in a court of competent jurisdiction in the county where Franchisor's then-current headquarters is located.

16.3 **Terms Applicable to All Proceedings, Waiver of Trial by Jury, Certain Claims, and Class Action Rights.** With respect to any arbitration, litigation or other proceeding of any kind, Franchisee and Franchisor:

(i) **knowingly waive all rights to trial by jury**; and

(ii) **will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis**.

16.4 **Limitations on Claims.** Neither party may make claims for emotional distress, whether negligent or intentional, nor punitive damages.

16.5 **Periods in Which to Make Claims.** No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either Franchisee or Franchisor will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

(i) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(ii) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

16.6 **Severability of Provisions.** Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution).

16.7 **Choice of Laws.** Franchisee and Franchisor agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the System. Therefore, Franchisee and Franchisor also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning Franchisee and Franchisor, will be governed by, and construed and enforced in accordance with, the laws of California; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall not apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 16.7. Franchisee and Franchisor agree that this provision shall be enforced without regard to the laws of California relating to conflicts of laws or choice of law.

16.8 **Binding Effect, Modification.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both Franchisee and Franchisor's President or one of Franchisor's Vice Presidents. However, Franchisee and Franchisor understand and agree that changes to the Operations Manual made in accordance with this Agreement are binding and do not require any acceptance by Franchisee, written or otherwise, to be effective and enforceable. No other officer, field representative, salesperson or other person has the right or authority modify this Agreement, or to make any representations or agreements on Franchisor's behalf, and any such modifications, representations and/or agreements will not be binding.

16.9 **Franchisor's Exercise of "Business Judgment" and/or Meaning of "Sole Discretion"; Express Agreement.**

A. When Franchisor uses the phrases "sole and absolute discretion," "sole discretion" and/or "business judgment," whether in this Agreement or elsewhere, and whenever Franchisor exercises a right, prescribes or forbids an act or thing, or otherwise makes a choice or uses discretion, Franchisee and Franchisor agree that Franchisor has the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions as Franchisor deems appropriate, except that Franchisor will not act arbitrarily. Franchisor shall use its' judgment in exercising such discretion based on Franchisor's assessment of the interests Franchisor considers appropriate and will not be required to consider or defer to Franchisee's individual interests or the interests of any other franchisee(s). The ultimate decision-making responsibility with respect to the System must be vested in Franchisor, since Franchisee, Franchisor and all other franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Franchisor has this right even if a particular decision/action may have negative consequences for Franchisee, a particular franchisee or group of franchisees. So long as Franchisor acts in compliance with the requirements of this Agreement, Franchisor will have no liability for the exercise of Franchisor's discretion in accordance with the provisions of this Agreement.

B. Franchisee and Franchisor execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither Franchisee nor Franchisor has any expectation, nor is it Franchisee's or Franchisor's intention or desire, that the rights and obligations set out herein will be defined or determined to be other than as expressly written, or that additional or different obligations be imposed on Franchisee or Franchisor by any court, arbitrator or otherwise which Franchisee or Franchisor has not expressly agreed to in writing. It would be contrary to Franchisee's and Franchisor's mutual intentions and expectations that any court, arbitrator or otherwise use any doctrine and/or rule of interpretation to impose additional or different obligations on Franchisee or Franchisor.

16.10 **Construction, etc.**

A. Section and Article headings are for convenience only and do not define, limit, or construe such provisions.

B. References to a "controlling interest" are to a shareholder, membership or partnership interest, as applicable, which enables the holder(s) of such interest to determine the outcome of a decision making process for the applicable entity.

C. This Agreement will be executed in multiple copies, each of which will be deemed an original.

D. Franchisor and Franchisee have carefully reviewed and thought about each provision of this Agreement. Therefore, Franchisee and Franchisor agree that it should be deemed to have been drafted equally and that no presumptions or inferences concerning terms or interpretation will result because Franchisor initially prepared this Agreement.

16.11 **Non-Retention of Funds.** Neither party has the right to offset or withhold payments of any kind owed or to be owed to the other against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an arbitration award, or as expressly provided otherwise in this Agreement.

16.12 **Waivers; Cumulative Rights.** Franchisor's waiver of any breach(es) under this or any other agreement (whether by failure to exercise a power or right available to Franchisor, failure to insist on strict compliance with the terms, obligations or conditions of any agreement, development of a custom or practice between Franchisee and Franchisor (or others) which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise), whether with respect to Franchisee or others, will not affect Franchisor's rights with regard to any breach by Franchisee or anyone else or constitute a waiver of Franchisor's right to demand exact compliance by Franchisee with the terms of this Agreement or otherwise. Subsequent or other acceptance by Franchisor of any payments or performance by Franchisee will not be deemed a waiver of any preceding or other breach by Franchisee of this Agreement or otherwise. The rights and remedies provided in this Agreement are cumulative and Franchisor will not be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

16.13 **Application of Agreement to Parties and Others; Joint and Several Liability.**

A. The rights and obligations of this Agreement run directly between Franchisee and Franchisor and are not intended to create any third-party beneficiary or similar rights or obligations unless specifically expressed in this Agreement; except that the protections which apply to Franchisor relating to indemnification and/or releases will also apply to any past, current and/or future Franchisor's Affiliates, as if they were expressly named beneficiaries thereof.

B. Franchisor has the right to elect in Franchisor's Business Judgment to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, in a lawful manner without liability.

C. If two (2) or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with Franchisor will be joint and several.

16.14 **Further Assurances.** The parties to this Agreement agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

16.15 **Time is of the Essence.** Franchisee and Franchisor agree that time is of the essence with respect to all terms and conditions in this Agreement.

16.16 **No Recourse Against Nonparty Affiliates.** All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective third party beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other person or entity.

17. MISCELLANEOUS PROVISIONS

17.1 **Parties Affected.** This Agreement binds the parties and, subject to Articles 14 and 16, their successors and assigns. No person may acquire from Franchisee any interest in this Agreement except in accordance with Article 14. If Franchisee consists of more than one (1) person or entity, or a combination thereof, the obligations and liabilities to Franchisor of each such person or entity are joint and several. Each shareholder or equity owner with a ten percent (10%) or more interest in Franchisee must sign the guaranty of this Agreement designated by Franchisor (Exhibit FA-V).

17.2 **Business Entity Franchisees; Designated Owners; Franchise Owners.**

A. If Franchisee is a Business Entity, Franchisee represents and warrants to Franchisor that the list below states: (i) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each and (ii) the name and mailing address of the individual(s) who will be the principal franchisee-operator(s) (the "Designated Owner(s)") of the business franchised hereunder. All of Franchisee's owners must be individuals and not other business entities, unless otherwise expressly authorized by Franchisor in an addendum to this Agreement signed by all parties. Franchisee represents and warrants that it has been formed for, and will remain exclusively dedicated to, the operation of the Franchise business.

B. The Designated Owner(s) (there may be up to two such individuals, but only one address to which Franchisor communicates in regards to the franchise) named has the authority to act for Franchisee in all matters relating to the It's A Grind Store, including voting responsibilities. Unless otherwise authorized in writing by Franchisor, only individuals with an ownership interest in Franchisee of twenty-five percent (25%) or more may be listed as a Designated Owner(s). Designated Owner(s) shall be deemed to be the "Franchisee" for purposes of meeting all training and similar qualifications pursuant to this Agreement.

C. Franchisee is a ____________________, organized under the laws of ____________________, or Franchisee is an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner, Member or Individual Name and Address	**Percentage of Ownership Interest**
____________________ ____________________ ____________________	__________
____________________ ____________________ ____________________	__________
____________________ ____________________ ____________________	__________
____________________ ____________________ ____________________	__________

Designated Owner(s):

Name	Address
______________________________	______________________________
______________________________	______________________________

Any change in the Designated Owner(s), or in the list Owners/Ownership Interest, identified above is subject to Article 14, including but not limited to applicable training requirements.

17.3 **<u>Gender</u>.** All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

17.4 **<u>Notices</u>**.

A. All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor:

Praise IAG Franchisor, LLC
14071 Stage Rd
Santa Fe Springs, California 90670

If to Franchisee:

Name of Franchisee: ______________________________

Address: ______________________________

____

Home Phone: ______________________________

Business Phone: ______________________________

Cell Phone: ______________________________

FAX: ______________________________

E-Mail: ______________________________

B. The addressees herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices delivered by certified or registered mail shall be deemed to have been given three (3) business days after postmark by United States Postal Service, or the next business day after deposit with reliable overnight delivery service or when delivered by hand.

18. ACKNOWLEDGMENTS

18.1 A. THE SUBMISSION OF THE AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

B. THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR.

18.2 FRANCHISEE ACKNOWLEDGES THAT:

THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE UNDER THIS AGREEMENT, AND THE PURCHASE OF AN IT'S A GRIND STORE FRANCHISE, IS A SPECULATIVE INVESTMENT;

THE BUSINESS WILL BE OPERATED IN A HIGHLY COMPETITIVE AND VOLATILE ENVIRONMENT;

AN INVESTMENT BEYOND THAT OUTLINED IN THE DISCLOSURE DOCUMENT MAY BE REQUIRED TO SUCCEED;

THERE EXISTS NO GUARANTY AGAINST POSSIBLE LOSS OR FAILURE IN THIS (OR ANY OTHER) BUSINESS;

SOME IT'S A GRIND STORES MAY NOT BE SUCCESSFUL, AND THERE'S NO ASSURANCE THAT THE FRANCHISEE'S STORE WILL NOT BE ONE OF THOSE; AND

THE FINANCIAL RESULTS OF THE FRANCHISEE'S STORE, INCLUDING ITS ULTIMATE SUCCESS OR FAILURE, WILL DEPEND UPON FRANCHISEE'S MANAGERIAL AND FINANCIAL CAPABILITIES, LOCAL MARKET CONDITIONS AND OTHER FACTORS.

THE FRANCHISEE ACKNOWLEDGES, THEREFORE, THAT (1) FRANCHISOR CANNOT AND DOES NOT GUARANTEE OR REPRESENT THAT THE FRANCHISEE'S IT'S A GRIND STORE WILL BE PROFITABLE OR SUCCESSFUL AND (2) THE MOST IMPORTANT FACTORS IN THE SUCCESS OF ANY IT'S A GRIND STORE FRANCHISE, INCLUDING THE ONE TO BE OPERATED BY THE FRANCHISEE, ARE THE FRANCHISEE'S PERSONAL BUSINESS, MARKETING, SALES, MANAGEMENT, JUDGMENT AND OTHER SKILLS, AND THE EXTENT TO WHICH THE FRANCHISEE FAITHFULLY FOLLOWS THE IT'S A GRIND SYSTEM AND OPERATIONS MANUAL.

18.3 FRANCHISEE ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF FRANCHISOR'S OPERATIONS AND THE MARKET AREA IN WHICH FRANCHISEE WILL OPERATE THE IT'S A GRIND STORE. THE FRANCHISEE UNDERSTANDS AND AGREES THAT THE FRANCHISOR DOES NOT FURNISH OR ENDORSE, OR AUTHORIZE ITS SALESPERSONS OR OTHERS TO FURNISH OR ENDORSE, ANY ORAL, WRITTEN OR OTHER INFORMATION CONCERNING ACTUAL OR POTENTIAL SALES, COSTS, INCOME, EXPENSES, PROFITS, CASH FLOW, OR OTHER FINANCIAL INFORMATION, OR FROM WHICH SUCH ITEMS MIGHT BE ASCERTAINED, ("FINANCIAL RESULTS") FROM FRANCHISED OR NON-FRANCHISED UNITS.

18.4 A. FRANCHISEE REPRESENTS AND ACKNOWLEDGES THAT IT HAS RECEIVED FRANCHISOR'S DISCLOSURE DOCUMENT, INCLUDING ALL EXHIBITS THERETO, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EARLIER OF THE DATE ON WHICH THIS AGREEMENT, AND ALL OTHER AGREEMENTS, WAS EXECUTED, OR ANY CONSIDERATION WAS PAID. FRANCHISEE REPRESENTS IT HAS READ ALL AGREEMENTS, FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, EXHIBITS, ADDENDA AND OTHER DOCUMENTS, ALONG WITH ANY ADDITIONAL INFORMATION FRANCHISEE DEEMS RELEVANT, IN ITS ENTIRETY.

B. FRANCHISEE FURTHER REPRESENTS THAT IT UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, COVENANTS AND OBLIGATIONS OF THIS AGREEMENT AND ALL EXHIBITS AS BEING REASONABLY NECESSARY TO (1) MAINTAIN THE FRANCHISOR'S HIGH STANDARDS OF QUALITY AND SERVICE; (2) MAINTAIN UNIFORMITY OF THOSE STANDARDS AT ALL IT'S A GRIND STORES; AND (3) PROTECT AND PRESERVE THE GOODWILL OF THE MARKS, AND THAT FAILURE TO MAINTAIN THE FRANCHISOR'S STANDARDS WILL RESULT IN TERMINATION OF THIS AGREEMENT.

18.5 FRANCHISEE ACKNOWLEDGES THAT THE COVENANTS NOT TO COMPETE SET FORTH IN THIS AGREEMENT ARE FAIR AND REASONABLE, AND REPRESENTS TO THE FRANCHISOR THAT SUCH COVENANTS WILL NOT IMPOSE ANY UNDUE HARDSHIP ON THE FRANCHISEE OR HIS/HER FAMILY, SINCE THE FRANCHISEE HAS OTHER CONSIDERABLE SKILLS, EXPERIENCE AND EDUCATION WHICH AFFORD THE FRANCHISEE THE OPPORTUNITY TO DERIVE INCOME FROM OTHER ENDEAVORS.

18.6 FRANCHISEE REPRESENTS TO THE FRANCHISOR THAT ALL INFORMATION SET FORTH IN ANY AND ALL APPLICATIONS, FINANCIAL STATEMENTS, SUBMISSIONS AND/OR OTHERWISE PROVIDED TO THE FRANCHISOR BY THE FRANCHISEE ARE TRUE, COMPLETE AND ACCURATE IN ALL RESPECTS, AND FRANCHISEE UNDERSTANDS THAT THE FRANCHISOR IS RELYING UPON TRUTHFULNESS, COMPLETENESS AND ACCURACY OF SUCH INFORMATION.

18.7 FRANCHISEE ACKNOWLEDGES THAT THE EXECUTION OF THIS AGREEMENT IS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS AGREEMENT.

18.8 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE'S PERFORMANCE OF ANY OBLIGATION HEREUNDER IS NOT CONTINGENT UPON ANY OTHER MATTER OR THING, NOR IS THE FRANCHISEE RELYING ON THE FRANCHISOR OR ANY OTHER ENTITY TO PROVIDE OR ARRANGE FINANCING OF ANY TYPE, EXCEPT AS EXPRESSLY SET FORTH IN THE FRANCHISE AGREEMENT, MULTI-UNIT FRANCHISE AGREEMENT OR A WRITTEN ADDENDUM THERETO SIGNED BY THE FRANCHISEE AND THE FRANCHISOR.

18.9 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS HAD AN OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, SUCH AS AN ATTORNEY OR ACCOUNTANT, PRIOR TO SIGNING ANY BINDING DOCUMENTS OR PAYING ANY SUMS, AND THE FRANCHISOR HAS RECOMMENDED THAT FRANCHISEE OBTAIN SUCH INDEPENDENT PROFESSIONAL ADVICE.

18.10 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS BEEN ADVISED BY FRANCHISOR TO SPEAK WITH PAST AND/OR EXISTING IT'S A GRIND STORE FRANCHISEES OF FRANCHISEE'S CHOOSING AND THAT IT'S A GRIND STORE FRANCHISEES ARE DISTINCT FROM FRANCHISOR AND ARE INDEPENDENTLY OWNED AND OPERATED. FRANCHISEE ACKNOWLEDGES THAT SUCH IT'S A GRIND STORE FRANCHISEES DO NOT ACT AS FRANCHISOR'S AGENTS OR REPRESENTATIVES IN PROVIDING ANY INFORMATION AND THAT NO SUCH INFORMATION CAN BE ATTRIBUTED TO FRANCHISOR AND/ OR RELIED UPON AS SUCH.

18.11 FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS OF THE FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY, AND THAT NO OTHER PERSONS AND/OR ENTITIES OTHER THAN THE FRANCHISOR HAS OR WILL HAVE ANY DUTIES OR OBLIGATIONS TO FRANCHISEE.

19. ENTIRE AGREEMENT; NO OTHER INFORMATION RELIED ON

19.1 Franchisor and Franchisee agree that this Agreement (along with any concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, any Multi-Unit Franchise Agreements, addenda, exhibits, releases and any other related documents (collectively, the "Related Documents")) contains the final, complete and exclusive expression of the terms of their agreement and supersedes all other agreements and/or representations of any kind or nature; provided, that nothing herein is intended to disclaim or require Franchisee to waive reliance on any representation made in the Disclosure Document. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by Franchisor and Franchisee, including but not limited to any promises, options, rights of first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by Franchisee in connection with its application for this franchise). Neither Franchisor nor Franchisee believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement.

Franchisee's Initials: ________/________

19.2 Franchisee acknowledges that Franchisee has not relied on (nor has Franchisor or anyone else provided, except as may have been contained in the Franchise Disclosure Document received by Franchisee):

1) any sales, income or other projections of any kind or nature;

2) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or

3) any representations as to any profits Franchisee might realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

If any such information, promises, representations and/or warranties have been provided to Franchisee, they are unauthorized and inherently unreliable. Franchisee agrees to advise Franchisor of the delivery of any such information and must not rely upon any such information, nor shall Franchisor be bound by it. Franchisor does not, nor does it attempt to, predict, forecast or project future performance, revenues or profits of any It's A Grind Store. Franchisor is unable to reliably predict the performance of an It's A Grind Store operated by Franchisor or an affiliate, and certainly cannot predict results for Franchisee's It's A Grind Store.

19.3 Franchisee understands, acknowledges and agrees that i) Franchisor may have offered franchises in the past and/or may offer franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and ii) Franchisor may, from time to time, deal with its Franchisees on differing economic and/or other terms (including making special arrangements for payments of amounts due, waiving defaults and/or otherwise) to suit individual business circumstances, in each case in Franchisor's sole and absolute discretion and without being required to offer similar terms to other Franchisees, such flexibility being a practical necessity to respond to distinct business situations.

Franchisee's Initials: _____________ / ___________

19.4 Franchisee understands that Franchisor is relying on Franchisee to bring forward in writing at this time any matters inconsistent the representations contained in Articles 18 and 19 and in the "Statement of Prospective Franchisee" attached to the Franchise Disclosure Document as Exhibit H. Franchisee agrees that if any of the statements or matters set forth in Articles 18 and 19 and/or the Statement of Prospective Franchisee are not true, correct and complete that Franchisee will make a written statement regarding such next to Franchisee's signature below so that Franchisor may address and resolve any such issue(s) at this time.

Franchisee's Initials: _____________ / ___________

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective upon execution by Franchisor.

[*Signatures Page Follows*]

"FRANCHISOR"

PRAISE IAG FRANCHISOR, LLC

By: ______________________________
Title: ______________________________
Date: ______________________________

"FRANCHISEE"

If Franchisee is an individual:

Individually: ________________________
Print Name: ________________________
Date: ________________________

Individually: ________________________
Print Name: ________________________
Date: ________________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: ______________________________
Print Name: ________________________
Title: ______________________________
Date: ______________________________

By: ______________________________
Print Name: ________________________
Title: ______________________________
Date: ______________________________

All Owners of Business Entity Franchisee must sign this Agreement.

"Owner"
Individually: ________________________
Print Name: ________________________
Date: ______________________________

"Owner"
Individually: ________________________
Print Name: ________________________
Date: ______________________________

EXHIBIT FA-I
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

THE AUTHORIZED LOCATION

This Addendum is made to the It's A Grind Franchise Agreement (the "Franchise Agreement") between Praise IAG Franchisor, LLC (the "Franchisor"), and ____ (the "Franchisee"), dated ______________________.

1. **Preservation of Agreement.** Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. **Authorized Location**. The parties hereto agree that the Authorized Location referred to in Paragraph 1.2 of the Franchise Agreement shall be the following: ____

3. **Designation of Traditional/Non-Traditional Site.** Franchisor in its sole discretion designates the Authorized Location as a:

_____________ **Traditional Site, with a Protected Area, as provided in Section 1.3 B of the Franchise Agreement.**

_____________ **Non-Traditional Site, without any Protected Area, as provided in Section 1.3 A of the Franchise Agreement.**

_____________ **Non-Traditional Site, with the following Protected Area, subject to Section 1.3 of the Franchise Agreement.**

____

Unless Franchisor specifically identifies the Authorized Location as a Traditional Site with a Protected Territory on a completed, mutually executed copy of this Exhibit FA-1, Franchisee acknowledges and agrees that Franchisee shall be deemed not to have a Protected Area.

[Signature Page Follows]

This Addendum is agreed to and accepted by the parties on the dates set forth below and becomes effective upon execution by Franchisor.

"FRANCHISOR"

PRAISE IAG FRANCHISOR , LLC

By: ______________________

Title: ______________________

Date: ______________________

By: ______________________

Title: ______________________

Date: ______________________

"FRANCHISEE"

If Franchisee is an individual:

Individually: ______________________

Print Name: ______________________

Date: ______________________

Individually: ______________________

Print Name: ______________________

Date: ______________________

If Franchisee is a corporation or other entity:

____

[Name of Franchisee]

By: ______________________
Print Name: ______________________
Title: ______________________
Date: ______________________

By: ______________________
Print Name: ______________________
Title: ______________________
Date: ______________________

All Owners of Business Entity Franchisee must sign this Agreement.

"Owner"
Individually: ______________________
Print Name: ______________________
Date: ______________________

"Owner"
Individually: ______________________
Print Name: ______________________
Date: ______________________

EXHIBIT FA-II
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AGREEMENT

This Agreement is made on this _______ day of ____________________________, 20____, by and between Praise IAG Franchisor, LLC, a California limited liability company (the "Franchisor"), and ____ (the "Franchisee").

Whereas, Franchisor and Franchisee are parties to an It's A Grind Franchise Agreement executed on even date herewith (the "Franchise Agreement") and desire to enter into and Addendum to the Franchise Agreement;

Now, therefore in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Continuing Royalty Fees, the Marketing Fund Fees and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"'), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit FA-III to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.

C. By executing this Addendum, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum, as described in the first sentence of this Section. Franchisee authorizes weekly ACH debits via EFT based on an amount equal to: (1) 6% of Franchisee's Gross Sales for the preceding week ending Sunday (the "Accounting Period") for Continuing Royalty Fees; and (2) 2% Franchisee's Gross Sales for the Accounting Period for the Marketing Fund Fees.

D. If Franchisor does not receive by 5:00 PM (Pacific Time) on Tuesday of each week a report that includes Gross Sales figures for the prior Accounting Period, then Franchisor is authorized to have withdrawn by electronic transfer an amount from Franchisee's bank account for the Continuing Royalty Fee and the Marketing Fund Fees with respect to the prior Accounting Period equal to the amount withdrawn the previous week (or the most recent withdrawal week) plus ten percent (10%) as an estimate of the Accounting Period's Continuing Royalty Fees and the Marketing Fund Fees.

E. If a Gross Sales report in the form required by Franchisor is subsequently received and reflects (1) that the actual amount of the Continuing Royalty Fee and/or the Marketing Fund Fee paid to Franchisor was more than the amount of the EFT due to Franchisor, then Franchisor shall credit the excess amount to the payment of Franchisee's future Continuing Royalty Fees or other amounts owing to Franchisor or (2) that the actual amount of the Continuing Royalty Fee and/or the Marketing Fund Fee paid to Franchisor was less than the amount of the EFT due to Franchisor, then Franchisor shall be entitled to immediately receive additional funds via EFT from Franchisee's bank account for the difference.

F. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar ($50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Article 15 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.

G. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

H. Wherefore, the parties have set forth their hand and seal on the day and date first above written.

[Signature Page Follows]

"FRANCHISOR"

PRAISE IAG FRANCHISOR , LLC

By: ____________________

Title: ____________________

Date: ____________________

By: ____________________

Title: ____________________

Date: ____________________

"FRANCHISEE"

If Franchisee is an individual:

Individually: ____________________

Print Name: ____________________

Date: ____________________

Individually: ____________________

Print Name: ____________________

Date: ____________________

If Franchisee is a corporation or other entity:

____

[Name of Franchisee]

By: ____________________
Print Name: ____________________
Title: ____________________
Date: ____________________

By: ____________________
Print Name: ____________________
Title: ____________________
Date: ____________________

EXHIBIT FA-III
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

ELECTRONIC DEBIT AUTHORIZATION

AUTHORIZATION AGREEMENT FOR PRE-AUTHORIZED PAYMENTS VIA ACH DEBIT ORGANIZATIONS

FRANCHISOR: PRAISE IAG FRANCHISOR, LLC

The undersigned hereby authorizes Praise IAG Franchisor, LLC (the "Franchisor"), to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: ______________________________
Branch: ______________________________
City State and Zip Code: ______________________________
____
Transit/ABA #: ______________________________
Bank Account Name: ______________________________
Bank Account #: ______________________________
Tax ID # Used For Bank Account: ______________________________

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor. This authorization further confirms my understanding of Exhibit FA-II, Addendum 2 to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

Name of Franchisee: ______________________________ Store #: __________

Signature: ____________________	Signature: ____________________
Print Name: ____________________	Print Name: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________

NOTICE TO FRANCHISEE

1. **ATTACH ONE VOIDED CHECK HERE.**
2. **BE SURE ALL BLANK SPACES ABOVE ARE COMPLETED.**
3. **RETURN 2 ORIGINAL COPIES OF BOTH AGREEMENTS IMMEDIATELY.**

Please Note: There is an Indemnification Agreement to follow.

INDEMNIFICATION AGREEMENT

To The Depository Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payor/Franchisee agrees with respect to any such action:

(1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, draft or order, whether or not genuine, purporting to be executed by the Payor/Franchisee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify you for any loss arising in the event that any such check, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

To defend at our own cost and expense any action which might be brought by any depositor or any other person because of your action taken to the foregoing request, or in any manner arising by reason of your participation.

Name of Payor/Franchisee: ______________________________

Signature: ____________________	Signature: ____________________
Print Name: ____________________	Print Name: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________

EXHIBIT FA-IV
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

TELEPHONE LISTING AGREEMENT

This Telephone Listing Agreement (the "Agreement") is made on this ___ day of ___________________, 20____, by and between Praise IAG Franchisor, LLC, a California limited liability company (the "Franchisor"), and ____ (the "Franchisee").

Recitals

WHEREAS, Franchisor is the franchisor of It's A Grind franchise system throughout the United States of America and is the master licensee of the service marks, trademarks, and trade names related to the operation of the franchised business (collectively the "Marks"); and

WHEREAS, Franchisor and Franchisee are parties to an It's A Grind Franchise Agreement executed on even date herewith (the "Franchise Agreement") under which Franchisee is granted a franchise (the "Franchise") involving certain rights to use the Marks in Franchisee's business telephone listings to promote its It's A Grind Store.

NOW, THEREFORE, in consideration of the Recitals above and the terms below, Franchisor and Franchisee agree:

1. Franchisee is authorized to continue using the Marks until the Franchise Agreement is terminated or expires.

2. Franchisee is authorized to obtain telephone service for the It's A Grind Store. That service is not to be used in conjunction with any other business.

3. Franchisee is authorized to obtain various yellow page, white page, information listings and yellow page advertising under the trade name "It's A Grind" or any other Marks that Franchisor may authorize Franchisee to use in conjunction with Franchisee's It's A Grind Store. No additional listings may be used with any telephone number(s) assigned to the It's A Grind Store, without Franchisor's prior written consent.

4. Franchisee must pay all charges for telephone service, white page, yellow page, information listings and yellow page advertisements.

5. On termination or expiration of the Franchise Agreement, Franchisee acknowledges that its right to the use any of the Marks made available by Franchisor to Franchisee for use under the Franchise Agreement will immediately end, and that all telephone numbers appearing under the Marks will immediately become the property of Franchisor, and Franchisee irrevocably releases to Franchisor all rights to and use of all telephone numbers associated with the Marks then listed. Franchisee irrevocably authorizes the telephone company, on notification by Franchisor of termination or expiration of the Franchise, to transfer or assign all of those telephone numbers to Franchisor or to disconnect those telephone numbers and assign them to Franchisor or to transfer calls coming to those disconnected numbers to any telephone numbers issued by the telephone company to Franchisor, without need for any further document(s) from Franchisee.

6. Franchisee irrevocably releases the telephone company, Franchisor and their respective successors, assigns, directors, officers, employees and agents, from liability of any kind that may result directly from Franchisor's exercise of its rights under this Agreement or from the telephone company's cooperation with Franchisor in effecting the terms of this Agreement.

7. The undersigned agree to the terms of this Agreement.

"FRANCHISOR"

PRAISE IAG FRANCHISOR, LLC

By: ______________________________
Title: ______________________________
Date: ______________________________

By: ______________________________
Title: ______________________________
Date: ______________________________

"FRANCHISEE"

If Franchisee is an individual:

Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: ______________________________
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

By: ______________________________
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

EXHIBIT FA-V
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

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

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

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

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

Guarantor(s) hereby acknowledge and agree to be individually bound by all covenants contained in the Franchise Agreement and all terms and conditions of the Franchise Agreement requiring Franchisee to comply with confidentiality and non-disclosure provisions, as well as post termination covenants against competition and other post termination obligations, to the fullest extent permitted under applicable law. This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

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

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

The parties agree that this Agreement is to be performed in California and shall be governed by and construed in accordance with the laws of the State of California. The parties specifically agree that any legal proceeding relating to this Agreement must be venued exclusively in the U.S. District Court or state court in the most immediate state judicial district encompassing the Franchisor's then-current headquarters (currently Santa Fe Springs, California) and having subject matter jurisdiction. Each of the parties consents to personal jurisdiction and venue in any such action in such location. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Articles 16 and 17 of the Franchise Agreement (except as otherwise provided in Articles 16 and 17 of the Franchise Agreement).

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

WITNESS:	**GUARANTOR**
______________________________	Individually: ______________________
______________________________	**Print Name:** ______________________
	Date: ______________________
WITNESS:	**GUARANTOR**
______________________________	Individually: ______________________
______________________________	**Print Name:** ______________________
	Date: ______________________
WITNESS:	**GUARANTOR**
______________________________	Individually: ______________________
______________________________	**Print Name:** ______________________
	Date: ______________________
WITNESS:	**GUARANTOR**
______________________________	Individually: ______________________
______________________________	**Print Name:** ______________________
	Date: ______________________

EXHIBIT FA-VI
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

ADA CERTIFICATION FORM

Praise IAG Franchisor, LLC, a California limited liability company (the "Franchisor"), and ____ (the "Franchisee") are parties to a franchise agreement dated _______________________, 20___ (the "Franchise Agreement") for the operation of an It's A Grind Store at the location identified below (the "Store").

____

(IT'S A GRIND STORE ADDRESS)

ADA Certification:

In accordance with Section 6.2 of the Franchise Agreement, Franchisee certifies to Franchisor that to the best of Franchisee's knowledge, the Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Store by Franchisor. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and each of Franchisor's affiliates, and each of their respective officers, directors, members, shareholders, representatives, employees and agents, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement, including Article 16 of the Franchise Agreement. Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

[Remainder of page left intentionally blank.]

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

"FRANCHISEE"

If Franchisee is an individual:

Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: ______________________________
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

By: ______________________________
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

All Owners of Business Entity Franchisee must sign this Agreement.

"Owner"
Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

"Owner"
Individually: ______________________________
Print Name: ______________________________
Date: ______________________________

EXHIBIT FA-VII
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

This "Agreement" is made and entered into as of this ________ day of ____________________, 20___, by and among Franchisee, Covenantor and Praise IAG Franchisor, LLC, a California limited liability company ("Franchisor").

"Franchisee":____

"Covenantor": ______________________________________, employed or engaged by Franchisee as ____.

Address:____

1. PREAMBLES

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to "It's A Grind Stores" ("IAG Stores") or "It's A Grind Kiosks" ("IAG Kiosks"). Unless otherwise specified, all references herein to IAG Stores include IAG Kiosks. Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's IAG Store or IAG Kiosk (the "Store") and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of IAG STORES (the "Confidential Information"). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform his/her obligations to Franchisee in furnishing Covenantor the training program, the Operations Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the

Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other IAG Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. SURRENDER OF DOCUMENTS

Covenantor agrees that as of the date on which Covenantor ceases to perform services for Franchisee in connection with the Store, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

4. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

5. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

6. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

7. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

8. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

9. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

10. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state in which the Store is located without regard to its conflicts of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to Franchisor's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:	**Franchisee:**
______________________________	______________________________
Print name of **Covenantor**	Print name of **Franchisee**

EXHIBIT FA-VIII
ADDENDUM TO IT'S A GRIND FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this _____ day of ______________, 20___, by and among Franchisee, Covenantor and Praise IAG Franchisor, LLC, a California limited liability company ("Franchisor").

"Franchisee": ____

"Covenantor":_________________________________, being [an owner], [an officer], [a director] [general partner], [managing member] or [manager] of Franchisee.

Address:____

____

____

1. PREAMBLES

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a "It's A Grind Store" ("IAG Store") ora "It's A Grind Kiosk" ("IAG Kiosk"). Unless otherwise specified, all references herein to IAG Stores include IAG Kiosks. Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's IAG Store or IAG Kiosk (the "Store") and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of IAG Stores (the "Confidential Information"). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform its obligations to Franchisee in furnishing Covenantor the training program, the Operations Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other IAG Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. IN-TERM RESTRICTIVE COVENANT

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among IAG Stores if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses (as defined below). Covenantor therefore agrees that for as long as Covenantor is an owner, director, officer, general partner, managing member or manager of Franchisee or is otherwise employed or engaged by Franchisee, Covenantor shall not, without Franchisor's prior written consent, directly or indirectly (through a member of the immediate family or otherwise), have any interest as an owner of (except of publicly-traded securities or interests in other IAG Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity, for, any business principally offering products substantially similar to the products then being offered by the majority of the IAG Stores (a "Competitive Business"), nor will Covenantor, without the prior written consist of Franchisor, have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

4. RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH FRANCHISEE

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor ceases to be an owner, director, officer, general partner, managing member or manager of, or otherwise employed or engaged by, Franchisee (both referred to herein as a "Termination Event"), Covenantor agrees that, for a period of two (2) years commencing on the effective date of a Termination Event, Covenantor shall not (through a member of the immediate family or otherwise) have any interest as an owner of (except of publicly-traded securities or interests in other IAG Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity for, any Competitive Business located within a ten (10) mile radius from any concept (including, but not limited to, IAG Stores) franchised or owned and operated by Franchisor, its parent, or any of its affiliates; nor will Covenantor have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

Covenantor recognizes the broad scope of the restrictive covenants set forth in Sections 3 and 4 of this Agreement, but agrees that they are reasonable. If any court or tribunal of competent jurisdiction shall refuse to enforce any such covenant because it is more extensive whether as to time limit, geographic area, scope of business or otherwise than is deemed reasonable, it is expressly understood and agreed that such covenants shall not be void, but that the restrictions contained therein shall be deemed reduced to the extent necessary to permit the enforcement of such covenants.

Covenantor expressly acknowledges and agrees that Covenantor possesses skills and abilities of a general nature and has opportunities for exploiting such skills. Consequently enforcement of the covenants made in Sections 3 and 4 of this Agreement will not deprive Covenantor of the ability to earn a living.

5. SURRENDER OF DOCUMENTS

Covenantor agrees that, as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

6. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

7. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

8. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

9. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

10. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

11. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

12. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state in which the Store is located without regard to its conflict of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to Franchisor's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:

____
Print name of Covenantor

____
Signature of Covenantor

____
Print name of Covenantor

____
Signature of Covenantor

Franchisee:

____
Print name of Franchisee

By:________________________________

Print Name: __________________________

Title:_______________________________

By:________________________________

Print Name: __________________________

Title:_______________________________

Franchisor:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:________________________________

Print Name:__________________________

Title:_______________________________

EXHIBIT C

KIOSK ADDENDUM

PRAISE IAG FRANCHISOR, LLC

KIOSK ADDENDUM

1. **Background**. This Kiosk Addendum ("Addendum") is made by and between Praise IAG Franchisor, LLC, a California limited liability company ("FRANCHISOR"), and ______________________________ ("FRANCHISEE"). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a franchise agreement (the "Agreement") and this Addendum which is intended to be part of the Agreement, both dated ______________. This Addendum modifies the Agreement to the extent necessary to reflect the operation of an IAG Kiosk. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **The Kiosk**. All references in the Agreement to the "Store" shall be deleted and the term "Kiosk" shall be inserted in place thereof. Unless otherwise noted herein, all applicable terms, conditions and requirements set forth in the Agreement applicable to the Store shall apply to the Kiosk.

3. **Products**. FRANCHISEE acknowledges and agrees that the number of the Products offered for sale from an IAG Kiosk will differ from that of an It's A Grind Store. The inventory requirements for an IAG Kiosk will also differ from those of an It's A Grind Store. Further, the number of Products offered for sale and the inventory requirements may differ among IAG Kiosks.

4. **Insurance**. The minimum insurance amounts required under Section 10.3 of the Agreement may be lowered if approved by FRANCHISOR in its sole discretion and the lease or sublease for the premises permits lower minimums.

5. **Initial Franchise Fee**. Section 5.1 of the Agreement shall be deleted and replaced with the following:

FRANCHISEE shall pay to FRANCHISOR an initial franchise fee for the Franchise in the amount of ____ Dollars ($__________). The initial franchise fee is payable in immediately available funds upon execution of this Agreement and is deemed fully earned by FRANCHISOR upon execution of this Agreement and shall be non-refundable, in whole or in part, under any circumstances.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this _______ day of __________________ 20___.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC

By: ________________________________
Signature

____
Name

____
Title

Date: ________________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE
(Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an _______________ limited liability company

By: ________________________________
Signature

____
Name and Title

EXHIBIT D

TERRITORY ADDENDUM FOR STREET LOCATION

PRAISE IAG FRANCHISOR, LLC

TERRITORY ADDENDUM
FOR
STREET LOCATION

1. **Background**. This Territory Addendum ("Addendum") is made on ________, 20___ by and between Praise IAG Franchisor, LLC, a California limited liability company ("FRANCHISOR"), and ________________________ ("FRANCHISEE"). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a franchise agreement (the "Agreement") and this Addendum is intended to be part of the Agreement. This Addendum modifies the Agreement to the extent necessary to reflect certain rights which are applicable only if FRANCHISEE will operate an IT'S A GRIND STORE to be located in a street, non-mall, location. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **Territory**. Sections 1.3 B. of the Agreement are hereby deleted and replaced with the following:

Protected Territory.

Provided that FRANCHISEE is in full compliance with this Agreement, FRANCHISOR will not operate or grant a franchise for the operation of another IT'S A GRIND STORE, the physical premises of which is located within a one-half (1/2) mile radius of the Location (the "Protected Territory"); provided, however, nothing contained herein shall prohibit FRANCHISOR from operating or granting a franchise for the operation of an IT'S A GRIND STORE located within a shopping mall, even if such shopping mall is located within the Protected Territory. Except as expressly limited above, FRANCHISEE acknowledges that FRANCHISOR (and its affiliates) retain the right at all times during this Agreement's term to engage in any and all activities that FRANCHISOR (and its affiliates) deem appropriate, wherever and whenever FRANCHISOR (and its affiliates) desire, and whether or not such activities compete with the IT'S A GRIND STORE, including, without limitation, the right to:

(1) establish and operate, and allow others to establish and operate, other IT'S A GRIND STORES and other gourmet coffee stores and/or other coffee beverage businesses using the Marks, at any location outside the Protected Territory and on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, gourmet coffee stores and/or other coffee beverage businesses, located anywhere (including in the Protected Territory), that may offer products and services which are identical or similar to products and services offered by IT'S A GRIND STORES, under other trade names, trade-marks, service marks and commercial symbols different from the Names and Marks, and on any terms and conditions FRANCHISOR deems appropriate;

(3) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Names and Marks or any other trade names, trade-marks, service marks or commercial symbols that are the same as or different from IT'S A GRIND STORES, and that sell products

and/or services that are identical or similar to, and/or competitive with, those that IT'S A GRIND STORES customarily sell under any terms and conditions we deem appropriate;

(4) roast, develop, wholesale, market, distribute and sell PRODUCTS through any channel of distribution, including, without limitation, mail order, the Internet, and wholesale, under or in association with the Names and marks or any other trade names, trade-marks, service marks or commercial symbols;

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at IT'S A GRIND STORES, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at IT'S A GRIND STORES, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and

(7) engage in all other activities not expressly prohibited by this Agreement.

Right of First Opportunity.

If, during the term of this Agreement, FRANCHISEE is in compliance with this Agreement and FRANCHISOR decides to establish and/or grant a franchisee the right to establish an IT'S A GRIND STORE within a three (3) mile radius of the Location, FRANCHISOR will give FRANCHISEE the opportunity to be considered for such IT'S A GRIND STORE. In those circumstances, FRANCHISOR will provide FRANCHISEE with notification of its intent, and may require FRANCHISEE to submit to FRANCHISOR, within ten (10) days after FRANCHISOR's notification, any information and material that FRANCHISOR then typically considers in selecting franchisees and granting franchises in order to determine whether FRANCHISEE's application should be accepted. FRANCHISEE acknowledges the foregoing right of opportunity is not available with respect to any IT'S A GRIND STORE to be located in a shopping mall and that FRANCHISOR's obligation to consider FRANCHISEE for additional IT'S A GRIND STORES apply only to IT'S A GRIND STORES to be located outside of shopping malls. In the event FRANCHISOR accepts FRANCHISEE's application, FRANCHISEE must acquire an additional franchise for the operation of the IT'S A GRIND STORE by executing FRANCHISOR's then current form of franchise agreement and paying FRANCHISOR the then current initial franchise fee.

[Signatures on Following Page]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this _______ day of __________________ 20___.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC

By: ________________________________
Signature

____
Name

____
Title

Date: ________________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE (Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an _____________ limited liability company

By: ________________________________

Signature

____
Name and Title

DEVELOPMENT AGREEMENT

Agreement Date: ______________________________

Developer Name: ______________________________

Business Address: ______________________________

____

Type of Business Entity: ______________________________

State in which organized: ______________________________

Owner Name(s):	Ownership Percentage:
______________________________	______%
______________________________	______%
______________________________	______%

TABLE OF CONTENTS

Section		Page
1.	DEVELOPMENT RIGHTS AND OBLIGATIONS	1
2.	FEES	2
3.	DEVELOPMENT PROCESS	3
4.	TERM	3
5.	CONFIDENTIAL INFORMATION	3
6.	RESTRICTIONS ON COMPETITION	4
7.	SALE OR ASSIGNMENT	5
8.	DEFAULT AND TERMINATION	8
9.	BUSINESS ENTITY REQUIREMENTS	9
10.	NOTICES	10
11.	INSURANCE AND INDEMNIFICATION	10
12.	GENERAL PROVISIONS	10
13.	APPLICABLE LAW; DISPUTES	11

APPENDIX A – DEVELOPMENT AREA, DEVELOPMENT SCHEDULE, DEVELOPMENT FEE AND FRANCHISE FEES, AND KEY PERSON

APPENDIX B – FORM OF LEASE RIDER

APPENDIX C – PERSONAL GUARANTEE

APPENDIX D – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

DEVELOPMENT AGREEMENT

This Agreement is entered into as of the Agreement Date shown on the cover page between PRAISE IAG FRANCHISOR, LLC (**"we"**, **"us"** or **"Praise IAG"**) and the individual or business entity identified on the cover page (**"you"** or **"Developer"**).

As used in this Agreement, **"Owners"** means the person(s) identified on the cover page as the owners of Developer and all other persons whom we may subsequently approve to acquire an interest in Developer.

BACKGROUND

A. We and our affiliates are engaged in the business of developing, operating and franchising IT'S A GRIND® stores (**"IT'S A GRIND Stores"**).

B. IT'S A GRIND Stores operate under a distinctive format and set of specifications and procedures developed by us and our affiliates (the **"System"**).

C. Developer wishes to obtain the right to develop IT'S A GRIND Stores within the territory defined in this Agreement.

AGREEMENT

1. DEVELOPMENT RIGHTS AND OBLIGATIONS

1.1. Rights Granted. We grant you the right, and you undertake the obligation, to develop the number of IT'S A GRIND Stores shown in Appendix A to this Agreement, solely within the territory defined in Appendix A (the **"Development Area"**). Your right to develop IT'S A GRIND Stores is contingent on satisfaction of the requirements in Section 1.2 below.

1.2. Development Obligations. You must develop and open IT'S A GRIND Stores in accordance with the deadlines set forth in Appendix A to this Agreement (the **"Development Schedule"**). For each IT'S A GRIND Store, you must:

1.2.1 Submit for our approval a proposed location for the IT'S A GRIND Store pursuant to Section 3.1 below;

1.2.2 At the time you propose a specific location, demonstrate satisfaction of our then-current financial and operational criteria for development of a new IT'S A GRIND Store; and

1.2.3 If we approve the location and you obtain control of it by lease or purchase, sign a separate Franchise Agreement (**"Franchise Agreement"**) in the form that we are then offering for new franchises in the USA, along with a release of claims, as provided in Section 3.3 below.

1.3. Failure to Satisfy Development Schedule. If you do not have in operation the minimum number of IT'S A GRIND Stores required at each deadline specified in the Development Schedule, we will have the right to terminate this Agreement by written notice to you. Termination of this Agreement pursuant to this Section 1.3 will not affect your right or your obligation to operate each IT'S A GRIND Store for which we have signed a Franchise Agreement before termination of this Agreement.

1.4. Disclaimer of Other Rights. This Agreement is not a franchise and does not grant you any right to use the System or the IT'S A GRIND name or any of our other names or marks (collectively, the **"Marks"**). The rights to use the System and Marks are granted only under the Franchise Agreement. You have no right or power under this Agreement or under any Franchise Agreement: (i) to sublicense or subfranchise any other person or legal entity to use the Marks or the System; or (ii) to subdivide or partition the Development Area or any development rights granted in Section 1.1.

1.5. Territorial Protection. While this Agreement is in effect, we will not establish IT'S A GRIND Stores or franchise or license others to establish IT'S A GRIND Stores within the Development Area, except for Non-Traditional Outlets as permitted by Section 1.6.2 below and Conversion Stores to the extent permitted by Section 1.6.5 below.

1.6. Rights Reserved. We and our affiliates retain the rights, despite anything to the contrary in Section 1.5 and regardless of the proximity to or effect on any IT'S A GRIND Store that you operate:

1.6.1 To own, acquire, establish, operate, and franchise or license others to operate IT'S A GRIND Stores located outside of the Development Area;

1.6.2 To own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the IT'S A GRIND name or any other name, both inside and outside of the Development Area. **"Non-Traditional Outlet"** means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called "pop-up" restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

1.6.3 To develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the IT'S A GRIND mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

1.6.4 To use the IT'S A GRIND brand in other lines of business besides the operation of IT'S A GRIND Store, anywhere in the world; and

1.6.5 To own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than IT'S A GRIND, at any location within or outside of the Development Area, even if the concepts or businesses are similar to IT'S A GRIND Stores. However, while this Agreement is in effect, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a IT'S A GRIND Store (a **"Conversion Store"**), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a IT'S A GRIND Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert under this Section will be counted toward the minimum cumulative number of IT'S A GRIND Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated in this Section, we will have the right to alter, modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a IT'S A GRIND Store or any other business. For purposes of this Section, all references to us are deemed to include our affiliates.

2. FEES

2.1. Development Fee. The initial franchise fee payable for each IT'S A GRIND Store required by the Development Schedule is shown in Appendix A. In consideration for granting you the development rights and reserving the Development Area as provided in Section 1.1, you must pay us 50% of each initial franchise fee (collectively, the **"Development Fee"**) when you sign this Agreement. The Development Fee is fully earned when paid and is non-refundable, even if you do not sign any Franchise Agreements or open any IT'S A GRIND Stores.

2.2. Franchise Fees. When you sign the Franchise Agreement for each IT'S A GRIND Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that store.

3. DEVELOPMENT PROCESS

3.1. Site Selection. You must identify and obtain a site for each IT'S A GRIND Store at your own expense. We will furnish you with our general criteria for site selection and with site selection counseling and assistance as we deem appropriate. Before acquiring a site by lease or purchase, you must submit any information and materials we request to evaluate the site and to assess your financial capability to develop the site, along with a letter of intent or other evidence of your ability to obtain the site. We will conduct an on-site evaluation of each proposed site, unless we waive this requirement in our sole discretion. We will either approve or reject a proposed site within thirty (30) days after conducting our on-site evaluation or receiving all information and materials we have requested for the site, whichever is later. Approval or rejection is at our sole discretion. No site will be deemed to have received our approval unless it has been approved in writing by an officer of Praise IAG with authority to give approval. You acknowledge that our review is solely for the purpose of determining whether the site is within our acceptable criteria and that our approval is not a representation or guarantee that a IT'S A GRIND Store will be successful at the site.

3.2. Lease Terms. If you will occupy the approved site under a lease, you must submit the proposed lease to us for approval before signing it. As a condition of our approval, we may require that the lessor sign a lease rider containing some or all of the provisions set out in Exhibit B to this Agreement. You must furnish us with a copy of the signed lease and lease rider within ten (10) days after you sign them.

3.3. Execution of Franchise Agreement. When we receive a signed copy of the lease and lease rider for the approved site, we will issue a Franchise Agreement and the site will be the "Approved Location" referred to in the Franchise Agreement. You must return the signed Franchise Agreement and pay the balance of the initial franchise fee within twenty (20) days of your receipt of the Franchise Agreement, or we can withdraw our approval of the site. Concurrently with signing each Franchise Agreement, you and the Owners must sign a general release of any and all claims against us and our affiliates, officers, directors, employees, agents, successors and assigns, subject to any limits or exceptions imposed by applicable law.

4. TERM

This Agreement will expire on the last deadline date specified in the Development Schedule, unless terminated sooner under Section 1.3 or Section 8.

5. CONFIDENTIAL INFORMATION

5.1. Nondisclosure. You are prohibited, both during and after the term of this Agreement, from communicating or divulging Confidential Information to any unauthorized person and from using Confidential Information for your benefit or the benefit of any other person, other than for the development of IT'S A GRIND Stores. **"Confidential Information"** means all knowledge and data not generally known to the public, whether or not constituting trade secrets, that we disclose to you or that you obtain by virtue of this Agreement or any activities hereunder, including but not limited to: (i) business procedures and communications concerning the development of IT'S A GRIND Stores; (ii) our site selection guidelines and criteria; (iii) specific sites that have been identified as candidates for IT'S A GRIND Stores; (iv) plans and specifications for construction of a IT'S A GRIND Store, including exterior and interior design and layout plans, and including samples, prototypes, and site-specific drafts; (v) supplier lists, mailing lists, prospect lists, marketing studies, cost studies, marketing plans and techniques, and promotion and marketing aids; (vi) actual or proposed lease terms, specific negotiating strategies and the status of negotiations; and (vii) business forms, accounting procedures, business plans, feasibility studies, and non-public financial information of or about us and our affiliates. You may divulge Confidential Information only: (i) to your employees who must have access to it in order to carry out their duties relating to the IT'S A GRIND Stores;

and (ii) to your contractors and prospective landlords with our prior written approval. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which you can demonstrate came to your attention by lawful means before we disclosed it to you, or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.

5.2. Owners, Officers and Others. At our request, you must require your Owners, Key Person (as defined in Section 9.3), officers, and any other person to whom you wish to disclose any of our Confidential Information to sign a separate Confidentiality and Non-Competition Agreement in the form of Appendix D to this Agreement.

6. RESTRICTIONS ON COMPETITION

6.1. During Term. You acknowledge that this Agreement will give you access to valuable Confidential Information and business opportunities that you and the Owners did not have before entering into this Agreement. Accordingly, while this Agreement is in effect, except as we otherwise approve in writing, you may not, either directly or indirectly:

6.1.1 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any Competing Business, as defined in Section 6.3 below;

6.1.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System; or

6.1.3 Employ or seek to employ any person who is at that time employed by PRAISE IAG or our affiliates at the level of store manager or above or who has been so employed by us or our affiliates within the preceding three (3) months (a **"Management Employee"**), or induce a Management Employee to leave his or her employment with us or our affiliates.

6.2. After Expiration, Termination or Transfer. You further agree that, except as we otherwise approve in writing, you will not, for two (2) years after the expiration or termination of this Agreement or the approved transfer of this Agreement to a new developer, either directly or indirectly:

6.2.1 Own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any Competing Business operating (i) within the Development Area; or (ii) within 10 miles of any IT'S A GRIND Store.

6.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business operating within the Development Area, or do anything else harmful to the goodwill associated with the Proprietary Marks and the System; or

6.2.3 Employ or seek to employ any Management Employee or induce a Management Employee to leave his or her employment with us or our affiliates.

6.3. Definition of Competing Business. In this Agreement, **"Competing Business"** means a foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any IT'S A GRIND Stores that you or the Owners operate under other agreements with us or our affiliates).

6.4. Exception for Publicly-Held Shares. Sections 6.1.1 and 6.2.1 do not apply to ownership of less than five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

6.5. Enforcement.

6.5.1 Neither Developer nor any person bound by the restrictions of this Section 6 may circumvent the restrictions by engaging in prohibited activity indirectly through any other person or entity.

6.5.2 For the individuals who are bound personally by the restrictions in this Section 6 or by a separate Confidentiality and Non-Competition Agreement, the time periods in Section 6.2 will run from the expiration, termination, or transfer of this Agreement or from the end of the individual's relationship with Developer, whichever occurs first.

6.5.3 We have the right to reduce the scope of any restriction in this Section 6, effective immediately upon written notice to Developer.

6.5.4 The existence of any claim that Developer or the Owners may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 6 or any Confidentiality and Non-Competition Agreement.

6.5.5 You acknowledge that a violation of this Section 6 would result in irreparable injury for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction, without the need for us to post bond, prohibiting any violation of this Section 6. Injunctive relief is in addition to any other remedies we may have. If we obtain enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date of the order enforcing the restriction.

6.5.6 The restrictions in this section are in addition to any restrictions on competition under any other agreements you have with us.

7. SALE OR ASSIGNMENT

7.1. No Assignment or Ownership Change without Consent. We have entered into this Agreement in reliance on your and the Owners' business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners may sell, assign, transfer, convey, or give away, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) (collectively, **"Transfer"**) any direct or indirect interest in this Agreement, in Developer, or in the development rights granted by this Agreement without our prior written consent. You must notify us in writing of any proposed Transfer at least sixty (60) days before the Transfer is to take place, and provide information and documentation relating to the proposed Transfer as we request. You agree that the conditions of Transfer in Sections 7.3 through 7.9 below are reasonable and that they do not preclude other reasonable conditions that we may impose. We have the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed Transfer. If we have not responded within 60 days after we receive your written notice of the proposed Transfer, our consent will be deemed to have been given. Unless otherwise agreed, we do not waive any claims against the transferring party if we approve the Transfer. If we do not approve the Transfer, you must continue to develop IT'S A GRIND Stores in accordance with this Agreement.

7.2. Right of First Refusal. We have the right, exercisable within 45 days after receipt of the notice required by Section 7.1, to send written notice to you that we intend to purchase the interest proposed to be transferred. The request for approval of Transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, description of financing or other contingencies, and any other documents reasonably necessary to support a prudent business decision on whether to exercise the right of first refusal. We can assign our right of first refusal to someone else either before or after we exercise it. However, our right of first refusal will not apply to a Transfer under Section 7.5 or to a Transfer to a spouse or adult son or daughter (including Transfers to a spouse, son, or daughter as a result of death or incapacity as described in Section 7.6).

7.2.1 If the proposed Transfer is a sale, we or our designee may purchase on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within sixty (60) days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same type of consideration as the third party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, you and we will jointly designate and pay the cost of an independent appraiser, and the appraiser's determination will be final. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase.

Any material change in the third party's offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as for the third party's initial offer.

7.2.2 If a Transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to purchase the interest at the fair market value determined by the appraiser. If we decide to purchase, closing on the purchase will occur within 45 days after our notice to the transferor of our decision.

7.2.3 If we elect not to exercise our rights under this Section, the transferor may complete the proposed Transfer after complying with Sections 7.3 through 7.9, provided that the final sale price is not less than the price at which we were entitled to purchase. If we determine that the final sale price is less than the price at which we were entitled to purchase, we may refuse to give our consent to the Transfer. Closing of the Transfer must occur within 60 calendar days of our election not to exercise our rights. If closing does not occur within the 60-day period, the third party's offer will be treated as a new offer subject to our right of first refusal.

7.3. Transfer of Entire Business. For a proposed Transfer of this Agreement or the development rights granted hereunder, the conditions set forth in this Section apply unless specifically waived by PRAISE IAG. If Developer is a business entity, this Section also applies to a Transfer of ownership interests that would result in a change of control of Developer:

7.3.1 You must be in compliance with all obligations to us under this Agreement and any other agreement you have with us and our affiliates as of the date of the request for our approval of the Transfer, or you must make arrangements satisfactory to us to come into compliance by the date of the Transfer.

7.3.2 The proposed transferee must:

(a) (a) Demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a multi-store developer of IT'S A GRIND Stores, which may include educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to develop IT'S A GRIND Stores. If the proposed transferee is already a IT'S A GRIND franchisee, that fact does not guarantee approval to become a multi-store developer. We have no less discretion with respect to a proposed transferee than we have with a new multi-store developer of IT'S A GRIND Stores.

(b) (b) Demonstrate that the transferee has adequate financial resources and capital to complete the Development Schedule in a timely manner.

(c) (c) Complete (or cause its owners and/or employees to complete, if the transferee is a business entity) any training programs that we then require for multi-store developers in the U.S.A.

(d) (d) If the proposed transferee is an existing IT'S A GRIND franchisee or multi-store developer, he or she must not have any outstanding notice of default under his or her agreements with us, must have a good record of customer service and compliance with the System Standards, and must execute a general release in a form acceptable to us.

(e) (e) If the transferee is a business entity, all owners of a beneficial interest in the transferee must sign our then-current form of Personal Guarantee.

7.3.3 You must pay us a Transfer fee equal to ten percent (10%) of the Development Fee in Appendix A. Notwithstanding the foregoing, the transfer fee will not exceed $5,000 if the transferee (i) has been a IT'S A GRIND franchisee or multi-store developer for at least three years and is in compliance with its agreement(s) with us; or (ii) is a member of the transferring Owner's immediate family.

7.3.4 Because we believe it is important to brand integrity to keep markets intact, you must (unless we otherwise approve) Transfer all IT'S A GRIND Stores that have been developed under this Agreement to the same transferee in the same transaction.

7.3.5 You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and the Owners will remain liable to us for all obligations arising before the effective date of the Transfer.

7.3.6 The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the transferee's ability to complete the Development Schedule.

7.3.7 Any financing incurred in connection with the Transfer must be expressly subordinated to the transferee's obligations to us.

7.4. Transfer of Minority Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership shown on the cover page of this Agreement, or for any other transaction that amounts to the Transfer of a partial interest in Developer or this Agreement, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. We will have a reasonable time (not less than 45 days) after we have received all requested information to evaluate the proposed Transfer. We may withhold our consent or give our consent subject to the conditions of Section 7.3 that we deem to be applicable. You acknowledge that any proposed new owner must submit a personal application and sign a Personal Guarantee in our then-current form.

7.5. Transfer to a Business Entity. We will consent to the assignment of this Agreement to and assumption of this Agreement by a corporation or limited liability company that you form solely for the convenience of ownership (a **"Company"**), without payment of a Transfer fee, provided that you comply with all of the following:

7.5.1 You must provide us with proof that the Company is in existence and in good standing in the state where it was organized. The Company must have no other business besides the development and operation of IT'S A GRIND Stores. The legal name of the Company must not contain the words "It's A Grind" or any similar words or phrases.

7.5.2 The Owners must hold equity interests in the Company in the same proportion shown on the cover page of this Agreement.

7.5.3 You must designate a Key Person, as defined in Section 9.3.

7.5.4 All Owners must sign a Personal Guarantee in the form attached to this Agreement.

7.5.5 You must reimburse us for the reasonable costs and expenses we incur in connection with the assignment, including legal fees.

7.5.6 You and the Company must comply with the requirements in Section 9 for the remaining term of this Agreement.

7.6. Transfer on Death, Incapacity or Bankruptcy. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within 3 months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 7.2 through 7.4, as applicable. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the applicable conditions, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 7.6 within one year after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 8.2.

7.7. Non-Conforming Transfers. Any purported Transfer that is not in compliance with this Section 7 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure.

7.8. Prohibited Transfers. Notwithstanding Sections 7.1 to 7.6, neither Developer nor any Owner may: (i) pledge or otherwise encumber this Agreement; or (ii) pledge or otherwise encumber any ownership interest in Developer. Any security interest which, notwithstanding the previous sentence, may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code will be limited as described in Section 9-408(d) of the Uniform Commercial Code.

7.9. Securities Offering. If Developer or an Owner desires to offer securities, the offering will be subject to all of the conditions of this Section 7, including our right of first refusal under Section 7.2. All materials required for the offering by federal or state law must be submitted to us for review and consent prior to their use. No offering may imply, by use of the Marks or otherwise, that we are participating in underwriting, issuing, or offering the securities. Our review of the offering materials will be limited solely to the subject of the relationship between you and us. You agree to make any changes we deem necessary to describe the relationship accurately and completely. After we have approved the offering materials, you may proceed with the offering, but you must give us written notice of the commencement date of the offering at least thirty (30) days in advance, and your notice must confirm that the final offering materials are in the form we approved or explain any deviations from the materials we approved. All participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, we may require you to pay, in addition to the transfer fee under Section 7.3, a non-refundable fee of up to $10,000 to reimburse us for our costs and expenses associated with reviewing the proposed offering.

7.10. Sale or Assignment by PRAISE IAG. We have the right to transfer or assign all or any portion of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment that results in the subsequent performance by the assignee of our obligations under this Agreement, the assignee will become solely responsible for the obligations from the date of the assignment. You acknowledge that we can sell our assets, sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company, or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

8. DEFAULT AND TERMINATION

8.1. Termination without Notice. You will be in material default of this Agreement and, to the extent permitted by law, all rights granted by this Agreement will automatically terminate without notice to you if you become insolvent or make an assignment for the benefit of your creditors; if a receiver is appointed for your business; if execution is levied against your business assets; if a suit to foreclose any lien or mortgage is filed against you and not dismissed within 60 days; if a bankruptcy petition is filed by or against you and not dismissed within 60 days; or if your business entity is dissolved.

8.2. Termination without Cure Period. If any of the following events of default occurs, we will have the right to terminate this Agreement without giving you an opportunity to cure the default, effective immediately upon delivery of written notice to you:

8.2.1 If you do not have in operation the minimum number of IT'S A GRIND Stores required at each deadline specified in the Development Schedule;

8.2.2 If we terminate any Franchise Agreement based on your default;

8.2.3 If any Transfer occurs that does not comply with Section 7;

8.2.4 If you knowingly maintain false or misleading books or records or knowingly submit any false or misleading information to us;

8.2.5 If you or any Owner is convicted of, pleads guilty to, or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once you or the Owner has been arrested for or formally charged with a serious criminal offense, we will have the right to require that the individual(s) charged be removed from any active role in Developer's business pending final disposition of the charges;

8.2.6 If you or any Owner appears on any government list of "blocked" persons or your assets, property, or interests are "blocked" under any anti-terrorism law or similar law that prohibits us from doing business with you or the Owner.

8.3. Termination upon Expiration of Cure Period. If you fail to cure a default of any other provision of this Agreement within thirty (30) days after receiving written notice of default from us, this Agreement will terminate at the end of the thirty-day period without further notice from us.

8.4. Effect of Expiration or Termination. Upon expiration or termination of this Agreement, you will have no right to establish or operate any IT'S A GRIND Store for which we have not signed a Franchise Agreement before expiration or termination of this Agreement. We will be free to establish, and to franchise others to establish, IT'S A GRIND Stores at any location in the former Development Area except as may be otherwise provided under the terms of any Franchise Agreement that remains in effect between us and you.

8.5. No Refund. You will have no right to a refund of any part of the Development Fee upon expiration or termination of this Agreement, regardless of whether you have signed any Franchise Agreements.

9. BUSINESS ENTITY REQUIREMENTS

9.1. Ownership Information. If the Developer is a limited liability company, corporation, partnership, or other entity, Developer and each of the Owners represents and warrants that the ownership information on the cover page is correct and complete as of the Agreement Date. Developer must maintain a current list of all stockholders, general partners, limited partners, members, or other direct and indirect beneficial owners (as applicable) and furnish the list to us upon request. If any Owner is a business entity, you must provide all information we request concerning that business entity and its owners.

9.2. Key Person. **"Key Person"** means the individual who is responsible for managing the day-to-day development activities under this Agreement and who has the authority to bind Developer in all decisions regarding development of the IT'S A GRIND Stores. The Key Person may be, but need not be, an Owner. The initial Key Person is designated in Appendix A. We have the right to rely on any statement, agreement, or representation by the Key Person. If the Key Person leaves the Developer's organization, you must nominate a new Key Person within 30 days thereafter. If you have not obtained our approval of a new Key Person within 90 days, you will be in material default of this Agreement.

9.3. Governing Documents. At our request, you must promptly furnish us with copies of your articles of incorporation, bylaws, partnership agreement, certificate of formation, limited liability company operating agreement, or other governing documents, as applicable. You must give us at least thirty (30) days prior written notice of any proposed amendments to your governing documents. Your governing documents must provide at all times that your activities are confined exclusively to developing and operating IT'S A GRIND Stores. If any controlling Owner is a business entity, you must provide similar information concerning that business entity as we may request.

9.4. Control Arrangements. Any voting trust, management agreement, or other arrangement affecting the power to direct and control the affairs of Developer requires our prior written consent. You must furnish any information and documentation that we may request concerning a proposed control arrangement.

10. NOTICES

All notices related to this Agreement must be in writing and must be delivered in person or sent by certified mail, by national commercial delivery service, or by other written or electronic means which affords the sender reliable evidence of delivery or attempted delivery, to the addresses following our respective signature blocks, unless and until a different address has been designated by written notice to the other party.

11. INSURANCE AND INDEMNIFICATION

11.1. Insurance. You must buy and maintain the types and minimum amounts of insurance coverage that we specify from time to time for multi-store developers. All insurance policies must be written by a carrier with an industry rating acceptable to us; must name PRAISE IAG, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation rights against us, our affiliates, and their successors and assigns. Upon signing this Agreement, you must provide us with evidence of insurance coverage and payment of premiums. Thereafter, before each insurance policy expires, you must furnish us with a copy of each renewal or replacement insurance policy and evidence of payment of the premium. If you do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus a reasonable fee for our services. We may increase the amounts of coverage required and/or require different or additional kinds of insurance, including excess liability insurance, at any time on reasonable notice to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Your obligation to obtain coverage is not limited in any way by insurance that we maintain.

11.2. Indemnification. You agree to hold harmless, defend, and indemnify PRAISE IAG, its affiliates, and their respective past, present, and future officers, directors, shareholders, employees, and agents (collectively, **"Protected Parties"**) against: (i) any claims arising directly or indirectly from, as a result of, or in connection with your activities under this Agreement (collectively, **"Claims"**); and (ii) any liabilities, damages, losses, and expenses the Protected Parties incur as a result of such Claims, including but not limited to reasonable attorneys' fees, costs of investigation, settlement costs, and interest charges (collectively, **"Expenses"**). To the extent permitted by law, this indemnity includes Claims and Expenses alleged to be caused by the negligence of the Protected Parties, unless (and then only to the extent that) the Claim or Expense is finally determined by a court to have been caused solely by gross negligence or willful misconduct of the Protected Parties. With respect to any threatened or actual litigation, proceeding, or dispute which could directly or indirectly affect any of the Protected Parties hereunder, the Protected Parties will have the right, but no obligation, to: (i) choose counsel; (ii) direct, manage, and control the handling of the matter; and (iii) settle any Claim on behalf of the Protected Parties. Your obligations under this Section are not limited by the amount of your insurance coverage. This Section will survive the expiration or termination of this Agreement.

12. GENERAL PROVISIONS

12.1. Notice of Suit. You must immediately notify us in writing of any lawsuit or legal proceeding or any order, writ, injunction, award, or decree of any court or government agency that may adversely affect your financial condition or development of IT'S A GRIND Stores.

12.2. Independent Contractor. Nothing in this Agreement is intended to make us or you an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not assume liability for, or be deemed liable as a result of, any such action, nor will we be liable for your acts or omissions or any claim or judgment arising therefrom against you or us. You must hold yourself out to the public as an independent contractor operating under this Agreement. This Agreement does not create a fiduciary relationship between you and us.

12.3. Public Notice of Independent Status. You must conspicuously identify yourself by your own company name in all dealings with landlords, contractors, suppliers, public officials, and employees and on all business cards, stationery, advertising, payroll forms, purchase orders and other materials. No permitted use of the Marks in such materials may give the third party the impression that the third party is dealing with us rather than you or that you are acting on our behalf.

12.4. Severability. If any provision of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, the invalidity will not impair the operation of any other provisions of this Agreement that remain otherwise intelligible. The latter will continue to be given full force and effect and the invalid provision(s) will be deemed not to be a part of this Agreement.

12.5. No Implied Waiver. No failure to exercise any right reserved to us in this Agreement or to insist upon your strict compliance with any obligation or condition in this Agreement, and no custom or practice of the parties, will constitute a waiver of our right to exercise any right or to demand your compliance with this Agreement. Our waiver of any particular default will not affect or impair our rights with respect to any subsequent default. No delay, forbearance, or omission by us to exercise any power or right arising out of your breach or default will affect or impair our right to exercise the power; nor will it constitute a waiver of our right to declare any subsequent breach or default and to terminate this Agreement.

12.6. No Implied Third Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than Developer, the Owners, and us, and such of their successors and assigns as may be contemplated by Section 7 above.

12.7. No Implied Consent. Whenever this Agreement requires our prior approval or consent, you or the Owners must make a timely written request, and the approval or consent must be obtained in writing and signed by one of our officers. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent or suggestion in connection with this Agreement.

12.8. Survival of Obligations. All obligations which expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive expiration, termination, or Transfer.

12.9. Our Business Judgment. Unless otherwise expressly provided in this Agreement, whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take an action, we can make our decision or exercise our discretion based on our judgment of what is in our best interests. "Best interests" includes what we believe to be the best interests of the IT'S A GRIND brand at the time the decision is made or the right or discretion is exercised, even though (a) there may have been other alternative decisions or actions that could have been taken; (b) our decision or action taken promotes our own financial interest; or (c) our decision or the action may apply differently to different franchisees, multi-store developers, or IT'S A GRIND Stores. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a duty of good faith and fair dealing in this Agreement, we and you agree that the duty does not encompass any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

12.10. Entire Agreement. This Agreement and its Appendices constitute the entire agreement between you and us concerning the development rights and obligations for IT'S A GRIND Stores in the Development Area and supersede all prior agreements, negotiations, representations, and correspondence concerning the same subject matter, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that you received from us in connection with this Agreement. No amendment, change, or variance from this Agreement will be binding unless agreed to in writing and signed by authorized representatives of each party.

13. APPLICABLE LAW; DISPUTES

13.1. Governing Law. This Agreement and the relationship between us, you and the Owners is governed by the laws of the State of California, except that if Section 6.2 or any other provision of this Agreement would not be enforceable under the laws of California, and if the Development Area is located outside of California and the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. In the event of any conflict of law question, the laws of California will prevail, without regard to the application of California conflict-of-law rules. This Section is not intended to subject this Agreement or our relationship with you to any California statute or regulation that would not apply by its own terms without considering this Section.

13.2. Venue for Litigation. Developer and the Owners must file any lawsuit against us only in the federal or state court where our principal office is located at the time the suit is filed. We may file a lawsuit against Developer or the Owners in the federal or state court where our principal office is located or where Developer's principal office is located at the time the suit is filed. The parties waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

13.3. Time Limit on Filing. Any lawsuit you or the Owners file against us arising out of or relating to this Agreement must be filed and served within two (2) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

13.4. Waiver of Jury Trial. We, you and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim.

13.5. Waiver of Exemplary Damages. You and the Owners, on the one hand, and PRAISE IAG on the other, waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, multiple, or consequential damages against the other and agree that, in case of a dispute, each will be limited to the recovery of any actual damages sustained.

13.6. Class Action Waiver. TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST US.

13.7. Attorney's Fees and Costs. You must reimburse us for all expenses we reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement; and (b) in the defense of any claim asserted by Developer or the Owners on which we substantially prevail in court or other formal legal proceedings.

13.8. Remedies are Cumulative. Except as otherwise provided in this Section 13, no right or remedy under this Agreement is exclusive of any other right or remedy.

[Signature page follows]

PRAISE IAG FRANCHISOR, LLC

By:______________________________________

Title: ____________________________________

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below:

____

By:______________________________________

Print Name:________________________________

Title:______________________________________

Address for Notices:

____

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Address for Notices:

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APPENDIX A TO DEVELOPMENT AGREEMENT

DEVELOPMENT AREA (Section 1.1)

DEVELOPMENT SCHEDULE (Section 1.2)

Deadline:	Minimum cumulative number of IT'S A GRIND Stores that you must have open and operating in the Development Area by Deadline (see notes 1 and 2):

Note 1: Any existing IT'S A GRIND Stores acquired by Developer at the time of or before signing this Agreement do not count toward the required minimum numbers in the Development Schedule.

Note 2: Any IT'S A GRIND Store that closes within the time period of the Development Schedule will be subtracted from Developer's cumulative total if the IT'S A GRIND Store was previously counted toward the minimum requirements.

DEVELOPMENT FEE AND FRANCHISE FEES (Sections 2.1 and 2.2)

The franchise fees payable for each IT'S A GRIND Store required by the Development Schedule are:

First Store: $_____

Second Store: $_____

Third Store: $_____

The Development Fee is $_______________

KEY PERSON (Section 9.3)

The initial Key Person is _______________

APPENDIX B TO DEVELOPMENT AGREEMENT

FORM OF LEASE RIDER

THIS ADDENDUM is dated _______________ amends and supplements the Lease Agreement dated __________________ (the **"Lease"**) between ___________________________ ("Lessor") and ______________________________ (**"Lessee"**), a franchisee of PRAISE IAG FRANCHISOR, LLC (**"Praise IAG"**).

1. Lessor acknowledges that Lessee intends to operate a IT'S A GRIND® store at the premises specified in the Lease (the **"Premises"**) under the terms of a Franchise Agreement between Lessee and PRAISE IAG (the **"Franchise Agreement"**).

2. Lessor and Lessee agree as follows:

a. Lessor consents to Lessee's use of the Marks, signage, décor items and color scheme prescribed by Praise IAG for a IT'S A GRIND® store.

b. The use of the Premises is restricted solely to the operation of a IT'S A GRIND® store during the term of the Franchise Agreement.

c. Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the lease without Praise IAG's prior written consent.

d. Lessor will provide Praise IAG with copies of all notices of default given to Lessee under the Lease and a reasonable opportunity to cure the default on Lessee's behalf.

e. Praise IAG has the right to enter the Premises to make modifications necessary to protect its Marks and System (as defined in the Franchise Agreement) or to cure any default under the Franchise Agreement or under the Lease.

f. Praise IAG has the option, within thirty (30) days after expiration or termination of the Franchise Agreement, and upon notice to Lessor, to assume (or to have Praise IAG's designee assume) all of Lessee's rights and obligations under the Lease, including any right to assign or sublease.

g. Lessee has the right, without the prior approval of Lessor, to remodel the Premises as and when required by the Franchise Agreement.

h. Lessee has the right, without Lessor's prior approval, to assign the Lease or sublet the leased Premises to PRAISE IAG or any of its affiliates, or to any other franchisee of Praise IAG.

i. Lessor and its affiliates will not lease space in property owned, managed or controlled by them within one-half mile of the Premises to any foodservice brand or outlet (not including other IT'S A GRIND Stores) featuring coffee, coffee-based drinks, or coffee-related products as a principal menu item (a **"Competing Business"**); and

j. Lessor and Lessee will not amend the lease in any manner that could materially affect the foregoing requirements without Praise IAG's prior written consent.

3. PRAISE IAG is a third party beneficiary with the independent right to enforce the provisions of this Addendum.

LESSOR

By: ______________________________

LESSEE

By: ______________________________

APPENDIX C TO DEVELOPMENT AGREEMENT

PERSONAL GUARANTEE

As an inducement to PRAISE IAG FRANCHISOR, LLC (**"Praise IAG"**) to execute a Development Agreement (the **"Agreement"**) with ______________________________ (**"Developer"**), a ______________, the undersigned individuals (collectively, the **"Guarantors"**), jointly and severally, hereby unconditionally guarantee to PRAISE IAG, its affiliates, and their successors and assigns (collectively, **"It's A Grind"**) that all of Developer's obligations under the Agreement, and under other agreements or arrangements between the Developer and Company, will be punctually paid and performed.

1. Guarantee. Upon demand by It's A Grind, the Guarantors will immediately make each contribution or payment required of Developer under the Agreement and under other agreements or arrangements between Developer and It's A Grind. Each Guarantor waives any right to require It's A Grind to: (a) proceed against Developer or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Developer or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, It's A Grind may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity. The Guarantors agree to hold harmless and indemnify It's A Grind against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) arising out of or in connection with any failure by Developer to perform any obligation under the Agreement or any other agreement between Developer and It's A Grind.

3. Other Personal Obligations. The Guarantors acknowledge and agree to be bound personally by all restrictions on competition, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement. The Guarantors may not disclose to any third party or make use of any Confidential Information (as defined in the Agreement) they may have received from It's A Grind, by virtue of their involvement in the business, or via their ownership interest in Developer.

4. Survival of Obligations. Upon the death of a Guarantor, the Guarantor's estate will remain bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

5. Spouses. By signing the Spouse's Acknowledgment, the spouse of each Guarantor acknowledges and consents to It's A Grind relying on all assets of the Guarantor, including jointly owned marital property, in accepting the Guarantor's obligations hereunder. The Spouse's Acknowledgment is for the sole purpose of such acknowledgment and consent and does not make the spouse a guarantor or subject his or her separate property to this Guarantee.

GUARANTOR:	SPOUSE'S ACKNOWLEDGMENT:
Printed Name: ______________________	Printed Name: ______________________
Signature: ______________________	Signature: ______________________
Date: ______________________	Date: ______________________

GUARANTOR:

Printed Name: ______________________

Signature: ______________________

Date: ______________________

SPOUSAL ACKNOWLEDGMENT:

Printed Name: ______________________

Signature: ______________________

Date: ______________________

GUARANTOR:

Printed Name: ______________________

Signature: ______________________

Date: ______________________

SPOUSAL ACKNOWLEDGMENT:

Printed Name: ______________________

Signature: ______________________

Date: ______________________

APPENDIX D TO DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

______[name of Developer]___ (**"Developer"**) has entered into a Development Agreement (the **"Development Agreement"**) with PRAISE IAG FRANCHISOR, LLC (**"Praise IAG"**) to develop IT'S A GRIND® stores in a defined geographic area (the **"Development Area"**). Under the Development Agreement, Praise IAG can require that certain individuals affiliated with Developer bind themselves personally to the confidentiality obligations and restrictions on competition contained in the Development Agreement. You therefore agree as follows:

1. You are signing this Agreement for the benefit of both Developer and Praise IAG, as a condition of your employment by, ownership interest in, or other role with Developer. Praise IAG has the right to enforce this Agreement directly against you.

2. You will or might gain access to Confidential Information (as defined in the Development Agreement) as a result of your role with Developer. You agree that you will: (a) not use the Confidential Information in any other business or capacity; (b) exert best efforts to maintain the confidentiality of the Confidential Information; and (c) not make unauthorized copies of any Confidential Information. If your affiliation with Developer ends, you must deliver to Praise IAG any Confidential Information in your possession or control.

3. While the Development Agreement is in effect and you continue in your role with Developer, you will not, without Praise IAG's consent (which may be withheld at Praise IAG's discretion) directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any other foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any IT'S A GRIND® stores that Developer operates under other agreements with Praise IAG) (**"Competing Business")**.

4. For two (2) years after (i) your relationship with Developer ends; (ii).the expiration or termination of the Development Agreement; or (iii) the approved transfer of the Development Agreement to a new developer, whichever comes first, you will not, without Praise IAG's consent (which may be withheld at Praise IAG's discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any Competing Business operating within the Development Area or within ten (10) miles of any IT'S A GRIND® stores. If you do not abide by any of the foregoing restrictions and Developer or Praise IAG obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached restriction will continue in effect for a period of time ending two (2) years after the date of the order enforcing the restriction.

5. You acknowledge that enforcement of the restrictions contained in Paragraphs 3 and 4 will not deprive you of the ability to earn a living. If a court rules that any of these restrictions is unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited, and/or length of time, you agree to comply with any lesser restriction deemed enforceable by the court. If Developer or Praise IAG initiates a legal proceeding to enforce this Agreement and prevails in the proceeding, you agree to reimburse Developer or Praise IAG for its enforcement costs and expenses, including reasonable attorneys' fees.

[DEVELOPER]	**YOU**
______________________________	______________________________

EXHIBIT F

COLLATERAL ASSIGNMENT OF LEASE

PRAISE IAG FRANCHISOR, LLC
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ______________________________________ ("Assignor"), hereby assigns, transfers any assets over unto **Praise IAG Franchisor, LLC,** a California limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the "Lease"), respecting premises commonly known as Space No. ___of that certain shopping center legally described in the Lease as _______ ___________________. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for an It's A Grind Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee or its designee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal, provided that Assignee shall have the right but not the obligation to exercise such extension or renewal options.

This Assignment shall inure to the benefit of Assignee and its successors and assigns and shall be binding upon Assignor, and Assignor's heirs, personal representatives, officers, partners, successors and assigns.

[SIGNATURE BLOCKS ON NEXT PAGE]

Upon recordation, return to Praise IAG Franchisor, LLC, at 14071 Stage Rd, Santa Fe Springs, California 90670.

PRAISE IAG FRANCHISOR, LLC

By: ______________________________

Title: ______________________________

Attest: ______________________________

ASSIGNOR(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

ASSIGNOR(S) (Corp., LLC or Partnership)

____
Name

a/an ____________________ corporation

a/an ____________________ partnership

a/an ________ limited liability company

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee shall take possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: ____________________________

____

____________________________________ Lessor

SIGNED AND SEALED this ______ day of ____________________, 20____.

____

Notary Public

EXHIBIT G TO THE
PRAISE IAG FRANCHISOR, LLC
DISCLOSURE DOCUMENT

NON-TRADITIONAL AUTHORIZED LOCATION ADDENDUM

ADDENDUM TO
IT'S A GRIND FRANCHISE AGREEMENT
FOR A NON-TRADITIONAL AUTHORIZED LOCATION

This Addendum is made to the It's A Grind Franchise Agreement (the "Franchise Agreement") between Praise IAG Franchisor, LLC (the "Franchisor"), and ______________________________ ______________________________ (the "Franchisee"), dated ______________________.

1. **Preservation of Agreement.** Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum amends and supplements the Franchise Agreement and is attached to, and upon execution becomes an integral part of, the Franchise Agreement. To the extent there is any conflict between the terms of the Franchise Agreement and this Addendum, this Addendum will control.

2. **Definitions.** The following terms shall be defined as provided below.

"Authorized Location" - The Authorized Location on the Premises for Franchisee's It's A Grind Store is limited to the area marked on the site plan on the attached Exhibit B and is a non-Traditional site without a Protected Area, as specified on Exhibit FA-1 of the Franchise Agreement. Franchisee's It's A Grind Store is operated in and limited to the space designated as the Authorized Location.

"Co-Branded Business(es)" – One or more business concept(s) operated at the Premises in which Franchisee's It's A Grind Store is located and operated.

"Common Areas" – Portions of the Premises which can be shared by Franchisee's It's A Grind Store and another business operating on the Premises, including but not limited to parking, restrooms, and storage areas.

"Premises" – The real estate, building and improvements where Franchisee's It's A Grind Store is located, as specifically identified on the attached Exhibit A.

3. **Trademarks.** Franchisor and Franchisee acknowledge that Co-Branded Businesses will be operated at the Premises and will conduct business under their respective trademarks, service marks and trade names. Franchisee agrees not to conduct any business other than an It's A Grind Store from the Authorized Location and not to use or display the Marks anywhere on or around the Premises and outside of the Authorized Location without Franchisor's prior written consent. Franchisee will not use or display, or permit others to use or display, the Marks in conjunction with any Co-Branded Business trademarks, service marks, trade names or other commercial identifiers without Franchisor's prior written approval.

4. **Fees.**

A. Notwithstanding the initial franchise fee amount stated in Section 5.1, Franchisee agrees to pay Franchisor an initial franchise fee in the sum of _______________ Thousand Dollars ($__________) in the form of a cashier's check or by bank wire transfer upon execution of the Agreement and this Addendum.

B. . During the term of this Agreement, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, the greater of the Minimum Royalty amount, as defined herein, or the Continuing Royalty Fee equal to six percent (6%) of Franchisee's Gross Sales each week for the term of the Franchise Agreement in accordance with procedures specified in the Franchise Agreement, or as otherwise directed by Franchisor. The current Minimum Royalty amount is Two Hundred Fifty Dollars ($250) each week and is subject to the inflation adjustment as provided herein. The Minimum Royalty amount is first owed for the second full calendar month following the month in which Franchisee's It's A Grind Store is first open to the public. Franchisor can adjust the Minimum Royalty amount on an annual basis with at least sixty (60) days advance notice of any such percentage adjustment to Franchisee and in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year up. Any reference to the Continuing Royalty Fee in the Franchise Agreement shall be deemed to include the Minimum Royalty amount.

5. **Site Development and Image and Other Standards for Non-Traditional Locations,** Franchisor and Franchisee acknowledge that the non-Traditional nature of Franchisee's It's A Grind Store can mean that the construction, improvement, operation and appearance of the Authorized Location will differ in some respects from a Traditional It's A Grind Store and/or that Franchisor may desire to deviate from then current It's A Grind Store standards, specifications, practices, policies, programs and procedures to accommodate the existence of Common Areas and other non-Traditional aspects of the site and/or Store operations. Franchisor and Franchisee will co-operate to identify and implement such accommodations, provided that Franchisor reserves the exclusive right to determine any changes to standards, specifications and procedures it may adopt or implement and to modify them as it considers appropriate from time to time. In any event, Franchisee's It's A Grind Store shall be constructed, improved and operated in the manner authorized and approved by Franchisor.

6. **Operating Standards and Inspections.** Franchisor and Franchisee also acknowledge that certain aspects of the operations of the Authorized Location may deviate in some respects from a Traditional It's A Grind Store. Franchisor reserves the right to make changes in the operating standards, specifications and procedures which are necessary or desirable to accommodate the concurrent operation of any Co-Branded Business on the Premises and other non-Traditional aspects of the site and to modify any standards, specifications and procedures as it considers appropriate from time to time. Franchisor and Franchisee will co-operate to identify and implement such accommodations, provided that Franchisor reserves the exclusive right to determine any changes to standards, specifications and procedures it may adopt or implement. In any event, Franchisee's It's A Grind Store and the Common Areas shall be in good repair and operated and/or maintained in the manner authorized and approved by Franchisor and consistent with It's A Grind image and quality standards. Franchisor's right to inspection to evaluate Franchisee's compliance with system standards and specifications as provided in Section 8.2 shall apply to the Authorized Location and the Common Areas and Franchisor shall have a right to enter the Premises. Franchisee agrees to obtain the right, on behalf of itself and Franchisor, to enter the It's A Grind Store, the Common Areas and the Premises from the appropriate authorizing party(ies) to fulfill the objectives of this Agreement and Addendum.

7. **Franchisee's It's A Grind Store Staff.** Franchisee agrees that employees working at the Authorized Location will wear the then-current It's A Grind logo apparel/uniform and will be neat, clean, courteous and competent in servicing customers. A manager who has successfully completed initial training and met then-current standards must be on site at the Authorized Location during all It's A Grind Store operating hours. Employees working in Franchisee's It's A Grind Store must be solely dedicated to the

operation of the Store and may not work in any other business Franchisee owns or operates without Franchisor's prior written consent.

8. **Signs.** It's A Grind signage outside of the Authorized Location is not permitted without the Franchisor's prior written consent. It's A Grind signage will only be displayed in the manner and at such locations as Franchisor authorizes in writing.

9. **Competitive Products.** Franchisee agrees that any Co-Branded Business operated by Franchisee or any Franchisee Affiliate will not offer or sell items competitive with the It's A Grind menu items without the express written authorization of Franchisor.

10. **POS System.** Unless otherwise authorized by Franchisor in writing, Franchisee agrees that all sales of It's A Grind menu items and any other products offered/sold, or to be offered/sold, at Franchisee's It's A Grind Store shall be processed using the POS computer system, as provided in Section 8.10 of the Franchise Agreement, and through no other system or register, including but not limited to, any system or register employed in connection with a Co-branded Business operated by Franchisee.

11. **Advertising or Promotional Items.** Franchisee agrees to display at the It's A Grind Store only those advertising or promotional items which have Franchisor's prior written authorization.

12. **It's A Grind Store Records.** Franchisee agrees to maintain full, complete and accurate books, records and accounts for the It's A Grind Store separately from any other business operations, including any Co-branded Business on the Premises, and to otherwise comply with Section 10.1 of the Franchise Agreement.

13. **Insurance.** To the extent that any Co-Branded Business operates on or from the Premises, Franchisee agrees to ensure that each such business shall have and maintain comprehensive general liability insurance, including product liability and personal injury and property damage coverage, in such amounts as are reasonably satisfactory to Franchisor and apply to the Premises and Common Areas, as well as to the Co-Branded Business. Each policy will name Franchisor and its Affiliates as additional insured and insure Franchisor and its Affiliates against liability for acts and omissions of the employees and agents of any Co-Branded Business. Franchisee agrees to comply with the Franchisor's insurance requirements, as specified in Section 10.3 and the Operations Manual, and ensure that the coverage under all applicable policies extends to the Premises and Common Areas.

14. **Indemnification.** As to the Indemnified Parties identified in Section 11.2 of the Franchise Agreement and in addition to the provisions of such Section, Franchisee is responsible for all losses or damages or contractual liabilities to third persons arising out of or in connection with the possession, ownership or operation of the It's A Grind Store, the Common Areas and/or any other business operated on the Premises, and for all claims or demands for damages to property or injury, illness or death of persons directly or indirectly resulting there from. Franchisee agrees to defend, indemnify and hold harmless the Indemnified Parties, including without limitation, Praise IAG Franchisor, LLC, Praise International North America, Inc., Praise IAG Stores, LLC, the It's A Grind System, any and all persons and entities affiliated in any manner with the It's A Grind System, and any and all predecessors, successors or assigns to any such person, corporation or other entity, and any and all past, present and future directors, managers, shareholders, members, officers, employees, salespersons, agents, attorneys, accountants, joint venturers, brokers (including, without limitation, franchise brokers, business opportunity brokers and similar marketing or referral agents or representatives), consultants and other representatives of any

such party from any such claims, including, without limitation, all claims under all franchise laws, securities laws, unfair and deceptive practices laws and similar laws, demands, losses, obligations, expenses, debts, liabilities, damages, penalties, fines, settlements and causes of actions ("Claims"), including but not limited to employment related claims involving Franchisee. Franchisor's right to indemnity shall be valid notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation, or other legal requirement. Without limiting the foregoing, Franchisee agrees to defend, indemnify and hold harmless the Indemnified Parties from, against and with respect to any Claims (including related consultant and investigative fees, costs and expenses) resulting from or attributable to (i) the presence, disposal, migration, release, or threatened release of any hazardous substance that is on, from or affecting the Premises, including soil, water, vegetation, buildings and otherwise; (ii) any violation of any laws/regulations applicable to any such hazardous substance; (iii) any lawsuits or administrative order relating to such hazardous substance(s); or (iv) any bodily injury (including wrongful death) or real or personal property damage arising out of or relating to hazardous substances.

15. **Transfers.** In addition to the provisions of Section 14.3, any proposed transferee will be required to execute the then current form agreements or addenda applicable to a non-Traditional It's A Grind Store, which may contain materially different terms than those in the current form agreement/addenda.

16. **Renewal.** In addition to the provisions of Section 3.2, on any renewal term Franchisee will be required to execute the then current form agreements or addenda applicable to a non-Traditional It's A Grind Store, which may contain materially different terms than those in the current form agreement/addenda.

17. **Termination.** If Franchisee owns and operates a Co-Branded Business on the Premises, the following language shall be added to Section 15.2 (1):

(q) Franchisee ceases to operate its Co-Branded Business on the Premises without Franchisor's consent and not as a result of circumstances beyond Franchisee's reasonable control, such as lack of electrical power, weather conditions, earthquakes, strikes and similar causes.

18. **De-identification of the Premises.** Franchisee agrees that on the termination, expiration and/or non-renewal of the Agreement, Franchisee will immediately remove or make such changes in signs and the Premises as Franchisor shall require so as to distinguish the Premises, including the Authorized Location and Common Areas, from its former appearance or any other It's A Grind Store.

19. **Addendum to Franchise Agreement.** For purposes of Section 19, this Addendum shall be deemed a part of the "Entire Agreement."

20. **Representation by Franchisee.** Franchisee warrants and represents that by entering into the Agreement and this Addendum Franchisee is not breaching or otherwise defaulting under any agreement or understanding with any third party relating to the Premises, any Co-Branded Business at the Premises, or otherwise.

This Addendum is agreed to and accepted by the parties on the dates set forth below and becomes effective upon execution by Franchisor.

"FRANCHISOR"	"FRANCHISEE"
PRAISE IAG FRANCHISOR, LLC	IF FRANCHISEE IS AN INDIVIDUAL:
By: ______________________	Sign Name: ______________________
Title: ______________________	Print Name: ______________________
Date: ______________________	Date: ______________________

Sign Name: ______________________

Print Name: ______________________

Date: ______________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: ______________________
Print Name: ______________________
Title: ______________________
Date: ______________________

By: ______________________
Print Name: ______________________
Title: ______________________
Date: ______________________

All Owners of Business Entity Franchisee must sign this Agreement.

"Owner"
Individually: ______________________
Print Name: ______________________
Date: ______________________

"Owner"
Individually: ______________________
Print Name: ______________________
Date: ______________________

EXHIBIT H

GENERAL RELEASE

GENERAL RELEASE

This General Release ("Release") is made by and among Praise IAG Franchisor, LLC, a California limited liability company, ("FRANCHISOR") and ____ ____________________ ("FRANCHISEE"), effective as of the date of execution of this Release by both FRANCHISOR and FRANCHISEE ("Effective Date") with reference to the following facts:

A. FRANCHISEE has elected to enter into a franchise agreement with FRANCHISOR to open and operate a "It's A Grind" store and/or kiosk (the "Business") pursuant to the "It's A Grind" Franchise Agreement between FRANCHISOR and FRANCHISEE dated ______________________________ _______ (the "Franchise Agreement"); and

B. FRANCHISOR has agreed to execute the franchise agreement on condition, among other things, that FRANCHISEE execute this General Release.

THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, FRANCHISEE and FRANCHISOR hereby agree as follows:

1. <u>Release</u>. FRANCHISEE hereby absolutely and forever releases and discharges FRANCHISOR and its Related Parties, from and against any and all Claims of FRANCHISEE arising out of or relating to the offer or sale of the Franchise Agreement, including violations of any Federal or state law, rule or regulation pertaining thereto. "Related Parties" means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors and representatives. "Claims" means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time heretofore ever had, owned or held, or at any time hereafter has, owns or holds. FRANCHISEE hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part based upon, any Claim released hereunder.

2. <u>Waiver</u>. FRANCHISEE acknowledges that it is familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

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

FRANCHISEE hereby expressly waives and relinquishes every right or benefit which FRANCHISEE has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, with respect to the matters released by FRANCHISEE under paragraph 1 to the full extent that FRANCHISEE may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to said matters released by FRANCHISEE, FRANCHISEE acknowledges that it is aware that it may hereafter discover facts in addition to or different from those which FRANCHISEE now knows or believes to be true with respect to the subject matter of this Release, but that it is FRANCHISEE'S intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

3. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

4. Acknowledgment. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

5. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrong doing by any party hereto.

6. No Assignment. FRANCHISEE represents and warrants to FRANCHISOR that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Released Matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, or convey any such claim hereafter.

7. Choice of Law. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of California. If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties hereby agree that the Superior Court of California, County of Orange, shall be the sole jurisdiction and venue for bringing of the action.

8. Gender. Whenever in this Agreement the context may so require, the feminine, masculine or neuter gender shall be deemed to refer to and include the neuter, feminine and masculine, and the singular to refer to and include the plural.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the date set forth above its/his name below.

DATED: ____________________, 20___	DATED: ____________________, 20___
PRAISE IAG FRANCHISOR, LLC a California limited liability company	**FRANCHISEE**
By: ____________________	By: ____________________
Its: ____________________	By: ____________________

EXHIBIT I

LIST OF CURRENT FRANCHISEES

LIST OF FRANCHISEES AS OF JUNE 30, 2017

FRANCHISEE	CONTACT LAST NAME	CONTACT FIRST NAME	STREET ADDRESS	CITY	STATE	ZIP	PHONE NUMBER
Beardog Diversified, Inc.	Barisoff	Shannon	5933 East Spring Street	Long Beach	CA	90808	(562) 497-9848
Four Fatchen Beans, Inc.	Fatchen	Norma	6 West Eaton Road	Chico	CA	95973	(530) 332-9250
Francisco and Denise Valenzuela	Valenzuela	Francisco	3833 Bedford Canyon Road	Corona	CA	92883	(951) 272-2900
Ghassan Nasr	Nasr	Ghassan (Gus)	13295 South Street	Cerritos	CA	90703	(562) 402-2062
Hassan Fahimi Chahestani	Chahestani	Hassan	25522 Marguerite Parkway	Mission Viejo	CA	92692	(949) 768-2633
House of Brew, Inc.	Yagen	Dennis	9385 Elk Grove Boulevard	Elk Grove	CA	95624	(916) 714-2725
House of Brew, Inc.	Yagen	Dennis	10305 Promenade Parkway	Elk Grove	CA	95757	(916) 544-6280
J&B Investments, LLC	Corralejo	Brian	888 New Los Angeles Avenue	Moorpark	CA	93021	(805) 523-3339
Kahawa, LLC	Makwana	Sandeep	4005 West Parmer Lane, Suite A	Austin	TX	78727	(512) 833-5858
Lanfranco Group, Inc.	Lanfranco	Lea	29641 The Old Road	Castaic	CA	91384	(661) 702-9636
Mandalien, LLC	Lien	Nancy	1223 South Diamond Bar Boulevard	Diamond Bar	CA	91765	(909) 861-5120
Martin Torres	Torres	Martin	44421 20th Street E.	Lancaster	CA	93535	(661) 723-9606
Patrick Thyfault	Thyfault	Patrick	33215 State Highway 79	Temecula	CA	92592	(951) 303-0053
Poetry Cup, Inc.	Ghaseminia	Jay	28039 Scott Road	Murrieta	CA	92584	(951) 679-3549
Poetry Cup, Inc.	Ghaseminia	Jay	40444 Murrieta Hot Springs Road	Murrietta	CA	92563	(951) 677-6361
Simply Espresso, Inc.	McCabe	Tim	10420 Twin Cities Road	Galt	CA	95632	(209) 744-9770
Tava, Inc.	Varesiss	George	2 North Road	East Windsor	CT	06088	(860) 903-1455

EXHIBIT J

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT DURING FISCAL YEAR 2017

None.

FRANCHISEES WHO TRANSFERRED AN OUTLET DURING FISCAL YEAR 2017

Franchisee	Street Address	City	State	Zip	Phone Number
Four Fatchen Beans, Inc.	6 West Eaton Road	Chico	CA	95973	(530) 332-9250
Lanfranco Group, Inc.	29641 The Old Road	Castaic	CA	91384	(661) 702-9636
Ghassan Nasr	13295 South Street	Cerritos	CA	90703	(562) 402-2062

EXHIBIT M

OPERATING MANUAL TABLE OF CONTENTS

IT'S A GRIND OPERATING MANUAL

Table of Content

Praise International Phone Directory

Chapter 1 – Introduction

Our Story	1.1
Our Vision, Mission and Values	1.2
Total Pages	**3**

Chapter 2 – Team

World Class	2.1
Store System	2.2
Coffee University	2.3
• Espresso Standards Booklet	
• PASEC Certification	
• TDP L1	
• TDP L2	
Franchise Partner Induction Program	2.4
Learning & Development	2.5
TODDY Learning	2.6
Total Pages	**265**

Chapter 3 – Operations Standards

Back of House Stock Placement	3.1
New Store Opening Checklist	3.2
Manager Tools for Tracking	
a) The Hot Sheet Workbook	3.3a
Total Pages	**32**

Chapter 4 – Our Menu

Menu Standards	4.1
Ordering	4.2
Total Pages	**4**

Chapter 5 – Food Program

Food Program	5.1
Total Pages	**20**

Chapter 6 – Daily Book/Safety/OHS

CARES	6.1
Food Safety Program	6.2
Recall Protocol	6.3
Pest Control Protocol	6.4
Supplier Partners Quality System	6.5
HACCP (Hazard Analysis Critical Control Points)	6.6
The Daily Book	6.7
Store System 4 OH&S	6.8
OH&S Manual – How To Use	6.9
Total Pages	**45**

Chapter 7 – Aloha Manager/Enterprise/POS

PCI Compliance Overview	7.1
Service Desk – Resource POS	7.2
Top 10 Troubleshooting Techniques	7.3
Crash Kit	7.4
Total Pages	**4**

Chapter 8 – Sales and Profit

Promotion Execution	8.1
Community Based Marketing	8.2
Open House/On the House	8.3
Perks Program	8.4
Store Incentive Template	8.5
Bean Fest/Coffee Cupping	8.6
Social Media Policy	8.7
Facebook	8.8
Total Pages	**41**

Chapter 9 – The Operations Review Cycle

Store Business Plan	9.1
Guest Experience Report	9.2
Action Plan	9.3
Total Pages	**17**

Chapter 10 – With Heart

Introduction to With Heart	10.1
Total Pages	**5**

Section Summary

Praise International Phone Directory	**1**
Chapter 1 – Introduction	**3**
Chapter 2 - Team	**265**
Chapter 3 – Operations Standards	**32**
Chapter 4 – Our Menu	**4**
Chapter 5 – Food Program	**20**
Chapter 6 – Daily Book/Safety/OHS	**45**
Chapter 7 – Aloha Manager/Enterprise/POS	**4**
Chapter 8 – Sales and Profit	**41**
Chapter 9 – The Operations Review Cycle	**17**
Chapter 10 – With Heart	**5**
Total Pages	**437**

EXHIBIT N

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
PRAISE IAG FRANCHISOR, LLC

The following additional disclosures for the Franchise Disclosure Document of PRAISE IAG FRANCHISOR, LLC, are required by various state franchise law. Each provision of these additional requirements will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. Neither the Franchisor nor any person identified in Item 2 of the 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 person from membership in such association or exchange.

2. California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may be rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

3. Our Resource Locator ("URL") address is www.itsagrind.com

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

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

5. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

6. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

8. The Franchise Agreement and Area Development Agreement at require that you must sign a general release if you transfer your franchise or area development rights. California Corporations Code Section 31512 provides that any condition, stipulation or provision is void that purports to bind any person acquiring a franchise to waive compliance with any provision of that law, or any rule or order thereunder.

ILLINOIS

1. The "Summary" section of Item 17(v) of the Franchise Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

> Litigation in court of general jurisdiction closest to our principal place of business (currently Santa Fe Springs, California), except any provision in the Franchise Agreement that designates jurisdiction or venue outside of the State of Illinois is void under Sections 4 and 41 of the current Illinois Franchise Disclosure Act, provided that the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The "Summary" section of Item 17(v) of the Area Development Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

> Any action will be brought in the appropriate state or federal court nearest to our then current principal place of business (currently Santa Fe Springs, California), except any provision in the Area Development Agreement that designates jurisdiction or venue outside of the State of Illinois is void under Sections 4 and 41 of the current Illinois Franchise Disclosure Act, provided that the Area Development Agreement may provide for arbitration in a forum outside of the State of Illinois.

MICHIGAN

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

A. A prohibition on the right of a franchisee to join an association of franchisees.

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be direct to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48933
(517) 373-1160

Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

MINNESOTA

1. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the Item 17 tables for the Franchise Agreement and the Area Development Agreement:

> With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and/or Area Development Agreement.
>
> Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement and/or Area Development Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota.
>
> Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.
>
> Minn. Rule Part 2860.4400J prohibits a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement and/or Area Development Agreement to the extent the law allows.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as disclosed in Item 3, with regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

A. There is no pending administrative, criminal, or civil action alleging: a felony; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations or was a party to any material civil action involving the franchise relationship in the last fiscal year.

B. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

C. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as disclosed above, no person identified in Item 1, and no officer of franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this disclosure document have, during the 10 year period immediately preceding the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within 1 year after that officer or general partner of ours held this position in the company or partnership.

4. The "Summary" sections of Item 17(c) of the Franchise Agreement table entitled **Requirements for franchisee to renew or extend** and Item 17(m) of the Franchise Agreement table and the Area Development Agreement table, entitled **Conditions for franchisor approval of transfer**, are amended by adding the following:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following is added to the end of the "Summary" sections of Item 17(j) of the Franchise Agreement table and the Area Development Agreement table, entitled **Assignment of contract by franchisor**:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement and/or Area Development Agreement.

6. The following language is added to the end of the "Summary" sections of Item 17(v) of the Franchise Agreement table and the Area Development Agreement table, entitled **Choice of forum**:

; however, the choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The following is added to the end of the "Summary" sections of Item 17(c) of the Franchise Agreement table, entitled **Requirements for franchisee to renew or extend**, and Item 17(m) of the Franchise Agreement table and the Area Development table, entitled **Conditions for franchisor approval of transfer**:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" sections of Item 17(r) of the Franchise Agreement table and the Area Development Agreement table, entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. The following language is added to the end of the "Summary" sections of Item 17(u) of the Franchise Agreement table and the Area Development Agreement table, entitled **Dispute resolution by arbitration or mediation**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v) of the Franchise Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

> Litigation in court of general jurisdiction closest to our principal place of business, except that, subject to your arbitration obligation and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The following language is added to the end of the "Summary" section of Item 17(v) of the Area Development Agreement table, entitled **Choice of forum**:

> , except that, subject to your arbitration obligation and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The "Summary" section of Item 17(w) of the Franchise Agreement table, entitled **Choice of law**, is deleted and replaced with the following:

> Except as otherwise required by North Dakota law, the laws of the state of where the Store is located will apply.

7. The following language is added to the end of the "Summary" section of Item 17(w) of the Area Development Agreement table, entitled **Choice of law**:

> and except as otherwise required by North Dakota law.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law** of the Franchise Agreement table and the Area Development Agreement table:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement or area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

SOUTH DAKOTA

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

VIRGINIA

The following language is added to the end of the "Summary" section of Item 17(h) of the Franchise Agreement Table and the Area Development Table, entitled **"Cause" defined – non-curable defaults**:

> In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of PRAISE IAG FRANCHISOR, LLC, for use in the Commonwealth of Virginia shall be amended as follows:
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Area Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is made and entered into by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ ("FRANCHISEE") whose principal address is ____ ____________________________.

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated ________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of Illinois and/or (b) FRANCHISEE will operate the IT'S A GRIND STORE in Illinois and the offer or sale of the franchise for the IT'S A GRIND STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Illinois.

2. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of the sentence of Sections 16.3(i) and 16.4 of the Franchise Agreement:

> ; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

3. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 16.5 of the Franchise Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

4. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

5. **ACKNOWLEDGMENTS**. The following is added to the end of Section 18 of the Franchise Agreement:

> However, nothing contained in this Section shall constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By: ______________________________
Signature

____
Name

____
Title:

Date: ______________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE (Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an ____________ limited liability company

By: ______________________________

Signature

____
Name and Title

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER made this __day of ___________________________, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ ("DEVELOPER") whose principal address is ____ ______________.

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated __________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of Illinois and/or (b) DEVELOPER'S Designated Territory is located in Illinois and the offer or sale activity relating to the Area Development Agreement occurred in the State of Illinois.

2. **ENFORCEMENT**. The following language is added to the end of Section XVIII(b) of the Area Development Agreement:

> However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

3. **LIMITATION OF CLAIMS**. The following language is added to the end of Section XVIII(e) of the Area Development Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

4. **JURY TRIAL**. The following language is added to the end of the second sentence in Section XVIII(f) of the Area Development Agreement:

> ; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

5. **ACKNOWLEDGMENTS**. The following is added to the end of Section XXII of the Area Development Agreement:

> However, nothing contained in this Section shall constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

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

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:______________________________

Title:______________________________

DATED:______________________________

DEVELOPER

(IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:______________________________

Title:______________________________

DATED:______________________________

(IF DEVELOPER IS AN INDIVIDUAL AND NOT A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

DATED:______________________________

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Rider is made and entered into by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ ("FRANCHISEE") whose principal address is ____ ____________________________.

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated ________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE will operate the IT'S A GRIND STORE in Minnesota and/or (b) the offer or sale of the franchise for the IT'S A GRIND STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Minnesota.

2. **RELEASES**. The following language is added to the end of Section 3.2C, the end of Section 14.3J, the end of Section 14.3P, and at the end of Section 14.4A of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **TERMINATION OF FRANCHISE BY FRANCHISOR** The following language is added to the end of Section 15.2 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, FRANCHISOR will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If required by the Minnesota Franchises Law, Sections 16.3(i) and 16.4 of the Franchise Agreement is deleted.

5. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 16.5 of the Franchise Agreement:

> However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

6. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit FRANCHISOR, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement shall abrogate or reduce any of FRANCHISEE's rights under Minnesota Statutes Chapter 80C or FRANCHISEE's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By: ______________________
Signature

____
Name

____
Title:

Date: ______________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE (Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an ____________ limited liability company

By: ______________________

Signature

____
Name and Title

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER made this __day of ____________________________, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ ______ ("DEVELOPER") whose principal address is ____ ______________________.

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated __________________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER's Designated Territory is located in Minnesota and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of Minnesota.

2. **DEFAULT AND TERMINATION**. The following language is added to the end of Section VIII of the Area Development Agreement:

> However, with respect to franchises governed by Minnesota law, FRANCHISOR will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

3. **RELEASES**. The following language is added to the end of Section IX(c) of the Area Development Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **ENFORCEMENT**. The following language is added to the end of Section XVIII(b) of the Area Development Agreement:

> However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit FRANCHISOR, except in certain specified cases, from requiring litigation to be conducted outside Minnesota.

5. **INJUNCTIVE RELIEF**. Section XVIII(d) of the Area Development Agreement is deleted in its entirety and replaced with the following:

> (d) Nothing in this Agreement bars FRANCHISOR's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause FRANCHISOR, the Names and Marks and/or the IT'S A GRIND System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to FRANCHISOR's obligation to arbitrate the underlying claim if required by Section XIX). DEVELOPER agrees

that FRANCHISOR may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. DEVELOPER agrees that FRANCHISOR will not be required to post a bond to obtain injunctive relief and that DEVELOPER's only remedy if an injunction is entered against DEVELOPER will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

6. **LIMITATION OF CLAIMS**. The following language is added to the end of Section XVIII(e) of the Area Development Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If required by the Minnesota Franchises Law, Section XVIII(f) of the Area Development Agreement is deleted.

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

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:______________________________

Title:______________________________

DATED:______________________________

DEVELOPER

(IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:______________________________

Title:______________________________

DATED:______________________________

[Signatures Continued on Following Page]

(IF DEVELOPER IS AN INDIVIDUAL AND NOT A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

DATED: ______________________________

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

This Rider is made and entered into by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ______________________________ "FRANCHISEE") whose principal address is ______________________________ ______________________________.

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated ______________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of New York and will operate the IT'S A GRIND STORE in New York and/or (b) the offer or sale of the franchise for the IT'S A GRIND STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of New York.

2. **RELEASES**. The following language is added to the end of Section 3.2C, the end of Section 14.3J, the end of Section 14.3P, and at the end of Section 14.4A of the Franchise Agreement:

> However, to the extent required by applicable law, all rights FRANCHISEE enjoys and any causes of action arising in FRANCHISEE's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

3. **TERMINATION BY FRANCHISEE**. The following language is added to the end of Section 15.1 of the Franchise Agreement:

> FRANCHISEE also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> This Section shall not be considered a waiver of any right conferred upon FRANCHISEE by Article 33 of the General Business Law of the State of New York.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By: ______________________________
Signature

____
Name

____
Title:

Date: ______________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE (Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an ____________ limited liability company

By: ______________________________
Signature

____
Name and Title

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER made this __day of ____________________________, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ _______ ("DEVELOPER") whose principal address is ____ ____________________________.

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated __________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of New York <u>and</u> DEVELOPER's Designated Territory is located in New York and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of New York.

2. **DEFAULT AND TERMINATION**. The following language is added to the end of Section VIII of the Area Development Agreement:

> DEVELOPER also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **RELEASES**. The following language is added to the end of Section IX(c) of the Area Development Agreement:

> However, to the extent required by applicable law, all rights DEVELOPER enjoys and any causes of action arising in DEVELOPER's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

4. **ENFORCEMENT**. The following language is added to the end of Section XVIII(b) of the Area Development Agreement:

> This Section shall not be considered a waiver of any right conferred upon DEVELOPER by Article 33 of the General Business Law of the State of New York.

[Signatures on Following Page]

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

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:________________________________

Title:________________________________

DATED:________________________________

DEVELOPER

(IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:________________________________

Title:________________________________

DATED:________________________________

(IF DEVELOPER IS AN INDIVIDUAL AND NOT A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

DATED:________________________________

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

This Rider is made and entered into by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ______________________________ "FRANCHISEE") whose principal address is ______________________________ ______________.

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated ______________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of North Dakota and the IT'S A GRIND STORE that FRANCHISEE will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following language is added to the end of Section 3.2C, the end of Section 14.3J, the end of Section 14.3P, and at the end of Section 14.4A of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following language is added to the end of Section 13.4 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, FRANCHISOR will enforce the covenants to the maximum extent the law allows.

4. **ARBITRATION**. Section 16.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

A. ARBITRATION

EXCEPT FOR CONTROVERSIES, DISPUTES, OR CLAIMS RELATED TO OR BASED ON IMPROPER USE OF THE NAMES AND MARKS OR CONFIDENTIAL INFORMATION, ALL CONTROVERSIES, DISPUTES OR CLAIMS ARISING BETWEEN FRANCHISOR, ITS AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND ATTORNEYS (IN THEIR REPRESENTATIVE CAPACITY) AND FRANCHISEE (AND ITS OWNERS AND GUARANTORS, IF APPLICABLE) ARISING OUT OF OR RELATED TO IN WHOLE OR IN PART: (1) THIS AGREEMENT OR ANY RELATED AGREEMENT; (2) THE RELATIONSHIP OF THE PARTIES HERETO; (3) THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY PROVISION THEREOF; OR (4) ANY SPECIFICATION, STANDARD OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT OR OPERATION OF THE STORE, SHALL BE SUBMITTED FOR BINDING ARBITRATION TO BE ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION; PROVIDED THAT FRANCHISOR AND ITS AFFILIATES SHALL

HAVE THE RIGHT TO ENFORCE BY JUDICIAL PROCESS ANY RIGHTS IT MAY HAVE TO POSSESSION OF THE PREMISES OF THE STORE UNDER ANY SUBLEASE OR COLLATERAL ASSIGNMENT OF LEASE WITH FRANCHISEE. SUCH ARBITRATION PROCEEDING SHALL BE CONDUCTED BY A SINGLE ARBITRATOR APPROVED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES AT A FACILITY DETERMINED BY THE ARBITRATOR THAT IS LOCATED WITHIN FIFTY (50) MILES OF FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN-CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION; PROVIDED, HOWEVER, THAT TO THE EXTENT OTHERWISE REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW (UNLESS SUCH A REQUIREMENT IS PREEMPTED BY THE FEDERAL ARBITRATION ACT), ARBITRATION SHALL BE HELD AT SITE TO WHICH FRANCHISOR AND FRANCHISEE MUTUALLY AGREE. JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION. THE PARTIES FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING, EACH SHALL SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED IN SUCH PROCEEDING SHALL BE FOREVER BARRED. THIS PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING EXPIRATION OR TERMINATION OF THIS AGREEMENT. FRANCHISEE AND FRANCHISOR AGREE THAT ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS AND THAT FRANCHISOR (AND/OR ITS AFFILIATE AND THEIR RESPECTIVE SHAREHOLDER, OFFICER, DIRECTORS, AGENTS, AND/OR EMPLOYEES) AND FRANCHISEE (AND/OR ITS OWNERS, GUARANTORS, AFFILIATES, AND/OR EMPLOYEES) SHALL BE THE ONLY PARTIES TO ANY ARBITRATION PROCEEDING DESCRIBED IN THIS SECTION AND THAT NO SUCH ARBITRATION PROCEEDING MAY BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, NOR SHALL ANY OTHER PERSON BE JOINED AS A PARTY TO SUCH ARBITRATION PROCEEDING.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 16.3(i) and 16.4 of the Franchise Agreement is deleted.

6. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 16.5 of the Franchise Agreement:

> The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

7. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law and subject to FRANCHISEE's arbitration obligations, FRANCHISEE may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **CHOICE OF LAWS**. Section 16.7 of the Franchise Agreement is deleted in its entirety and replaced with the following:

16.7 **Choice Of Laws.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 16.A shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law relating to arbitration, this Agreement, and except as required by North Dakota law, the FRANCHISE and all other matters concerning FRANCHISEE and FRANCHISOR (and its affiliates) shall be governed by the internal laws of the state where the STORE is located (without reference to the choice of law and conflict of law rules of that state), except that the provisions of any law of that state regarding franchise disclosure, registration or relationship and the regulations thereunder shall not apply unless its jurisdictional requirements are met independently without reference to this Paragraph.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By: ______________________________
Signature

____
Name

____
Title:

Date: ______________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

FRANCHISEE (Corp., LLC or Partnership)

____
Name

a/an ______________________ corporation

a/an ______________________ partnership

a/an ____________ limited liability company

By: ______________________________
Signature

____
Name and Title

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER made this __day of ____________________________, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ _______ ("DEVELOPER") whose principal address is ____ ____________________________.

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated ___________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of North Dakota and DEVELOPER's Designated Territory is located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **RELEASES**. The following language is added to the end of Section IX(c) of the Area Development Agreement:

> However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANTS**. The following language is added to the end of Section X(b) of the Area Development Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, FRANCHISOR will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW**. Section XVIII(a) of the Area Development Agreement is deleted in its entirety and replaced with the following:

> (a) ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH A MAJORITY OF THE DESIGNATED TERRITORY IS LOCATED, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

5. **CONSENT TO JURISDICTION**. The following language is added to the end of Section XVIII(b) of the Area Development Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW AND SUBJECT TO DEVELOPER'S ARBITRATION OBLIGATIONS, DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **LIMITATION OF CLAIMS**. The following language is added to the end of Section XVIII(e) of the Area Development Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section XVIII(f) of the Franchise Agreement is deleted.

[Signatures on Following Page]

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

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:______________________________

Title:______________________________

DATED:______________________________

DEVELOPER

(IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:______________________________

Title:______________________________

DATED:______________________________

(IF DEVELOPER IS AN INDIVIDUAL AND NOT A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

DATED:__________________________

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

This Rider is made and entered into by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ______________________________ "FRANCHISEE") whose principal address is ______________________________ ____________.

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated ____________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of Rhode Island and the IT'S A GRIND STORE that FRANCHISEE will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **CONSENT TO JURISDICTION/CHOICE OF LAWS**. The following language is added to the end of Sections 16.2 and 16.7 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR:

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By: ______________________________
Signature

____
Name

____
Title:

Date: ______________________________

FRANCHISEE(S) (INDIVIDUAL):

____
Name

____
Signature

____
Name

____
Signature

[Signatures Continue on Following Page]

FRANCHISEE (Corp., LLC or Partnership)

____

Name

a/an _______________________ corporation

a/an _______________________ partnership

a/an _____________ limited liability company

By: ________________________________

Signature

____

Name and Title

RIDER TO THE PRAISE IAG FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER made this _day of ____________________________, by and between PRAISE IAG FRANCHISOR, LLC, a California limited liability company ("FRANCHISOR"), with its principal office at 14071 Stage Rd, Santa Fe Springs, California 90670, and ____ _______ ("DEVELOPER") whose principal address is ____ ______________________________.

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated ___________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of Rhode Island and DEVELOPER's Designated Territory is located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Sections XVIII(a) and XVIII(b) of the Area Development Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in an area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

[Signatures on Following Page]

PRAISE IAG FRANCHISOR, LLC
a California limited liability company

By:______________________________

Title:____________________________

DATED:___________________________

DEVELOPER

(IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:______________________________

Title:____________________________

DATED:___________________________

(IF DEVELOPER IS AN INDIVIDUAL AND NOT A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

DATED:_________________________

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

<u>EXHIBIT O</u>

RECEIPTS

RECEIPT
(OUR COPY)

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 we offer you a franchise, we 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 franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 appropriate state agency identified on Exhibit A.

The franchisor is Praise IAG Franchisor, LLC, at 14071 Stage Road, Santa Fe Springs 90670 and Tel: (949) 752-5282.

Issuance Date: October 12, 2017 (the effective dates of this disclosure document in states with franchise registration laws are listed in the State Effective Dates page).

The franchise seller(s) offering the franchise are: Brian G. Balconi and Laina Sullivan at 14071 Stage Road, Santa Fe Springs 90670 and Tel: (949) 752-5282. Please fill in the name of any other franchise seller(s) you are dealing with:

Name of Franchise Seller:________________________________

Principal Business Address:______________________________

Telephone Number: ___________________________________

Praise IAG Franchisor, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a franchise disclosure document dated October 17, 2016 that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Kiosk Addendum
D. Territory Addendum for Street Location
E. Area Development Agreement
F. Collateral Assignment of Lease
G. Non-Traditional Authorized Location Addendum
H. General Release

I. List of Current Franchisees
J. Franchisees Who Have Left System
K. Financial Statements
L. Guarantee of Performance
M. Operating Manual Table of Contents
N. State Addenda to Franchise Disclosure Document
O. Receipts

Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO:
Praise IAG Franchisor, LLC, 14071 Stage Road, Santa Fe Springs, California 90670.

RECEIPT
(YOUR COPY)

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M. Operating Manual Table of Contents
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O. Receipts

Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS.