

FRANCHISE DISCLOSURE DOCUMENT



BOWL OF HEAVEN FRANCHISE GROUP LLC

dba Bowl of Heaven

A California Limited Liability Company

8 Olympic Way

Coto De Caza, California 92679

(949) 521-4414

bowlofheaven@gmail.com

www.bowlofheaven.com

As a Bowl of Heaven franchisee you will operate a retail restaurant in a defined territory providing Acai bowls, exotic juice blend smoothies, bread, specified condiments and ingredients, other food, beverages, related products and accessories. The total investment necessary to begin operation of a Bowl of Heaven retail restaurant ranges from \$135,500 to \$328,500. This includes from \$29,000 to \$65,000 that must be paid to the franchisor and its affiliates.

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

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, contact Mr. Daniel McCormick at 8 Olympic Way, Coto De Caza, California 92679; telephone (949) 521-4414.

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, DC 20580. You can also visit the FTC's homepage 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.

The issuance date is **September 11, 2012.**

CA

STATE COVER PAGE

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

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

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

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

WE WERE FORMED ON MAY 21, 2012 AND ARE A DEVELOPMENT STAGE COMPANY.

YOUR FRANCHISE IS NOT EXCLUSIVE.

AT FRANCHISOR'S DISCRETION, YOUR PROTECTED TERRITORY MAY BE LOST IF YOU DO NOT FULFILL MATERIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT.

THE FRANCHISOR MAY CANCEL THE FRANCHISE AGREEMENT IF A SITE IS NOT AGREED UPON WITHIN 180 DAYS OF YOUR SIGNING THE FRANCHISE AGREEMENT.

IF YOU SIGN A MULTI OUTLET AGREEMENT, YOUR TERRITORIAL RIGHTS UNDER THAT AGREEMENT CAN BE LOST IF YOU FAIL TO MEET THE DEVELOPMENT SCHEDULE.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

The following states require that the Franchise 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 franchise is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California September 11, 2012

BOWL OF HEAVEN FRANCHISE GROUP LLC

dba BOWL OF HEAVEN

FRANCHISE DISCLOSURE DOCUMENT

[CALIFORNIA]

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Exhibits

"A"	Franchise Agreement <i>Exhibits to Franchise Agreement:</i> Exhibit 1: Territory and Location of Outlet Exhibit 2: Names and Addresses of Principal Equity Owners
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	Multi Outlet Agreement <i>Exhibits to Multi Outlet Agreement:</i> Exhibit 1: Development Schedule
"F"	State Administrators
"G"	Appendix for California Franchisees
"H"	Receipts

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

To simplify the language, this disclosure document uses "BOH", "we" or "us" to mean Bowl of Heaven Franchise Group, LLC. We are the franchisor for the Bowl of Heaven nutritional cafe system. "You" or "your" means the individual, corporation or other entity who buys the Bowl of Heaven franchise.

Our principal business and corporate address is 8 Olympic Way, Coto De Caza, California 92679.

BOH has no parent entity.

Our predecessor and affiliated entity is Natural Success, Inc. ("NSI"), a corporation company organized on June 10, 1983. NSI's principal business address is also 8 Olympic Way, Coto De Caza, California 92679.

Another affiliated entity, Bowl of Heaven Service Group, LLC ("BOH-SG"), which is yet to be formed, will provide our franchisees with some specified products (protein powder, nutritional bars, nutritional supplements, bread and exotic juice blends) and other food and beverage items and recipe ingredients that are proprietary to Bowl of Heaven or that are specifically selected by BOH for consistency in quality and other considerations.

Other than BOH-SG and NSI, BOH is not controlled by, controlling, or under common control with any other entity that that provides goods or services to our franchisees or that offers franchises in any line of business.

We conduct business under the name Bowl of Heaven (the "Brand"). We do not intend to use any other name to conduct business.

Agent for Service of Process

BOH's agent for service of process in California is the Commissioner of Corporations, 1515 K Street, Suite 200, Sacramento, California 95814.

Business Organization Used by the Franchisor

We are a limited liability company organized in California on May 21, 2012.

The Business We Offer

Our franchise is a license to independently own and operate a single retail nutritional cafe ("Outlet") providing proprietary Acai bowls, unique juice blend smoothies, protein powders, snack bars, specialty condiments and ingredients (collectively, "Bowl of Heaven Products"), and other food, beverages and related products and accessories to retail customers using designated recipes, authorized equipment and techniques.

The general market you will operate the business in involves retail fast casual nutritional cafes offering smoothies, juice drinks and other health foods. The market for Bowl of Heaven

Products is all individuals within a reasonable proximity to the Outlet. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal.

Applicable Regulations

You will need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Bowl of Heaven Outlet must also meet applicable municipal, county, state and federal building codes and handicap access codes.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and nutritional cafe sanitary conditions. State and local agencies inspect nutritional cafes to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as nutritional cafes.

Competition

All Bowl of Heaven franchisees will compete with nutritional cafes, juice bars and other retail businesses, including franchised operations and national chains (Jamba Juice, Robeks, Juice It Up, Jugo Juice and Smoothie King) and independent operators that offer Acai bowls, smoothies and other products comparable to the Bowl of Heaven Products.

Prior Experience

In 2010, the Bowl of Heaven concept was originated by Dan and Marilyn McCormick in Southern California originally under the name "Bowl of Heaven".

Our affiliated entity Bowl of Heaven, LLC ("BOH-L") currently owns and operates a Bowl of Heaven nutritional cafe located at 29851 Aventura, Suite N, Rancho Santa Margarita, California 92688. BOH-L does not provide goods or services to our franchisees and does not nor has not offered franchises providing the type of business you will operate or in other lines of businesses. There are 5 other locations (1 in Arizona, 2 in California, 1 in Idaho and 1 in Nevada) that were granted royalty free licenses by NSI to test market and sell Bowl of Heaven Products using components obtained from independent vendors. None of them paid or pay anything to NSI and they are not franchisees.

BOH intends to begin offering Bowl of Heaven franchises in September 2012. We have not previously offered franchises providing the type of business you will operate. Nor have we ever offered franchises in other lines of business. BOH does not operate businesses of the type being franchised. BOH does not engage in other business activities.

ITEM 2: BUSINESS EXPERIENCE

Daniel McCormick: President and Manager.

Mr. McCormick was named President and Manager of BOH at our inception May 2012. He also co-founded the Bowl of Heaven concept in August 2010 and serves as Chief Executive Officer and President of NSI (since 1983) and President and Manager of BOH-SG (since July 2012).

Marilyn McCormick: Treasurer and Manager.

Mrs. McCormick was named Treasurer and Manager of BOH at our inception May 2012. She also co-founded the Bowl of Heaven concept in August 2010 and serves as Vice President and Chief Financial Officer of NSI (since 2002) and Treasurer and Manager of BOH-SG (since July 2012).

Brandon S. Beazer: Vice President.

Mr. Beazer was named Vice President of BOH at our inception in May 2012. He also serves as an Independent Contactor of Nu Skin Enterprises in Coto De Caza, California (since 2009). From 2006 to 2008, he served as Science Researcher for Brigham Young University in Laie, Hawaii. From 2005 to 2006, Mr. Beazer served as IT Services Support Representative for Brigham Young University in Laie, Hawaii.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single Outlet is \$25,000 and is due and payable in full to us when you sign the Franchise Agreement. If you are a veteran of the U.S. Armed Services who was honorably discharged, we will discount the Initial Franchise Fee for your initial Outlet by 15%.

If you want to and you are financially and operationally qualified in our judgment to do so, you and BOH may enter into a Multi-Outlet Agreement (“MOA”), under which you will be granted the opportunity to develop a number of additional Outlets under a mutually agreed timetable and within a negotiated development area. The form of MOA is attached as Exhibit E to this disclosure document. When you sign the MOA, you must pay us a development fee equal to the product of (i) \$12,500 multiplied by (ii) the number of additional Outlets you commit to open. Each time you open an additional Outlet under the MOA, \$12,500 would be applied as a credit toward the initial franchise fee required by the Franchise Agreement for that additional Outlet. At this time, we anticipate limiting the number of additional Outlets that may be opened under an MOA to 2.

The Initial Franchise Fee and development fee paid under an MOA are fully earned by BOH when paid. After initial training has been successfully completed by you, no refunds are available. If you do not successfully complete initial training, or if we cannot agree on a suitable

site for your Outlet within 180 days after you sign the Franchise Agreement, we may unilaterally cancel the Franchise Agreement, and if we do so, we will refund the remaining balance of the Initial Franchise Fee and development fee paid you paid us after we deduct our expenses relating to processing of your Franchise Agreement and any assistance we have provided you up to the date of cancellation.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty ¹	7% of "Gross Revenues"	On every Wednesday ²	Royalty is paid on a weekly basis. "Gross Revenues" include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority. You may also be asked to reimburse us for any taxes on Royalties that we pay to a tax authority in your state.
Marketing and Promotion Fees ¹	1% of Gross Revenues ³	On every Wednesday ²	Marketing and Promotion Fees are paid on a weekly basis. Effective on the second anniversary of the effective date of your Franchise Agreement, the Marketing and Promotion Fee will be increased to 2% of weekly Gross Revenues. You may also be asked to reimburse us for any taxes on Royalties that we pay to a tax authority in your state. Also, on a regional or system-wide basis, BOH may also impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if 2/3 of all affected BOH franchisees agree to such additional assessment by affirmative vote.
Initial Training Fee for Additional Attendees ¹	\$1,500 ⁵ (for each attendee)	At completion of training ²	Initial Training is provided to your General Manager and one Principal Equity Owner at no additional charge. Additional attendees of Initial Training, including replacement General Managers, must pay \$1,500 for each subsequent attendee for Initial Training. You must pay the costs of travel, lodging and meals for all trainees.
Additional Training Fee ¹	Up to \$750 ⁵ (per day)	At time of training ²	After you open your Outlet, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs. We may, at our discretion, charge an additional training fee of up to \$750 per day for BOH training courses, seminars, conferences or other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings.

Type of Fee	Amount	Due Date	Remarks
Technology Support Fee ¹	\$75 ⁵	On every Wednesday ²	These fees are used to offset technology-related costs and charges relating to Bowl of Heaven, including help desk fees for any required software to be used by franchisees, licensing or user-based fees for a franchise portal or benchmarking platform, and fees related to exposure on the Bowl of Heaven website. In our discretion and upon at least 60 days written notice, we can increase the weekly Technology Support Fee but never to exceed \$150.
Outlet Relocation Fee ¹	\$1,500 ⁵	90 days prior to the desired date of relocation ²	You must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details regarding the new location. We have 20 days to consent to the new location. We will not unreasonably withhold our consent. If we disapprove a proposed relocation, you may request an alternative proposed new location without having to pay an additional Outlet Relocation Fee.
Transfer Fee ¹	\$7,500 ⁵	Not later than 10 days before the transfer ²	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to a corporation owned solely by you. No fee is due if franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity).
Renewal Fee ^{1,4}	\$1,500 ⁵	Not later than 30 days before the expiration date of your Franchise Agreement ²	You are qualified for renewal if all fees due us are paid and you are not in breach of any term of your Franchise Agreement.
Late Payment Penalty	\$100 ⁵	Immediately upon our demand ²	The late payment penalty is in addition to interest on the unpaid amount.
Interest Charged	10% of the unpaid amount	Immediately upon our demand	Interest charged by us cannot exceed the maximum allowed by law.
Fine for Losing or Unauthorized Copying of Confidential Operations Manual ¹	Up to \$5,000	Immediately upon our demand ²	If you lose or allow the unauthorized duplication of the Confidential Operations Manual (the "Manual") or any other confidential manuals or proprietary materials loaned to you by us, you may be required to pay us a penalty of up to \$5,000 within 30 days after our demand for payment, and you will be deemed to be in violation of the Franchise Agreement and all other agreements you have with BOH and our affiliated entities.
Records and Rights of Inspection (Audit) ¹	Cost of audit plus interest on underpayment	Immediately upon demand for payment ²	Due only if audit discloses an understatement of 2% or more in gross sales for any month or it takes our auditors an unreasonable amount of time (more than 8 hours) to assemble your records for audit.

1. All fees are imposed and collected by and are payable only to BOH. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate (“APR”) of 10% (unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lesser amount, in which case that lesser amount will be charged instead), and you must reimburse BOH immediately upon demand for all reasonable costs of collection relating to delinquent amounts. Interest begins from the date payment was due.

3. Within the first 60 days after the Opening Date, in addition to the amount to be spent on local marketing of your Outlet as a part of the Marketing and Promotion Fee, you must spend in your Territory at least \$2,500 on the grand opening advertising and promotion of your Outlet, using a grand opening promotional program that we approve. Beginning 61 days after the Opening Date, you must spend at least 3% of your Gross Revenues on the local marketing, advertising and promotion of your Outlet.

4. BOH will not accept the renewal fee until all of the other conditions for renewal have been met.

5. This fee may be adjusted by changes in the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable (“CPI”) since the effective date of the Franchise Agreement.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ¹	\$25,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	BOH
Grand Opening Advertising ²	\$2,500 to \$5,000	Lump sum; non-refundable	During the first 60 days after you open.	Advertisers and other suppliers
Development Fee (MOA) ¹	0 to \$25,000	Lump sum; non-refundable	If and when you sign the Multi-Outlet Agreement.	BOH
Training expenses ³	\$2,500 to \$7,500	As incurred	During training	Travel and lodging vendors
Lease, utility and security deposits ⁴	\$3,000 to \$6,000	As incurred	As arranged	Landlord and utilities
Leasehold improvements ⁵	\$40,000 to \$120,000	As arranged	As arranged	Landlord and other vendors
Furniture, fixtures and other fixed assets ⁵	\$12,000 to \$30,000	As arranged	As arranged	Landlord and other vendors
Equipment ⁶	\$23,000 to \$40,000	As arranged	As arranged	Landlord and other vendors
Signage and menuboard ⁷	\$5,000 to \$18,000	As arranged	As arranged	Designated and approved vendors
Insurance ⁸	\$1,000 to \$3,000	As incurred	As arranged	Insurance company

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Inventory to begin operating ⁹	\$4,000 to \$15,000	As arranged	Before opening	Designated and approved vendors
Professional fees and miscellaneous opening costs ¹⁰	\$2,500 to \$4,000	As incurred	Before and during opening	Attorneys, accountants and other professionals, suppliers
Additional funds – 3 months ¹¹	\$15,000 to \$30,000	As incurred	After opening	Employees, landlord, other vendors
TOTAL¹²	\$135,500 to \$328,500			

(1) This fee must be paid in full at the time indicated.

(2) You must spend at least \$2,500 within first 60 days to build local customer awareness of your Outlet. Recommendations on how to promote the grand opening of your Outlet will be provided by us, including promotional ideas, sample advertising copy and flier design.

(3) Training typically is accomplished in 8 days in Orange County, California followed by 3 days of assistance of BOH's "Opening Team" at the time your Outlet opens. These expenses represent (i) the wages, travel and living expenses for you and your staff during training and (ii) reimbursement for the expenses of the BOH Opening Team.

(4) You will need to rent a suitable retail site for your Outlet and the rent or lease deposit amount will vary depending on the location. A security deposit and first month's rent are standard requirements to enter into a commercial lease, and the estimate above includes 3 months of rent and the deposit.

(5) You will need to conduct the necessary build-out of your leased space according to our requirements. Outlets are generally located in in-line shopping centers and require approximately 1,200 square feet of floor space. The cost for leasehold improvements rate will generally be between \$100 and \$130 per square foot. The amounts listed in this type of expenditure are estimates that are based on basic build out of our Outlet design but do not include many variables related to the pre-existing condition of any one location. The cost of your build-out may be offset by a Tenant Improvement ("TI") allowance or rebate from the landlord, which varies depending on the tenants of each lease agreement. However, you will be required in most cases to complete the build-out, satisfy all related invoices to contractors and service providers in order to qualify for the TI rebate from the landlord. Architectural renderings and building permits may be required for the build-out of your Outlet, the cost for which has been included in these estimates. Real estate and TIs (if any) related to "conversions" would be substantially lower.

(6) Equipment and operational materials you will need to purchase include commercial juice blenders, pulp extractors, refrigerator, freezer, prep tables, hand sinks, ice bin, as well as a point of sale ("POS") system, business computer, printer, printed materials (such as business cards and brochures), referral gifts and promotional items. The cost of equipment ranges from \$18,000 to \$30,000. The cost of the POS system, computer, printer and other operational materials ranges from \$5,000 to \$10,000.

(7) The quantity, size, type and cost of signs will vary substantially per lease space and in accordance to stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

(8) The currently required minimum coverage and limits of insurance are general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 aggregate and (ii) workers' compensation insurance to meet the statutory coverage of the state where your Outlet is located.

(9) This refers to the initial inventory of Bowl of Heaven Products and other authorized products to be sold in the Outlet, operational materials and other items of merchandise and supplies you must stock in order to open for business.

(10) This includes professional legal and accounting fees to review the franchise and set up the Outlet, business licenses and other prepaid expenses.

(11) Although BOH does not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as inventory, supplies and employees. It is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first 3 months of operation. These expenses include payroll costs. These figures are estimates and BOH cannot guarantee that you will not have additional expenses during your first 3 months of operation. BOH relied on the 2 years of experience of our President in determining these figures. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

(12) This estimates your initial start up expenses. These figures are estimates and BOH cannot guarantee that you will not have additional expenses starting the business. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. BOH does not finance any part of the initial investment. BOH relied on the 2 years of experience of our President in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

BOH does not sell or lease any goods, services, supplies or equipment related to establishing operating the franchised business. However, you must purchase some specified products (protein powder, nutritional bars, nutritional supplements, bread and exotic juice blends) and other food and beverage items and recipe ingredients that are proprietary to Bowl of Heaven or that are specifically selected by BOH for consistency in quality and other considerations only from our affiliated entity BOH-SG or from manufacturers or producers approved by BOH in writing. BOH will provide a written list of these proprietary or selected items and approved manufacturers or producers. BOH will also notify you of any additions to or deletions from this list.

Required and Approved Suppliers

You must purchase items bearing the Brand only from designated vendors or approved suppliers. You must also purchase required products that are used or sold at the Outlet only from designated vendors or approved suppliers. You will receive a list of approved suppliers at initial training and later updates to this list.

BOH's officers own an interest in BOH-SG. Otherwise, there are no suppliers in which any of BOH's officers or persons affiliated with BOH owns an interest.

Approval of Alternative Suppliers

BOH may approve other suppliers of products that are used or sold at Bowl of Heaven Outlets. We approve suppliers after careful review of the quality of the products they provide to BOH and our franchisees. BOH formulates standards and specifications for products from approved suppliers based on the relevant business experience of our executive officers. These standards and specifications are provided to potential suppliers when we begin the supplier review process and to franchisees. If you would like us to consider a new supplier, you must have the supplier provide us with samples of its products. If the supplier meets our specifications for quality control, we may approve it as an additional supplier by written notification of our approval to the supplier and you. A review of a proposed new supplier typically is completed within 30 days and no fees are payable to BOH for this review. BOH will not unreasonably withhold consent to a proposed new supplier. If an approved supplier no longer meets our standards, BOH may revoke its status as an approved supplier by written notification to the supplier and notification to the system by e-mail.

Computer and Point of Sale System

We are currently reviewing point of sale ("POS") systems for the Bowl of Heaven franchise system. Within 30 days after we decide on the brand and model to be used at all Outlets, you must purchase or lease the specified POS system. We have no obligation to provide or assist you in obtaining the POS system. You are responsible for all ongoing maintenance and repairs and upgrades to the POS system. In addition to the POS System, you may be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by BOH in writing for use in connection with the Outlet (the "Computer System"). Although we have not yet done so, BOH may designate certain computer software used in the operation of the Outlet. And BOH requires you to maintain an e-mail account and connect the Computer System to a dedicated telephone line (or other communications medium specified by BOH) at all times and be capable of accessing the Internet via a third party network designated by BOH in the Manual or otherwise in writing. In the near future, BOH will identify and designate computer software that must be used in the operation of the POS System and/or Computer System. When we do so, you must license or sublicense such software from or our designated vendor and enter into a software license agreement on the designated vendor's then-current form.

Revenue from Franchisee Purchases

Neither BOH nor any of our affiliates have derived revenue, rebates or other material consideration as a result of required purchases or leases by Bowl of Heaven franchisees.

Payments to BOH and purchases from designated vendors and approved suppliers (i) in establishing your Outlet will range from 25% to 33% of your total initial investment and (ii) in operating your Outlet will range from 15% to 30% of your total monthly expenses.

Cooperatives

BOH is not presently involved in any purchasing or distribution cooperatives.

Negotiated Prices

BOH does not negotiate purchase agreements with suppliers for the benefit of Bowl of Heaven franchisees, although we may do so in the future.

Material Benefits

BOH does not provide any material benefits to you based on your purchase of particular products or services or use of particular suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in Franchise Agreement	Section in Multi Outlet Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	7.1, 7.2	Exhibit 1	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	2.2	8
c.	Site development and other pre-opening requirements	7.1, 7.2	2.1	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	Not applicable	11
e.	Opening	7.2, 7.3	2.4	11
f.	Fees	4.1-4.8, 5.2(i), 8.2(c), 12.2(b)(vii)	3.1,3.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	Not applicable	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	5.2	13,14
i.	Restrictions on products/services offered	3.2, 8.1, 8.13(a)	1.1	16
j.	Warranty and customer service requirements	8.1(c)	Not applicable	11
k.	Territorial development and sales quotas	3.3	Exhibit 1, 1.2,1.5, 2.4	12
l.	Ongoing product/service purchases	7.3	Not applicable	8
m.	Maintenance, appearance and remodeling requirements	5.2(h), 7.2	Not applicable	11
n.	Insurance	8.10	Not applicable	6, 8
o.	Advertising	4.3, 10.1, 10.2	5.2	6,11
p.	Indemnification	16.2	Not applicable	6
q.	Owner's participation/management/staffing	6.1, 6.2, 8.1(a)	Not applicable	11,15
r.	Records and reports	8.7	Not applicable	6
s.	Inspections and audits	8.7(e), 8.11	Not applicable	6,11
t.	Transfer	12.1-12.7	4	17
u.	Renewal	5.2	1.3	17
v.	Post-termination obligations	11.2,15.1	6	17
w.	Non-competition covenants	11.1-11.3	5	17
x.	Dispute resolution	14.1-14.6	7	17
y.	Compliance with Anti-Terrorism and Other Federal Laws	16.12	Not applicable	Not applicable

ITEM 10: FINANCING

BOH does not offer direct or indirect financing. BOH does not guarantee your note, lease or obligation.

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

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

Our Pre-Opening Obligations

Before you open your business, BOH will:

(1) Provide you with initial training and orientation in the Bowl of Heaven system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). You must successfully complete initial training to our satisfaction before you can open your Outlet.

(2) Provide you with a general plan for the layout, furnishing and equipping of your Outlet, together with a written schedule of all foods, food items and beverages that must be sold at your Outlet and a list of approved and designated suppliers (see section 7.2(a) of the Franchise Agreement).

(3) Assist you in selecting a site for your Outlet and designate your exclusive territory (see section 3.1 and Exhibit 1 of the Franchise Agreement). Although we do not typically pre-select the site for your Outlet, we must give our final consent to the location before your Outlet can be placed there (see section 7.2(b) of the Franchise Agreement). The factors that BOH considers in consenting to a site for the Outlet include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. You have 90 days after signing the Franchise Agreement to locate an acceptable site for your Outlet. If you are unable to do so, we can cancel the Franchise Agreement and refund your initial franchise fee and development fee under an MOA less costs we have incurred (see section 7.2(a) of the Franchise Agreement). BOH does not typically own and lease to you the premises on which the Outlet will be located. Our review and consent to the location of the Outlet is no guarantee or assurance that you will be successful there.

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 120 days. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If we consent to the site for your Outlet but you do not begin operating your Franchised Business within 180 days after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) and if we do so under those circumstances, we are not obligated to refund your initial franchise fee and development fee under an MOA.

Our Post- Opening Obligations and Assistance

During the operation of the franchised business, BOH:

(1) Will be reasonably available by phone and e-mail for guidance in the operation and management of your Outlet (see section 6.2(a) of the Franchise Agreement). However, we do not provide you with assistance in hiring employees.

(2) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of up to \$750 per day for Bowl of Heaven training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by representatives of BOH will be in our sole discretion. (See section 6.2(b) of the Franchise Agreement.)

(3) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(4) May conduct a system-wide mandatory meeting (or annual convention) not more than once a year in Southern California or other place in the United States. Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for other Principal Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(5) Will provide you with access to and interaction with the Bowl of Heaven website in accordance with our specifications (see section 6.2(a) of the Franchise Agreement).

(6) Will suggest retail prices for Bowl of Heaven Products you sell at your Outlet, and may set maximum prices that you may charge for specific Bowl of Heaven Products. (See section 8.1(b) of the Franchise Agreement.)

Advertising

We intend to use digital media (Internet, Facebook, Twitter, *etc.*) and targeted print media in our marketing and advertising efforts. And in the future, we may use local radio and television advertising. We will be using in-house advertising personnel to do this, but we also intend to hire advertising and public relations firms to assist us in these efforts. We are not required to spend any advertising fees in your territory or in or near your Outlet, although we may do so. Advertising Fees are spent to benefit all franchises, including you.

BOH will provide general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing.

We do not yet have a franchisee council that advises us on advertising policies, but we may establish one in the future, and if we do so, we may request input on advertising informally from franchisees.

BOH is not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, BOH owned or affiliated outlets will contribute to the cooperative on the same basis as Bowl of Heaven franchisees. BOH has the right to require cooperatives to change, dissolve or merge.

You must pay us Marketing and Promotion Fees equal to 1% of your weekly Gross Revenues (see section 4.3(a) of the Franchise Agreement). On the second anniversary of the effective date of your Franchise Agreement, the Marketing and Promotion Fees will increase to 2% of your weekly Gross Revenues. We collect Marketing and Promotion Fees from all Bowl of Heaven franchisees at the same rate. BOH spends collected Marketing and Promotion Fees for national, regional and local advertising, public relations, market research, and promotional campaigns designed to promote and enhance the value of the Brand and its general public recognition and acceptance.

We require you to spend within the first 60 days after your Outlet opens up to \$2,500 on the grand opening marketing, advertising and promotion of your Outlet (see section 4.3(c) of the Franchise Agreement). Then BOH requires that you spend at least 3% of your Outlet's Gross Revenues on local marketing, advertising and promotion of your Outlet (see section 4.3(d) of the Franchise Agreement).

On a national or regional basis, BOH may impose an additional assessment on all affected Bowl of Heaven franchisees for special advertising or promotional activities if franchisees owning 2/3 of all affected franchised Outlets agree to this additional assessment, confirmed in writing by each franchisee (see section 4.3(d) of the Franchise Agreement).

Marketing and Promotion Fees are deposited into a separate bank account specifically designated for Bowl of Heaven marketing, advertising and promotional activities. This account is not audited and no interest on the amounts on deposit is imputed for your benefit or paid to you. BOH administers the national advertising program and receives reimbursement of our costs (not to exceed 15% of the annual aggregate Marketing and Promotion Fees) for doing so.

Marketing and Promotion Fees are primarily used to promote the Bowl of Heaven system and retail sales at Outlets. BOH determines, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns. BOH has not yet collected nor expended any Marketing and Promotion Fees. However, we estimate Marketing and Promotion Fees will be spent as follows: 40% on the production of advertisements and other promotional materials, 40% for media placement, 15% for administrative expenses of BOH and 5% on other miscellaneous expenses.

If we do not expend all Marketing and Promotion Fees in the fiscal year in which they accrue, the amount remaining is retained for future advertising. If you request this in writing, BOH will provide you on or before each March 31 with an unaudited statement describing the annual

receipts and expenditures of Marketing and Promotion Fees during the calendar year that just ended.

None of the Marketing and Promotion Fees is or will be used primarily for the solicitation for new franchise sales.

Electronic Point of Sale System and Computer Requirements

Within 30 days after we decide on the standard POS system for the Bowl of Heaven system, you must license or sublicense the specified POS system we require in every Outlet (see section 8.4 of the Franchise Agreement). We estimate the cost of purchasing this POS will range from \$6,000 to \$16,000. You will use this POS system to complete point-of-sale transactions and track your weekly sales. BOH must have independent access through the Internet to your POS system and there are no contractual limits on our independent access to the information and data stored on your POS system. You are responsible for all ongoing maintenance and repairs and upgrades. If we replace the POS system you will receive a 90-day notice and the cost will not exceed \$20,000. We anticipate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the POS system will range from \$1,500 to \$2,500.

In addition to the POS System, you will be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by BOH in writing for use in connection with the Outlet (the "Computer System"). We don't specify or recommend the brand or type of business computer you use. But if this changes, you will be notified. BOH also requires you to maintain an e-mail account and connect the Computer System to a dedicated Internet line (or other communications medium specified by BOH) at all times and be capable of accessing the Internet via a third party network designated by BOH in the Manual or otherwise in writing. You must allow us to access your Computer System on a daily or other basis at the times and manner determined by us or our designated affiliate, with or without notice, and to retrieve transaction information (including sales, sales mix, usage and other operations data) that we deem appropriate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with BOH directly or through our master website or intranet. (See section 8.4(b) of the Franchise Agreement.) We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the Computer System will range from \$500 to \$1,000.

Operations Manual

BOH will loan you one copy of our Manual (containing a total of 234 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will modify the Manual, and you must comply with these changes when you receive them, but no modification will alter your status and rights under the Franchise Agreement. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, in addition to all other remedies we have, you may be required to pay us a fine of up to \$5,000

(this amount may be adjusted by changes in the Consumer Price Index since the effective date of the Franchise Agreement) within 30 days after our demand for payment, and you will be deemed to be in violation of the Franchise Agreement and all other agreements you have with BOH (see section 8.2(c) of the Franchise Agreement).

The following is the Table of Contents of the Manual as of the date of this disclosure document.

Topic	Number of Pages
Preface	6
Introduction	10
Pre-Opening Procedures	33
Human Resources	58
Daily Operating Procedures	57
Managing a Bowl of Heaven Business	43
Marketing and Promotion	17
Appendix: Forms Recipes Prep	10
Total Pages	234

BOH currently has no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Day One: History of Bowl of Heaven Use of the Confidential Operations Manual Tour of Bowl of Heaven Pre-opening Procedures Personnel issues	6	2	Rancho Santa Margarita, California
Day Two: Advertising Management Procedures	4	4	Rancho Santa Margarita, California
Day Three: Management Procedures Franchise Reporting Requirements Accounting/ Record keeping	2	6	Rancho Santa Margarita, California
Day Four: Customer Service Procedures Front/Back of House – Manager Duties	3	5	Rancho Santa Margarita, California
Day Five: Front/Back of House – Manager Duties Back of House – Prep/Mix Procedures	2	6	Rancho Santa Margarita, California
Day Six: Back of House – Prep/Mix Procedures Inventory Management	2	6	Rancho Santa Margarita, California

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Day Seven: Inventory Management POS System	2	6	Rancho Santa Margarita, California
Day Eight: POS System Cleaning Procedures Safety Procedures	3	5	Rancho Santa Margarita, California

The training program above is effective as of the date of this disclosure document. Initial training is typically provided within 30 days before your Outlet opens and is typically scheduled on a monthly basis. All classroom training takes place in Orange County, California, or another training center designated by BOH. All on-the-job training takes place in a Bowl of Heaven nutritional cafe in Southern California.

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, BOH's principal instructor is Dan McCormick, who founded the Bowl of Heaven concept, who has been with BOH since our inception, and who has 2 years experience in the subject matters he teaches. The principal instructor is sometimes assisted by our operations staff and other BOH employees.

BOH does not charge for this training or service for the designated General Manager and one other trainee (each additional trainee may have to pay BOH \$750 per day per person for training). You must pay all travel and living expenses of persons you send to training.

In accordance with section 6.2(a) of the Franchise Agreement, we will provide you, without charge, opening assistance by a BOH operations specialist at the premises of your Outlet for the 3 days preceding, during and after the opening of your Outlet.

The successful completion of initial training by your designated General Manager to BOH's satisfaction is a condition to your opening of an Outlet to the public. If your designated General Manager fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. You must then reimburse BOH for our costs in providing this replacement training plus a training fee of \$750 per day.

Upon reasonable notice, we may require attendance of designated personnel of yours at training courses, seminars, conferences or other programs that are deemed by us to be relevant or appropriate to the operation of your Outlet (see section 6.2(b) of the Franchise Agreement). We may, at our discretion, charge an additional training fee of up to \$750 per day for Bowl of Heaven training courses, seminars, conferences or other programs that we require you or your representatives to attend. Currently, no refresher courses are required.

ITEM 12: TERRITORY

Each Franchise is granted only for one specific Outlet at a site consented to by BOH and listed in the Franchise Agreement. You will receive an exclusive territory ("Territory") within a defined area surrounding your Outlet (based on population density) as determined by BOH and as specified in your Franchise Agreement. By "exclusive territory" we mean that so long as you

continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a Bowl of Heaven franchise to any other person within your Territory.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location, and pay a Relocation Fee of \$1,500 (see section 8.6(a) of the Franchise Agreement). Within 20 business days after we receive your request, BOH will either consent or disapprove in writing such closure or relocation. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

If you enter into an MOA, you will be granted an exclusive (so long as the MOA is in effect) right to open a mutually agreed number of additional Outlets under a mutually agreed development schedule. If you fail to achieve the development schedule, you may still open Outlets within the development area but will lose the exclusive right to do so, and we may allow others to open additional Outlets within the development area. You must enter into a separate Franchise Agreement for each additional Outlet you open under the MOA, and these agreements will grant a separate exclusive Territory within a defined area surrounding each Outlet. Otherwise, BOH does not grant you options or rights of first refusal to open additional Outlets, and you may not open additional Bowl of Heaven businesses or engage in activities that are equivalent to the franchised business outside of the Territory.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under different and dissimilar service marks, trademarks and trade names, without necessarily granting you any rights in those systems. We have the absolute right to: (1) develop other nutritional cafe business concepts under other brand names even if the locations for the concept are within your Territory; (2) develop Bowl of Heaven Nutritional cafes in your Territory only if they are located at or within an international airport, a major theme or entertainment park, or semi-professional or professional sports stadium or arena, a college or university campus or a military base; and (3) market, distribute and sell, on a wholesale or retail basis, Bowl of Heaven Products, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing method or other channels of distribution, even if the sales are made by distributors or retailers who are located in your Territory. We are not required to pay you compensation for soliciting or accepting orders in your Territory at venues through these other channels of distribution.

You are not restricted from soliciting or accepting orders outside of your Territory, but you may not sell any of Bowl of Heaven Products on a wholesale basis, at any location other than your Outlet (other than through catering as authorized by BOH or delivery within your Territory), or through the Internet, catalog, mail order, telemarketing or any other method of sales or distribution.

We will publish all website content and we may provide you with a presence on BOH's master website (www.bowlofheaven.com). And if we do this, you must participate in this website. We will maintain the "Uniform Resource Locator" (or "URL") and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you

authorized to establish your own personal websites for the purpose of advertising your Outlet or our principal trademarks.

BOH has not established and does not intend to establish company-owned retail outlets selling Bowl of Heaven Products in your Territory. Although we have no current plans to do so, we reserve the right to offer and sell other types of franchises that are not directly competitive with the Bowl of Heaven franchise.

The continuation of your exclusive rights to the Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or other contingency. The continuation of your exclusive rights to develop Outlets under the MOA does depend on your meeting the development schedule described in the MOA. Neither the Territory granted by the Franchise Agreement nor the development area described in the MOA may be altered except if you and BOH mutually agree. If you are in compliance with your Franchise Agreements (and the MOA if applicable), you will maintain rights to your Territory and the development area described in the MOA even if the population in those geographic areas increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark “Bowl of Heaven” (which is owned by our affiliate company NSI) and other current or future trademarks. On February 1, 2012, NSI filed an application to register the principal trademark with the United States Patent and Trademark Office (“USPTO”), based on actual use, serial number 85531031.

We do not yet have a federal registration for our principal trademark “BOH”. Therefore, this trademark will not have the same legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits have been filed.

All trademarks are owned by our parent company NSI, which granted BOH a trademark license (the “Trademark License”) and right to use the principal trademark and related trademarks, service marks, trade names, logos and symbols (collectively the “Marks”) related to Bowl of Heaven and to grant licenses to use the Marks to Bowl of Heaven franchisees. The Trademark License will continue until it is terminated. If the Trademark License were to be terminated, Bowl of Heaven franchisees would have the right to continue to use the Marks while operating their franchised Outlets under their Franchise Agreements for not less than the existing term of the Franchise Agreement. Except as described above, no agreements limit our rights to use or license the use of the trademarks.

You must follow our rules when you use the Marks. You cannot use our principal trademark as part of a corporate name or with modifying words, designs or symbols except for those which BOH licenses to you. You may not use the trademarks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

BOH has the right to control any administrative proceedings or litigation involving a trademark licensed to you by BOH. You must notify BOH promptly when you learn about an alleged infringement, unfair competition, unauthorized third party use of or challenge to your use of the trademarks. We then will promptly take the action we think appropriate. BOH will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the trademarks (see section 9.5 (b) of the Franchise Agreement). BOH has no obligation to defend or indemnify you if the claim against you relates to your use of the trademarks in violation of the Franchise Agreement.

If you learn that any third-party whom you believe is not authorized to use our trademarks is using them or any variant of them, you must promptly notify us. BOH will determine whether or not we wish to take any action against the third party.

You must modify or discontinue the use of a trademark if BOH modifies or discontinues it. You must not directly or indirectly contest our rights to the trademarks, trade secrets or business techniques that are part of our business.

Except for the proprietary rights of NSI in the Marks, there are no infringing uses or superior previous rights known to BOH that can materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

BOH does not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual (which is described in Item 11 of this disclosure document) and only you or your authorized employees can have access to and use the proprietary information in the Manual. Item 11 also describes limitations on the use of this Manual by you and your employees.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. BOH is not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

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

BOH is seeking franchisees whose principal owner plans to actively participate in the direct management and operation of your Outlet. Additionally, as disclosed in section 8.1(a) of the Franchise Agreement, you must employ at least one designated General Manager (if you are a sole proprietor, this could be you) who has successfully completed our initial training program. You must disclose the identity of the General Manager to us and if he or she is for any reason no longer acting as General Manager, you must notify us immediately and in writing. The General Manager cannot have an interest or business relationship with any of BOH’s business competitors. The General Manager must devote his or her full time during normal business hours to the management, operation and development of the Franchised Business. BOH does not require your General Manager to have any ownership interest in your business, although he or she may do so. If the General Manager does not own at least a 20% equity interest in your franchisee entity, he or she may be required to sign a non-competition agreement similar to the non-competition agreement contained in your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Outlet only Bowl of Heaven Products and other goods and services that we designate as required for all franchisees or have approved.

BOH has the right to change and add other authorized goods and services that you will be required to offer. There are no limits on our right to do so except that the additional investment required of you for equipment, supplies and initial inventory will not exceed \$25,000 per year.

There are no restrictions on the customers to whom you may sell Bowl of Heaven Products and related products at your Outlet.

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	SECTION IN MULTI OUTLET AGREEMENT	SUMMARY
a.	Length of the franchise term	5.1	1.3	The initial term of the Franchise Agreement is 5 years. The term of the MOA is until all Outlets have been opened under the Development Schedule.
b.	Renewal or extension of the term	5.2	Not Applicable	If you are in good standing, you can add additional 5 year terms.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI OUTLET AGREEMENT	SUMMARY
c.	Requirements for franchisee to renew or extend	5.2	Not Applicable	Sign Renewal Franchise Agreement (or addendum to existing Franchise Agreement extending its term), pay renewal fee of \$1,500, remodel your Outlet (if necessary) and sign release. The Franchise Agreement you sign at renewal may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of the Territory and the recurring fees you pay us will remain the same.
d.	Termination by franchisee	13.1(a)	1.3	If BOH is in material breach, you can terminate your franchise agreement.
e.	Termination by franchisor without cause	Not applicable	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1	6.1	BOH can terminate only if you are in material default.
g.	"Cause" defined – curable defaults	13.3	6.1	You have 14 days to cure monetary defaults and 30 days to cure other defaults that can be cured.
h.	"Cause" defined – non-curable defaults	13.2	Not Applicable	Non-curable defaults: abandonment, purchase of any Bowl of Heaven Product from an unapproved supplier, closure of your Outlet for health reasons for more than 7 days, repeated defaults of the same material obligation within a 12 month period even if cured, and your bankruptcy or insolvency.
i.	Franchisee's obligations on termination or non-renewal	15.1	6.2	Obligations include removal of our Brand and other trademarks, return of all proprietary information and erasure of all copies of proprietary information, forwarding of telephone number and payment of amounts due (also see r, below).
j.	Assignment of contract by franchisor	12.1	Not Applicable	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	12.2(a)	4.2	Includes transfer of contract or assets or ownership change.
l.	Franchisor's approval of transfer by franchisee	12.2	4.1	BOH has the right to approve all transfers (including transfers of more than 50% of the equity or controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	4.1	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (see r. below).
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	Not Applicable	BOH can match any legitimate offer for your business.
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Not Applicable	Only applicable when the Franchise Agreement terminates or expires.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI OUTLET AGREEMENT	SUMMARY
p.	Death or disability of franchisee	12.6	Not Applicable	Franchise must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	5.1	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	5.1	No competing business for 1 year within 25 miles of your Outlet or any other BOH Outlet (this obligation also applies to you if you assign your franchise). The MOA refers to the non-competition covenant in the last Franchise Agreement you sign.
s.	Modification of the agreement	8.2, 9.4, 16.14	9.2	No modifications generally, but Manual subject to change.
t.	Integration/merger clause	16.14	9.11	Only the terms of the franchise agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document, Franchise Agreement and MOA may not be enforceable.
u.	Dispute resolution by arbitration or mediation	14.1-14.6	7.1	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes initially to mediation before a neutral franchise attorney nominated by Franchise Arbitration and Mediation Services ("FAM") appointed with your approval under FAM's Mediation Guidelines (available at www.franarb.com). If the mediation is unsuccessful, any dispute must then be arbitrated before one arbitrator from the list of panelists having franchise experience and referred by Judicial Arbitration and Mediation Services ("JAMS") and selected by the parties in accordance with (i) JAMS' Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or (ii) JAMS' Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration by a neutral franchise attorney nominated by FAM and selected by the parties under FAM's Arbitration Guidelines, or by another arbitration organization providing arbitrators with experience in franchise disputes.
v.	Choice of forum	14.2(b), 14.3	7.1	Mediation and arbitration proceedings must take place in Orange County, California. Litigation must take place in an appropriate court in California.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI OUTLET AGREEMENT	SUMMARY
w.	Choice of law	16.13	9.1	The Federal Arbitration Act (9 U.S.C. §1 <i>et seq.</i>) governs the arbitration of disputes under the Franchise Agreement. Otherwise, the law of the state where the Outlet is located governs the Franchise Agreement (and the MOA if applicable).

ITEM 18: PUBLIC FIGURES

Although we may do so in the future, BOH does not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the Bowl of Heaven franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, Mr. Dan McCormick, Bowl of Heaven Franchise Group, LLC, 8 Olympic Way, Coto De Caza, California 92679, (949) 521-4414; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

[Table No. 1]

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2009 TO 2011

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
Company-Owned	2009	0	0	0
	2010	0	1	+1
	2011	1	1	0
Total Outlets	2009	0	0	0
	2010	0	1	+1
	2011	1	1	0

[Table No. 2]

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR YEARS 2009 TO 2011**

State	Year	Number of Transfers
--	2009	0
	2010	0
	2011	0

[Table No. 3]

STATUS OF FRANCHISE OUTLETS FOR YEARS 2009 TO 2011

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Totals	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0

[Table No. 4]

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2009 TO 2011

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
	2011	1	0	0	0	0	1
Totals	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
	2011	1	0	0	0	0	1

[Table No. 5]

PROJECTED SYSTEM-WIDE OPENINGS AS OF DECEMBER 31, 2011

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	2	0
Idaho	0	1	0
Nevada	0	1	0
Oregon	0	1	0
Utah	0	1	0
Totals	0	7	0

Exhibit C lists the names, addresses and telephone numbers of all open and operating Bowl of Heaven franchise outlets as of September 11, 2012.

Exhibit D lists the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not

communicated with us within the 10 weeks ending on the issuance date of this disclosure document (September 11, 2012). Your contact information may be disclosed if you buy this franchise and then later leave the system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Bowl of Heaven. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. However, during the last 3 fiscal years, BOH has not signed any agreements with current or former franchisees that included confidentiality clauses.

BOH has not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Bowl of Heaven franchise system being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our initial audited financial statement from inception (May 21, 2012) to July 10, 2012. Our fiscal year end date is December 31.

ITEM 22: CONTRACTS

Exhibit A - Franchise Agreement
Exhibit E - Multi-Outlet Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit H at the very end of this disclosure document.

BOWL OF HEAVEN

FRANCHISE AGREEMENT

EXHIBIT A

BOWL OF HEAVEN

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____, 20____ (the "Effective Date"), by and among Bowl of Heaven Franchise Group, LLC, a California limited liability company, doing business as Bowl of Heaven ("BOH", "we", "us" or "our"), and _____ ("you" or "your"), and (if you are not a sole proprietorship) each person owning 20% or more of your entity, who will sign and be a party to this Agreement (in such context, "Principal Equity Owner"), with reference to the following facts:

RECITALS

An entity affiliated with us (the "Owner of the Marks") owns the Bowl of Heaven trademarks, service marks and other intellectual property and all rights in respect thereof and has authorized us to license them to Bowl of Heaven franchisees.

You desire to be franchised and licensed by us to use our "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) from a specific "Outlet" (as defined in Article I below and identified in Exhibit 1 attached).

We are willing to grant you a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term "Abandoned" means cessation of operation of the Franchised Business for a period of 10 consecutive days, without our prior written consent. A repeated pattern of inactivity at your Outlet for periods of less than 10 consecutive days may result in your Franchised Business being deemed Abandoned if in our judgment such inactivity adversely impacts the Franchised Business. Your Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond your control, provided that you give us notice of any such closure within 10 days after the initial occurrence of the event resulting in such inactivity, and we acknowledge in writing that such inactivity is due to one of the foregoing causes, and provided further that you re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as we may permit.

Anniversary Year. The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

Bowl of Heaven Products. The term "Bowl of Heaven Products" means proprietary Acai bowls, unique juice blend smoothies, specified condiments and ingredients, and other food, beverages and related products and accessories supplied by designated vendors and approved suppliers for resale by you at your Outlet in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by us).

Confidential Operations Manual. The term "Confidential Operations Manual" means the manual or manuals (regardless of title) containing recipes, formulas, policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements thereto provided to you from time to time.

Control. The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Consumer Price Index or CPI. The term "Consumer Price Index" or "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Franchised Business. The term "Franchised Business" means the sale of "Bowl of Heaven Products" (as defined in this Article I) and other goods and services we authorize in the Confidential Operations Manual pursuant to the "System" (as defined in this Article I) and other business methods and procedures set forth by us for the operation and marketing of an Outlet within the "Territory" (as defined in this Article I).

General Manager. The term "General Manager" means the individual (may be a Principal Equity Owner) that has been designated by you as the person responsible for the day-to-day operation of the Outlet, and who has successfully completed "Initial Training" (as defined in this Article I).

Gross Revenues. The term "Gross Revenues" means all revenues, however generated or received, that are derived by you from operating the Franchised Business at or through your Outlet, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

Initial Training. The term "Initial Training" means training in the System provided by us, as described in and required by section 6.1 hereof.

Marks. The term "Marks" means the proprietary marks that are associated with the Bowl of Heaven system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business.

Opening Date. The term "Opening Date" means the day you open your Outlet, furnished, inventoried and equipped in accordance with BOH's requirements, and you begin operating the Franchised Business at your Outlet.

Outlet. The term "Outlet" means a retail café and health, energy and nutrition bar that BOH has consented to which is dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Proprietary Information. The term "Proprietary Information" means all non-public information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets, including the Confidential Operations Manual, recipes, formulas, business formats, business systems, financial information, marketing strategies and programs, operational techniques, service concepts, artwork, e-mail, electronic media, graphics, layouts, slogans, names, titles, text, bulletins, instruction sheets, or supplements thereto, and any proprietary equipment, videotapes, videodiscs, forms, advertising matter, the Marks, devices, insignias and designs.

System. The term "System" means comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to Bowl of Heaven Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (v) related materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that we make available to you. In our sole discretion, we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term "Territory" means the designated and agreed geographical area surrounding your Outlet as set forth in Exhibit 1 attached hereto.

Trade Dress. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Outlet, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Bowl of Heaven Products.

Transfer. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Our Business.

We are engaged in the administration, development, operation and licensing of businesses that operate Outlets offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with BOH and our affiliated companies. Our activities

in general, and our system (including proprietary products and services; logos; equipment and operations; designs and layouts for the Outlets; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and our business reputation.

2.2 The Franchise System.

As a result of our expenditure of time, skill, effort and money, we have developed and supervise the franchise System under the Marks operated in accordance with the provisions of this Agreement and our Confidential Operations Manual, as amended from time to time. The Owner of the Marks has authorized us to license the Marks to Bowl of Heaven franchisees.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By our respective signatures below, we hereby grant to you, and you hereby accept, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at your Outlet within your Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. So long as you comply with this Agreement, we will not locate another Outlet in your Territory.

(b) You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises outside the Territory. **YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE OUTLET WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF OUR PRESIDENT OR OTHER EXECUTIVE OFFICER, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND ADVERTISING FEES.**

3.2 Reserved Rights.

(a) Nothing contained herein accords you any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of ours, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS YOU ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT YOUR OUTLET AND NOWHERE ELSE UNLESS WE SPECIFICALLY ALLOW YOU TO OFFER BOWL OF HEAVEN PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO BOH.**

(b) We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Bowl of Heaven Products at venues other than Outlets and through other channels of distribution anywhere, including within your Territory.

3.3 Promotion and Development of Your Outlet.

You must (i) diligently and effectively promote, market and engage in the Franchised Business at your Outlet; (ii) develop, to the best of your ability, the potential for future Franchised Business within your Territory; and (iii) devote and focus all of your professional attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) You understand and agree that you are licensed hereby only for the operation of your Franchised Business at and from your Outlet and only within your Territory (unless we specifically agree otherwise on a case by case basis).

(b) You may not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Obligations of Entity Franchisee.

(a) If you are an entity, you must provide us at the Effective Date with a copy of your entity's organizational document and by-laws, operating agreement or other agreement between the equity owners.

(b) If you are a corporation or limited liability company, you must also place the following legend on all stock or membership certificates:

"THE TRANSFER OF THE EQUITY INTEREST IN THE COMPANY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN FRANCHISE AGREEMENT DATED _____, 20__ BETWEEN THIS COMPANY AND BOWL OF HEAVEN FRANCHISE GROUP, LLC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE FORMATIONAL AND GOVERNING DOCUMENTS OF THIS COMPANY."

IV. PAYMENTS BY YOU

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" is \$25,000. The Initial Franchise Fee is due and payable in full, by cashier's check or money order or wire transfer to BOH's bank account, when you sign this Agreement. **The Initial Franchise Fee is fully earned by BOH when paid.**

(b) If you are a veteran of the U.S. Armed Services who was honorably discharged, we will discount the Initial Franchise Fee for your initial Outlet by 15%.

(c) If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Bowl of Heaven business, or if you do not obtain our acceptance of the location of your Outlet within 90 days after the Effective Date (see section 7.2 below), we may cancel this Agreement. If we cancel this Agreement for either of those reasons, we will refund the Initial Franchise Fee you have paid, less any expenses we have incurred relating to our activities on your behalf. **Otherwise, the Initial Franchise Fee is not refundable.**

4.2 Royalty.

(a) Beginning on the Opening Date, you must pay us a "Royalty" of 7% of the Gross Revenues received by you during the previous bi-weekly period. In the event a tax agency in your state requires BOH to remit taxes on Royalties paid by you or any other payments made to BOH by you, BOH reserves the right to require you to reimburse us up to the full amount of any such taxes remitted by BOH.

(b) Royalties are due and payable on a weekly basis on every Wednesday following the weekly period in which applicable Gross Revenues were received, and are to be accompanied by a Gross Revenues report in the form prescribed by BOH.

4.3 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, you must pay us a "Marketing and Promotion Fee" of 1% of the Gross Revenues received by you during the previous bi-weekly period. Effective on the second anniversary of the Effective Date, the Marketing and Promotion Fee will increase to 2% of the Gross Revenues received by you during the previous bi-weekly period. In the event a tax agency in your state requires BOH to remit taxes on Marketing and Promotion Fees paid by you, BOH reserves the right to require you to reimburse us up to the full amount of any such taxes remitted by BOH.

(b) Marketing and Promotion Fees are due and payable on a weekly basis on every Wednesday following the weekly period in which applicable Gross Revenues were received, and are to be accompanied by a marketing report in the form prescribed by BOH.

(c) Within the first 60 days after the Opening Date, you must spend in your Territory at least \$2,500 on the grand opening advertising and promotion of your Outlet, using the grand opening advertising and promotional program that we approve.

(d) Commencing 61 days after the Opening Date, you must spend at least 3% of your monthly Gross Revenues on the local marketing, advertising and promotion of your Outlet, using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("Local Advertising"). You must report to us by the 3rd business day after the end of each month after the Opening Date all details of your Local Advertising in that month in the manner specified in the Confidential Operations Manual. If and when you join a Bowl of Heaven regional co-operative marketing group ("Co-Op"), any sums that you contribute to the Co-Op will be credited against the Local Advertising expenditure requirement set forth above in this section 4.3(d).

(e) On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all Bowl of Heaven franchisees agree to such additional assessment by affirmative vote.

(f) With respect to regional or system-wide advertising, including without limitation advertising done as a result of Marketing and Promotion Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

4.4 Technology Support Fee.

(a) In order to offset technology-related costs and charges relating to Bowl of Heaven (including without limitation help desk fees for any required software to be used by franchisees, licensing or user-based fees for a franchise portal or benchmarking platform, and fees related to exposure on the Bowl of Heaven website), beginning on the Opening Date, you must pay us every Wednesday a weekly Technology Support Fee of \$75.

(b) In our discretion and upon at least 60 days written notice, we can increase the weekly Technology Support Fee but never to exceed \$150.

4.5 Electronic Funds Transfer.

We require payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT") or such other automatic payment mechanism that BOH may designate directly from your account into our operating account. If we do so, you must execute or re-execute and deliver to us bank-required pre-authorized documents and other instruments to enable us to draw directly from your bank account your Royalty and Marketing and Promotion Fees and other sums payable under the terms of this Agreement. You must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments and must maintain such minimum balance in such account as we may reasonably specify from time to time. You must not alter or close such account except upon our prior written approval. Any failure of yours to implement such EFT system in strict accordance with our instructions will, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

4.6 Fees Fully Earned; No Setoff on Payments.

All payments made by you to us pursuant to this Article IV are fully earned and non-refundable when paid to us. All payments to be made by you to us will be made without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

Any payment of Royalty or Marketing and Promotion Fees that is not received by BOH when due will be deemed delinquent, and will be subject to a late payment penalty of \$100. Also, all delinquent amounts will bear interest at an annual percentage rate ("APR") of 18% (unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lesser percentage, in which case that APR will apply), and you must reimburse BOH immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.8 No Accord or Satisfaction.

If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due us. We may 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 endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the Franchised Business licensed hereunder) will be five years from the Effective Date hereof, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

(a) You may renew your Franchise for successor five-year terms, unless:

(i) You have given us written notice of your intention not to renew this Agreement at least 90 days before the expiration of the initial term or any successor term; or

(ii) We have given you, at least 180 days before the expiration of the initial term or any successor term, written notice of our intention not to renew this Agreement, which must be for one of the following reasons:

(A) You are not in good standing under this Agreement, including your failure to cure any outstanding default for which notice has been given;

(B) We are exercising any then-current right of ours to purchase the Franchise;

(C) We are permitting you, during the 180 days before the expiration of the initial term or any successor term, to transfer the Franchise to a transferee meeting our then-current qualifications and requirements; or

(D) You received from BOH six or more notices of default of this Agreement during the entire term that is expiring, or two or more notices of default during the last 12 months of the term that is expiring.

(b) At the time of renewal, you must (i) then be solvent (which means that you are able to pay your debts as and when promised by you and that you have assets that are greater than your debts), (ii) have not abandoned the Franchise, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Bowl of Heaven brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to us during the initial term.

(c) At the time of renewal, neither you, nor any of your principal officers or partners (if you are a corporation, limited liability company or partnership), must have been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our sole and absolute judgment, to have an adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(d) As a condition to renewing your Franchise rights, we will require you to sign either (i) our then-current standard Renewal Franchise Agreement not later than 90 days before the end of the term that is expiring or (ii) an addendum to this Agreement extending its term for an additional five year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT, PROVIDED THAT THE ECONOMIC TERMS OF THE RENEWAL FRANCHISE AGREEMENT WILL NOT MATERIALLY VARY FROM THE TERMS OF THIS AGREEMENT WITHOUT YOUR CONSENT.** The then-current Renewal Franchise Agreement, when executed, will supersede this Agreement

(e) At the time of renewal, you must have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement, and we may examine your books and records to verify compliance with this requirement anytime during normal business hours within 60 days of your renewal date.

(f) Before or not later than 90 days after your execution of a Renewal Franchise Agreement for an additional term, you must make such physical modifications to your Outlet as are reasonably necessary so that they are substantially consistent with the then current Bowl of Heaven system outlets, and so that they can accommodate new Bowl of Heaven Products, if any. You must also bring your Outlet and equipment, materials and supplies into compliance with the standards then applicable to new Bowl of Heaven franchises.

(g) When you sign the Renewal Franchise Agreement, you must pay BOH a "Renewal Fee" of \$1,500. This Renewal Fee is subject to adjustment based on changes in the CPI since the Effective Date.

5.3 Notice of Expiration Required by Law.

If applicable law requires that we give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term, we will give such additional required notice. If we do not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that (i) you, your General Manager, the Principal Equity Owners, and your other key employees and representatives understand the Franchised Business and the System and (ii) your General Manager and other key employees have been trained how to operate the Franchised Business. Accordingly, we will provide to your General Manager and at least one other key employee of yours (may be a Principal Equity Owner) initial training and orientation in the System and how to operate the Franchised Business. You may not open and operate your Franchised Business until your General Manager and one key employee have satisfactorily completed Initial Training. You acknowledge and agree that BOH will solely determine whether or not your General Manager and key employee have satisfactorily completed Initial Training.

(b) The failure of your designated General Manager and key employee to complete Initial Training to our satisfaction will be grounds for termination of this Agreement; provided, however, that your General Manager or key employee who fails to successfully complete Initial Training will have the opportunity to either retake Initial Training or you may send one replacement, approved by us, to the next available Initial Training program.

(c) We will determine the contents and manner of conducting the Initial Training program in our discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as recipes, food preparation and handling procedures, standards, marketing and customer service techniques, reports and equipment maintenance.

(d) There is no separate fee payable to us for the Initial Training program provided to your initial General Manager and one of your key employees. You must pay us a fee of \$1,500 for every other attendee of Initial Training.

(e) All costs and expenses (including travel, hotel and meal) of your attendees of Initial Training will be your sole responsibility. All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

6.2 Training and Assistance after Opening.

(a) After you open your Franchised Business, we will provide you with access to the BOH website, which will include access to a password protected, digital copy of the Confidential Operations Manual.

(b) After you open your Franchised Business, we will provide you with telephone and e-mail assistance at your request or otherwise as we deem necessary to instruct in all phases of the operation of the Franchised Business, and periodic supervision and assistance that we deem appropriate, using our field representatives who may visit your Outlet and Territory from time to time. The frequency and duration of any visits to your Outlet or Territory by our representatives is in our sole discretion. In addition, we will be available on an ongoing basis at our national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business.

(c) After you open your Franchised Business, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that are deemed by us to be relevant or appropriate to the operation of your Franchised Business. You specifically agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Outlet and Franchised Business, and that you will send your General Manager to us for additional training if we request this. We may, at our discretion, charge you

an additional training fee of up to \$750 per day for Bowl of Heaven training courses, seminars, conferences or other programs that we require you or your representatives to attend.

(d) We may but are not required to make available to you optional staff training courses, coaching and business mentoring programs, seminars, conferences, or other programs, in a suitable location selected by us. We may, at our discretion charge you a separate fee of up to \$750 per day for this optional training.

(e) In addition to updates to the Confidential Operations Manual, we may provide you with additional materials relating to the Franchised Business. We may also from time to time make available to you for purchase other materials relevant to the System and the Franchised Business.

(f) All costs and expenses (including travel, hotel and meal) of your attendees at any post-opening training, conferences or meetings will be your sole responsibility. All persons attending post-opening training, conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

(g) In the event of a Transfer of your Franchised Business (which must be done in full compliance with section 12.2 of this Agreement), the transferee/assignee must be trained by us as a condition of our consent to such Transfer. The transferred Franchised Business may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchised Business and we have otherwise consented to the Transfer in accordance with this Agreement.

6.3 Mandatory Meetings.

Not more often than once each year, we may conduct a system-wide meeting or series of regional meetings to discuss Bowl of Heaven business activities or other matters relating to the Franchised Business. Attendance of the General Manager at these meetings will be mandatory (and is highly recommended for all of your Principal Equity Owners). We may limit the number of your attendees at these meetings. You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by us.

6.4 Proprietary Materials.

At Initial Training and other training programs and conferences, we may provide you with confidential and proprietary information ("Proprietary Information"), as well as training materials, training curricula and related materials for your use in the training of your staff. All of these items are and will remain our property. You must not yourself nor allow your employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing Proprietary Information and related materials without our express prior written consent.

VII. OPENING OF OUTLET AND FRANCHISED BUSINESS

7.1 Your Outlet.

The Franchised Business may only be operated from your Outlet. If your Outlet has not been identified when you sign this Agreement, but the general location of the Territory is identified, the exact location of your Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as the location of your Outlet has been determined. In order to promote the orderly and timely service of Bowl of Heaven customers, you may not deliver Bowl of Heaven Products outside your Territory without BOH's prior written consent.

7.2 Building Out Your Outlet.

(a) Premises acceptable to BOH from which your Outlet will be operated must be located and secured by you and reviewed and consented to by BOH within 90 days after the Effective Date. If you have not located a site for your Outlet that is acceptable to BOH within 90 days after the Effective Date, BOH may cancel your Franchise Agreement on the basis of your failing to find an acceptable site and if BOH does so, we will refund your Initial Franchise Fee less costs BOH has incurred up to the date of cancellation. You must build out your Outlet (and commence operation of the Franchised Business there) within 180 days after the Effective Date, using architects, project managers, contractors, subcontractors, architectural plans and key equipment suppliers designated by BOH (or one of our affiliated companies) or otherwise reasonably acceptable to BOH. You must commence operation of the Franchised Business at your Outlet as soon as practicable after your receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after you have located and secured suitable premises for your Outlet, you have not commenced operation of the Franchised Business within 180 days after the Effective Date, BOH may terminate this Agreement effective on written notice, in accordance

with Article X of this Agreement and if BOH does so, you will not be entitled to receive any refund of your Initial Franchise Fee. If this Agreement is for a second or subsequent Outlet owned by you, you must commence operation of the Franchised Business at the Outlet within (i) the time period specified in the Development Schedule included in any Multi-Outlet Agreement ("MOA") you have executed, or (ii) if you did not execute an MOA, then in accordance with the timelines specified above in this section 7.2(a).

(b) BOH will assist you in the site selection process and we reserve the sole right of final review and consent to any location of the Outlet. BOH uses available demographic information to help you evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances. **BOH's final review and consent to your Outlet is not a guarantee that an Outlet business can be successfully operated there or elsewhere in your Territory.**

(c) BOH will provide you with a sample prototype layout for your Outlet. At your sole expense, you must employ architects, designers, engineers or others designated or approved by BOH to complete, adapt, modify or substitute the sample plans and specifications for the Outlet. The architect must submit a complete set of final plans and specifications to BOH before commencing construction of the Outlet. BOH will review these plans and specifications promptly and accept them as stated, or provide you with our comments on the plans and specifications. BOH has complete and uncontested control over all design including designating architect, contractors, and other third parties and you may not choose your own contractors, architects or third party designers. And, you may not commence construction of the Outlet until BOH consents in writing to the final plans, specifications and contractors to be used in constructing the Outlet. BOH will consult with you, to the extent BOH deems necessary, on the construction and equipping of the Outlet (this must be done by approved suppliers), but it is and will remain your sole responsibility to diligently construct, equip and otherwise make ready, and then open the Outlet. You are responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities.

(d) You must use licensed general contractors, designers, vendors and architects accepted by BOH before performing construction work at your Outlet. BOH expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities which BOH may refer to you. BOH will not be responsible for delays in the construction, equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction since BOH has no control over the landlord or developer and numerous construction or related problems which could occur, and consequent delay in the opening of your Outlet. BOH must approve in writing any and all changes in the Outlet plans prior to construction of the Outlet or the implementation of such changes.

(e) BOH must have access to your Outlet while work is in progress, may make video records of construction in process, and may require such reasonable alterations to or modifications in the construction of the Outlet as BOH deems necessary. Your failure to promptly commence the design, construction, inventorying, equipping and opening of the Outlet with due diligence will be grounds for the termination of this Agreement. And if you do not complete the build out of the Outlet in a reasonable time, BOH can complete the build out, all expenses of which will then be paid or reimbursed by you. Before opening of the Outlet and prior to final inspections by any governmental agency, BOH will complete a final "walk through" inspection of the Outlet and issue a written consent to open. Any deficiencies noted by BOH as a result of this inspection must be corrected by you within 30 days or this Agreement may be terminated without any liability to BOH.

(f) Unless otherwise agreed to in writing by you and BOH, although BOH will assist you with site selection, you have the sole responsibility for locating and obtaining suitable premises for your Outlet. You and your landlord may be required to execute a rider to your lease, or other agreement or written understanding that (i) grants BOH an option to assume your position as lessee under the lease for the Outlet premises if you are in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify BOH if you are in such default) or this Agreement, and (ii) requires the landlord to fully cooperate with BOH in completing de-identification of the Outlet in the event this Agreement is terminated or expires without being renewed.

(g) BOH has the right to continually inspect your Outlet and any other site where you conduct the Franchised Business.

7.3 Initial Inventory.

Within the timeframes that we specify before the Opening Date, you must order from (and if necessary pre-pay to) designated or approved suppliers the items specified in the store development materials and the Confidential Operations Manual for your complete initial inventory of Bowl of Heaven Products and other authorized items, with delivery scheduled for not later than two business days before the Opening Date. Thereafter, you must buy Bowl of Heaven Products and other authorized items only from the vendor designated by BOH or suppliers approved by BOH. You must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers approved by BOH.

7.4 Marketing and Advertising Boundaries.

You may not directly promote, advertise or otherwise market your Outlet outside the boundaries of the Territory or other advertising boundary that we designate, except with the express permission of the franchisee in whose territory the advertising is conducted. The marketing and advertising boundaries are determined by us and may be changed by us or overlap with other franchised Outlet territories as market conditions or type of media warrant, all in our sole discretion. Such marketing and advertising boundaries may exceed the Territory provided herein, in our sole discretion.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times you must be, or employ, a "full time" General Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The General Manager may not engage in any other business requiring his or her active participation during normal business hours.

(b) You must only operate the Franchised Business at your Outlet, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provide to you by us in writing. You may only provide Bowl of Heaven Products to customers who in your reasonable judgment are capable of receiving or using them. You may not engage in the sale or delivery of Bowl of Heaven Products outside of your Outlet except for bona fide catering orders (if we have authorized you to provide catering) to customers within a reasonable distance from your Outlet or as we may otherwise authorize in the Confidential Operations Manual or otherwise in writing. We reserve the right to set and adjust any boundaries of areas where you are authorized to provide catering of Bowl of Heaven Products. You must use the standard signs and formats that we prescribe in operating the Outlet and conducting the Franchised Business. To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require that you comply with the methodology we prescribe in providing Bowl of Heaven Products to customers, including without limitation not charging prices that exceed the maximum prices we authorize.

(c) You must operate your Franchised Business on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual and fulfill your obligations to your customers in a timely and professional manner. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies.

(d) You must promptly satisfy as and when due any *bona fide* indebtedness that you incur in operating your Franchised Business.

(e) You must notify us in writing within 10 days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Territory or your ability to meet your obligations hereunder.

(f) Upon the occurrence of any event that occurs at the Outlet or in the Territory that has caused or may cause harm or injury to customers or employees, such as product tampering or sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance that may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates, you must immediately inform our President (or as otherwise instructed in the Confidential Operations Manual) by telephone and e-mail (or other electronic messaging medium authorized by us for this purpose). You must cooperate fully with us with respect to our response to an incident described in this section 8.1(f).

(g) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements.

(h) You may not engage in any co-branding in or in connection with the Franchised Business except with our prior written consent. We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we recognize that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within your Outlet or the Franchised Business you operate in your Territory or is adjacent to your Outlet and operated in a manner which is likely to cause the public to perceive it to be related to the Outlet and Franchised Business licensed and franchised hereunder.

8.2 Confidential Operations Manual.

(a) You must operate the Franchised Business in accordance with the Confidential Operations Manual. You will have access to an encrypted and password protected digital copy of the Confidential Operations Manual through our website. You may also be provided with a hard copy of all or portions of the Confidential Operations Manual at Initial Training or afterwards. We have the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on our website is changed.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Bowl of Heaven franchisees. As modified by us from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual, as amended by us from time to time. However, the Confidential Operations Manual, as modified or amended by us from time to time, will not alter your fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that you may have printed and maintain, the master copy of the Confidential Operations Manual that we maintain at our headquarters and available on our website will be the controlling version and will supersede all prior versions.

(c) If you lose printed portions of, or allow unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you may be required to pay us the sum of \$5,000 (this amount may be adjusted by changes in the CPI since the Effective Date) within 30 days after our demand for payment, and you will be deemed to be in violation of this Agreement and all other agreements you have with BOH and our affiliated entities.

(d) Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return to us any printed portions of the Confidential Operations Manual then in your possession. Except as specifically permitted by us, at no time may you, or your employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except your authorized employees and agents when required in the operation of the Franchised Business.

8.3 Standards of Operation.

You agree that we, you and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at your Outlet and elsewhere in your Territory. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Confidential Operations Manual as it may be revised from time to time, and as we may otherwise direct in writing. In order that we may establish and maintain an effective network of franchisees, you specifically agree that you must not display the Marks except in the manner we authorize.

8.4 Point of Sale System and Computer System.

(a) You must purchase, use and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Confidential

Operations Manual or otherwise by BOH in writing for use in connection with the Outlet (the "POS System"). The POS System must be connected at all times to a dedicated digital subscriber line ("DSL") or other high-speed communications medium specified by BOH, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, accessing the Internet in the manner designated by BOH in the Confidential Operations Manual or otherwise by BOH in writing for maintaining the POS System. You must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to BOH. We may access the POS System on a daily or other basis at such times and in such manner as determined by BOH, with or without notice, to retrieve such transaction information including sales, sales mix, usage and other operations data as BOH deems appropriate. You must ensure that only adequately trained employees, in BOH's discretion, are allowed to conduct transactions using the POS System. Within a reasonable time upon our request, you must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to access Bowl of Heaven Products via such procedure, as specified by us. We may require you to update, upgrade or replace the POS System, including hardware and/or software, from time to time upon written notice, provided that you will not be required to replace the POS System any more frequently than once every three years.

(b) In addition to the POS System, you must purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by BOH in writing for use in connection with the Outlet (the "Computer System"). BOH requires you to maintain an e-mail account and connect the Computer System at all times to a dedicated broadband connection, DSL or other high-speed communications medium specified by BOH, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by BOH in the Confidential Operations Manual or otherwise by BOH in writing. You must obtain all software and hardware, including digital still and video cameras, as BOH may specify to enable you to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the Outlet, and you must, from time to time, upon BOH's request transmit digital photos and real time video and audio signals of the Outlet to BOH, and in the form and manner prescribed by us. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require by 30 days written notice; provided however that you will not be required to update or replace the Computer System any more frequently than once every three years. We may access the Computer System on a daily or other basis at such times and in such manner as determined by BOH, with or without notice, to retrieve files and data stored therein relating to the Outlet and the Franchised Business.

(c) BOH may designate that certain computer software must be used in the operation of the POS System and Computer System ("Designated Software"). If we do so, you must license or sublicense such Designated Software from our designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. You may also be required to purchase any upgrades, enhancements or replacements to the Designated Software. You must incorporate any required modifications or additions within 30 days after receiving written notice from BOH, unless a longer time period is stated in the notice

(d) You may not install, and must prohibit others from installing, unauthorized software on the POS System and the Computer System. You must take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the POS System or the Computer System. You must from time to time communicate to BOH all passwords, access keys and other security devices or systems necessary to permit BOH to access the POS System and Computer System and obtain the data we are permitted to obtain under this Agreement.

8.5 Maintenance, Upgrades and Refurbishments to the Outlet.

BOH requires that you maintain, and from time to time refurbish, the Outlet to conform to the then-current building design, Trade Dress, and color schemes then applicable for an Outlet. Such maintenance and refurbishment may require expenditures by you on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new Bowl of Heaven Products. In this regard, the following requirements are applicable:

(i) You must maintain all equipment used at the Outlet on an as needed basis. And you must immediately and completely resolve to our satisfaction any maintenance deficiencies we identify.

(ii) You must make any and all upgrades to equipment and any technology used in your Outlet that we may require.

(iii) We may periodically require you to update the Trade Dress used at your Outlet. Such updates will be contained in the Confidential Operations Manual or otherwise provided to you in writing. Such updates may require you to install new color schemes, logos, signage or other visual elements. We anticipate that such Trade Dress updates will be required no more frequently than once every three years.

8.6 Relocation of Your Outlet.

If you desire to relocate your Outlet, you may request BOH's consent upon the following conditions:

(a) Not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice shall be made as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location, accompanied by a non-refundable Relocation Fee of \$1,500. This Relocation Fee is subject to adjustment based on changes in the CPI since the Effective Date.

(b) Within 20 business days after receiving your request, BOH will either accept or disapprove in writing such closure or relocation in its sole discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location pursuant to the provisions of this section 8.6.

8.7 Record Keeping and Reporting Requirements.

(a) During the first 12 months after the Effective Date, you must generate and submit to us monthly income statements for your business in a format specified by BOH (including a standardized chart of accounts, not later than the 15th of the following month. Beginning on the first anniversary of the Effective Date and for the balance of the term of this Agreement, the required income statements will change from monthly to quarterly, to be submitted to us not later than the 15th of the month following the close of each calendar quarter. In addition, not later than 10 business days after we request them, you must submit to us other financial or statistical reports, records, statements or information as required in the Confidential Operations Manual or otherwise by us in writing.

(b) Within 90 days after the end of each fiscal year, you must submit to us a copy of the portion of your federal tax return that relates to the Outlet and your operation of the Franchised Business.

(c) All financial or statistical information you provide to us must be accurate and correct in all material respects.

(d) We have the right to use any financial or statistical information that you provide us, as we deem appropriate. We will not identify you, your Outlet or your Territory as the source of the information, and will not disclose any of this information except (i) with your written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) We or our designated agents have the right, at all reasonable times, to examine, copy and audit the books, records and applicable portions of your tax returns that relate to the Outlet and your operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an annual percentage rate of 18% (or the highest rate of interest allowed by your state's law if this is less than 18%). If an examination or audit discloses an underpayment or understatement of any amount due us by 2% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, you must reimburse us for the cost of having your books examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate this Agreement).

(f) You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. We will designate or

approve the suppliers of signs and display materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, you agree to erect and maintain, at the Outlet, entirely at your expense, any minimum signage recommended by us. Any signage containing the Marks will be designed by a vendor designated by BOH and manufactured by a vendor designated or approved by BOH.

8.9 Telephone Numbers.

At your sole expense, you must list the telephone number for your Outlet in accordance with procedures prescribed by the Confidential Operations Manual. At the time of termination or expiration of this Agreement, for any reason, you must transfer the telephone numbers for your Outlet to us or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

8.10 Insurance.

(a) You must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for you to operate your business (*i.e.*, workers' compensation insurance) or that is reasonably prudent for your type of business. Policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks (and our other affiliated companies identified by us in writing) as additional insureds to the full extent of coverage provided under the insurance policies. You must provide us a copy of the policy and endorsement upon issuance and upon each and every renewal.

(b) You must promptly notify us of any and all claims against you or us under said policies of insurance and deliver to us certificates evidencing that such insurance are in full force and effect within 30 days after signing this Agreement and each year thereafter. Such insurance certificate must contain a statement that the certificate cannot be canceled without 30 days prior written notice to you and to us.

8.11 Review and Inspection.

(a) BOH has the right to send representatives at reasonable intervals at any time during normal business hours, to your Outlet or other offices to review and inspect your operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement and the Confidential Operations Manual.

(b) You must permit our agents to access your Outlet and any other facility from which you sell Bowl of Heaven Products at any time during normal business hours to conduct reviews and inspections. You must cooperate with such reviews and inspections by rendering such assistance as our representatives may reasonably request and upon notice from us or our agents, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

8.12 Compliance with Laws.

You must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon you or upon your business or property. You represent and warrant that you will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Outlet is situated. You must immediately notify us of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving you, or any entity affiliates with you, or any agent, employee, owner, director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, except as specifically authorized by us in the Confidential Operations Manual or otherwise in writing, you may not (i) engage in Franchised Business directly or indirectly

through the Internet, (ii) establish a website or social networking media outlet (such as Facebook, MySpace, Twitter *etc.*), or register an Internet domain or social networking media outlet name using any of the Marks, or (iii) otherwise advertise on the Internet or anywhere else, the mark "Bowl of Heaven", or any other Mark, or any mark similar to "Bowl of Heaven", or any combination or derivations thereof.

(b) Any alternative distribution methods and programs you would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to the prior written approval of BOH, which approval will be in our sole discretion.

8.14 Intranet.

(a) We will establish and maintain an "Intranet" through which Bowl of Heaven franchisees may communicate with each other, and through which we and you may communicate with each other and through which we may disseminate the Confidential Operations Manual, updates thereto and other confidential information. We will have discretion and control over all aspects of the Intranet, including the content and functionality thereof. We will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to you.

(b) You may use the Intranet, but only if you are in strict compliance with the standards and specifications, protocols and restrictions that we may establish from time to time regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage default of any Bowl of Heaven franchise agreement, or other agreement with us or our affiliates, (iii) confidential treatment of materials that we transmit via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (v) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet. You acknowledge that, as administrator of the Intranet, we can technically access and view any communication that any person posts on the Intranet. You further acknowledge that the Intranet facility and all communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert.

(c) You must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet that allows us to send messages to and receive messages from you, subject to the standards and specifications.

8.15 Franchise Advisory Council.

We may, at our option, establish a franchise advisory council (the "FAC"), which will be composed of franchisees of the System. The FAC will, among other functions requested by us, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us. If appointed or elected to do so, you (or your designee) must, at your own expense, participate as a member of the FAC. We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC, you may be required to pay a fee or otherwise contribute to the FAC, as the FAC leadership or we may require. You acknowledge that the role of the FAC is advisory only, and we are not obligated to implement the FAC's recommendations. Neither you nor your designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement, or are not current in your financial obligations to us, and your landlord (if any), suppliers and vendors.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) We hereby grant you the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with your operation of the Franchised Business in the Territory. Neither you nor any Principal Equity Owner may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than

the Marks and other trademarks and service marks approved for use by us in connection with the Franchised Business. Neither you nor any Principal Equity Owner may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. **You may only use the Marks on the Internet or other electronic media in the manner and as specifically authorized by us in the Confidential Operations Manual or otherwise in writing.** You agree to be responsible for and supervise all of your employees and agents in order to insure the proper use of the Marks in compliance with this Agreement.

(b) You acknowledge that the Marks have been licensed to us by the Owner of the Marks to use in the franchised System. You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that the Owner of the Marks, BOH and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks' and BOH's exclusive right, title and interest in and to the Marks. You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property. You now assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and our other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between you and us, remains vested solely in us, and the use thereof is only co-extensive with the term of this Agreement. You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

(c) You acknowledge that we prescribe uniform standards respecting the nature and quality of Bowl of Heaven Products provided by you in connection with which the Marks are used. Nothing herein gives you any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and you agree that all of your use of the Marks under this Agreement inures to our benefit and the benefit of the Owner of the Marks.

(d) You and all Principal Equity Owners agree that all materials associated with BOH, Bowl of Heaven Products or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by you, your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, you hereby and irrevocably assign to us all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, you agree on behalf of yourself, your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard.

(e) If necessary, you agree to join with us and share the expenses in any application to enter you as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you hereby consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any of the foregoing recording activities.

9.2 Your Business Name.

(a) In connection with your operation of the Franchised Business in the Territory, you agree that at all times and in all advertising, promotions, signs and other display materials, on your letterheads, business forms, and at the Outlet and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Franchised Business solely under the Business Name, authorized by us (together with the words "INDEPENDENTLY OWNED AND OPERATED" on your letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as we may direct) or such other similar designation as may hereafter be prescribed by us, all in such form, size and style as prescribed in the Confidential Operations Manual.

(b) You must file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to your Business Name in the county or other designated region in which you are conducting business and at such other places as may be required by law. Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, we may, if you do not do so, execute in your name and on your behalf any and all documents necessary, in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so.

(d) You further agree that you will not identify yourself as (i) us, (ii) a subsidiary, parent, division, shareholder, partner, joint venturer, agent or employee of ours or the Owner of the Marks or (iii) any of our other franchisees.

(e) If you are a corporation, partnership, limited liability company or other entity, you cannot use any of the Marks in your entity's legal name.

9.3 Trade Secrets and Proprietary Information.

(a) You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are confidential trade secrets of BOH and are revealed in confidence, and you expressly agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We expressly reserve all rights with respect to the Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to you hereby or in the Confidential Operations Manual. We will disclose to you certain trade secrets as reasonably needed for the operation by you of your Franchised Business by loaning to you, for the term of this Agreement, manuals and other written materials containing the trade secrets, through training and assistance provided to you hereunder, and by and through the performance of our other obligations under this Agreement.

(b) You acknowledge that we are the sole owner of all Proprietary Information and our trade secrets; that such information is being imparted to you only by reason of your special status as a franchisee of the System; and that our trade secrets are not generally known to our industry or public at large and are not known to you except by reason of such disclosure. You further acknowledge that you will acquire no interest in the Proprietary Information and trade secrets disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement. In addition, you acknowledge that the use or duplication of our trade secrets except as expressly permitted by this Agreement constitutes an unfair method of competition and that we will suffer irreparable injury thereby.

(c) You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Marks, either during the term of this Agreement or thereafter, and that you will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

9.4 Modification of Marks and Trade Dress.

We may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. You must accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use your best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If you receive notice or otherwise become aware of any claim, suit or demand against you by any party other than us, the Owner of the Marks or any of our affiliates on account of any alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such

claim, suit, demand or misuse. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any such claim, suit or demand and take steps to stop misuse at our cost and expense, using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters.

(b) We will indemnify you and hold you harmless from and against any and all judgments resulting from any claim, suit or demand arising from your authorized and proper use of the Marks in accordance with the terms of this Agreement. We have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks being used by you or constitutes a misuse of the Marks, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

X. ADVERTISING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) BOH will expend, for the purposes of national, regional or local advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees collected from all of its franchisees less a 15% administrative fee. None of the Marketing and Promotion Fees be deemed to be held subject to any type of trust arrangement. No interest on unexpended Marketing and Promotion Fees will be imputed for your benefit or payable to you. If requested by you in writing not later than March 31 of any calendar year, we will provide you not later than May 31 of that year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by an officer of BOH.

(b) In our sole discretion and as we deem appropriate, BOH is obligated to spend the Marketing and Promotion Fees collected from you and all other Bowl of Heaven franchisees (less our 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Bowl of Heaven Products, the Marks and other aspects of the Bowl of Heaven brand, creative and production costs, and for other purposes deemed appropriate by us to enhance and promote the general recognition of Bowl of Heaven franchises.

(c) BOH may also spend Marketing and Promotion Fees collected from you and all other Bowl of Heaven franchisees for BOH-approved initiatives, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences and travel to such conferences; and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to regional or system-wide advertising, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 In Term Non-Competition Covenants.

(a) You acknowledge that you will receive valuable specialized training and access to BOH's trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, you agree that you will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner, joint venturer or otherwise), or engage in, any competing business selling goods or offering services equivalent to Bowl of Heaven Products or the Franchised Business, without our express prior written consent.

(b) It is the intention of both you and BOH that you maximize the Franchised Business within the Territory, and any action of yours that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither you nor any Principal Equity Owner may, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System, or (iii) solicit without our prior consent any person who is at that time employed by us or any related entity to leave his or her employment.

11.2 Post Termination Non-Competition Covenants.

For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement, you agree that neither you nor any Principal Equity Owner may (either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner, joint venturer or otherwise), or engage in, any competing business selling goods or offering services equivalent to Bowl of Heaven Products or the Franchised Business, within a radius of 25 miles of your Outlet or any other authorized retail location selling Bowl of Heaven Products, without our express prior written consent.

11.3 General Provisions regarding Non-Competition Covenants.

(a) You acknowledge that the restrictions contained in this Article XI are reasonable and necessary in order to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which we are entitled at law or in equity.

(b) This Article XI applies to your General Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

(c) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and also agree to be bound by all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Us.

We have the right to Transfer this Agreement, and all of our rights and privileges hereunder to any other person, firm or corporation ("Our Assignee"); provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder: (i) at the time of Assignment by Us, Our Assignee must be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Our Assignee must expressly assume and agree to perform such obligations. In the event of such Assignment by Us, we will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

12.2 Assignment by You.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of you and your Principal Equity Owners and the trust and confidence reposed in you and them by us. Therefore, neither your interest in this Agreement and the Franchise granted hereunder nor more than 50% equity ownership of the franchisee entity nor substantially all of your assets nor any of your other rights or privileges hereunder may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by You"), without our prior written consent and subject to our right of first refusal provided for in section 12.3 hereof. Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments, in respect of each of which you must comply with this section 12.2.

(b) Should we elect not to exercise our right of first refusal, or should such right of first refusal be inapplicable, as herein provided, our consent to an Assignment by You will not be unreasonably withheld; provided, however, that it will not be unreasonable for us to impose, among other things, the following conditions precedent to our consent to any such Assignment by You:

(i) The assignee of yours ("Your Assignee") must complete our application for a franchise, and in connection therewith, you and Your Assignee must fully disclose in writing all of the terms and conditions of the Assignment by You;

(ii) Your Assignee and the principal equity owners of Your Assignee demonstrate that it has or they have the skills, qualifications and economic resources necessary, in our sole judgment, to conduct the business contemplated by this Agreement;

(iii) Your Assignee and each principal equity owner of Your Assignee expressly assumes in writing for our benefit all of your obligations under this Agreement;

(iv) Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or, in our sole discretion, for the initial term of the then current form of Franchise Agreement (in our sole discretion, Your Assignee may be permitted to assume in writing this Agreement for the remainder of its term);

(v) You must have complied fully as of the date of any such Assignment by You with all of your obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(vi) Your Assignee agrees that our Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by us will be satisfactorily completed by necessary personnel within 30 days after the execution by Your Assignee of a Franchise Agreement, provided, however, that Your Assignee must agree to pay for all of his, her or its expenses incurred in connection therewith, including any fee we charge for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) You must pay us a non-refundable "Transfer Fee" of \$7,500.

(c) You do not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of your rights hereunder without our express prior written consent, which may be withheld for any reason in our sole discretion.

(d) Any attempt by you to assign or any purported Assignment by You in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in our sole discretion any or all other agreements between you and us, or between you and our affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(e) Upon our consent to any Assignment by You, you must bring all accounts with us current.

12.3 Right of First Refusal.

Except for a transfer to your heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof, your right to Transfer your interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to our right of first refusal, which will be exercised as follows:

(a) You must serve upon us a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by You, and (ii) all available information concerning your Assignee including a detailed summary of how the proposed assignee meets our qualifications for a new Bowl of Heaven franchisee, and any other related information requested by us.

(b) Within 15 days after our receipt of such notice (or if we request additional information, within 10 days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment

by You, in accordance with section 12.2 hereof, or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice.

(c) If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by us), or if said 60-day period expires, we will again have such right of first refusal with respect thereto and you will again be required to comply with section 12.3(a) above. Detailed terms of assignment must be delivered to us no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.

You or a Principal Equity Owner, if a natural person, may with our consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in your franchised entity to such person's spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to us, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to our right of first refusal set forth in section 12.3 hereof. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.

You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Franchised Business or an equity interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to our right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest ("Majority Equity Owner") if you are a corporation, limited liability company or partnership, the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, will not be deemed an Assignment by You (provided that in the event of your death a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business) nor obligate you to pay any transfer fee nor give rise to our right of first refusal as set forth in section 12.3 hereof, although such refusal right and obligation to pay will be applicable to any subsequent Transfer by your or a Majority Equity Owner's heirs, personal representatives or conservators.

(b) In the event of your death (if you are an individual) or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer within 270 days after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If we determine (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, we may (but are not obligated to) immediately commence operating the Franchised Business on your behalf. For such management assistance, the Franchised Business must pay a reasonable *per diem* charge we set for the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) our right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later

than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.7 Other Transfers.

Except as otherwise provided in this Agreement and subject to our right of first refusal provided in section 12.3 hereof, you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in your franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to us and only with our written consent, which will not be unreasonably withheld. We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by us or you only for cause, which for purposes of this Agreement means a material violation of this Agreement and includes any failure by you or us to substantially comply with any obligation, duty or promise under this Agreement, including, without limitation, those acts or omissions specified in sections 13.2 and 13.3 hereof. If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us 30 days in which to cure the default. If you are in material breach of this Agreement, we may exercise our right to terminate this Agreement in accordance with this Article XIII.

(b) A material violation of this Agreement means any action or omission by you that impairs or adversely affects the System, us, or the relationship created by this Agreement. Without limitation, each of the following events is deemed a material violation of this Agreement. The parties acknowledge, however, that these events do not represent an exhaustive list of material violations of this Agreement. Additional events may take place that, individually or in combination with other events, would constitute a material violation of this Agreement. Among other things, and without limitation, it is, and will be deemed, a material violation of this Agreement:

(i) If you fail to pay any sum due us;

(ii) If you or any Principal Equity Owner is convicted of a felony or any other criminal misconduct which we deem relevant to the operation of the Franchise;

(iii) If we make a reasonable determination that your continued operation of the Outlet will result in immediate danger to public health or safety or material degradation of the Bowl of Heaven brand and reputation;

(iv) If you fail to submit the periodic reports required, or those requested in writing, pursuant to section 8.7(a) of this Agreement;

(v) If you or any Principal Equity Owner violates any part of Article IX of this Agreement;

(vi) If you Abandon the Outlet;

(vii) If you have knowingly either inaccurately reported or failed to report any information as part of your application or qualification as a Bowl of Heaven franchisee;

(viii) If you violate the provisions of section 12.2 of this Agreement or otherwise sell, assign, transfer or encumber the Marks without our prior written consent as hereinabove provided;

(ix) If you fail to maintain the standards, policies, or provisions contained within the Confidential Operations Manual or any amendment thereto; or

(x) If you fail to secure access to the Confidential Operations Manual so as to maintain its confidentiality.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we have the right to exercise any and all remedies available to us at law or in equity, including without limitation specific performance and damages (including without limitation punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

We have the right to immediately terminate this Agreement upon notice to you upon the occurrence of any or all of the following events, each of which is deemed an incurable breach of this Agreement:

(i) If you Abandon your Outlet;

(ii) If you purchase Bowl of Heaven Products from an unapproved supplier;

(iii) If the Franchised Business is closed for health reasons by appropriate authorities or if licenses necessary for you to operate the Franchised Business are suspended or revoked, and such licenses or substitute licenses have not been reinstated within seven days thereafter;

(iv) If you default in any material obligation in respect of which you twice previously within the preceding 12 months have received a notice of default from us with respect to the same or similar breach; or

(v) To the extent permitted by law (including without limitation the applicable provisions of the Federal Bankruptcy Act), (A) if you become insolvent (as revealed by your records or otherwise), or (B) if you file a voluntary petition and are adjudicated bankrupt, or if an involuntary petition is filed against you and such petition is not dismissed within 60 days, or (C) if you make an assignment or the benefit of creditors, or (D) if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, is appointed to take charge of your affairs or any of your property, or (E) if dissolution proceedings are commenced by or against you (if you are an entity) and are not dismissed within 60 days thereafter, or (F) if any final judgment against you from which no further appeal is available and which is not currently on appeal remains unsatisfied or not bonded of record for 30 days after your receipt of actual or constructive notice thereof, and the amount of such judgment exceeds \$50,000.

13.3 Termination After Notice.

(a) If we give you written notice to cure a violation of Article IX of this Agreement (which may include a statement of the method of cure to be employed), you must commence such cure within two business days and must effect a complete cure and remedy the damage caused by such violation as fully as possible in the shortest possible time, in no event more than seven days; and you must take reasonable action to prevent recurrence of the same type of violation.

(b) With respect to any default by you of your obligation to pay any sums due us under this Agreement, we may terminate this Agreement upon not less than 14 days prior written notice of this default. If you cure the default prior to the end of such period by paying all sums due us, our right to terminate will cease with respect to the breach that is cured.

(c) Except as provided in sections 13.2, 13.3(a) and 13.4(b) hereof, we may terminate this Agreement only after giving you prior written notice setting forth the asserted breach of this Agreement and giving you 30 days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure said breach, and if you cure said breach within 30 days, our right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within 30 days, you will

be given additional time (not to exceed an additional 30 days) as is reasonably necessary in our determination to cure said breach, upon condition that you must, upon receipt of such notice from us, immediately commence to cure such breach and continue to use your best efforts to do so.

(d) If your rights under this Agreement are terminated by us for material breach, we may, at our option, declare you in default of all of the other franchise agreements or other agreements you have with us, and terminate your rights under those other agreements as well.

13.4 Description of Default.

The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article XIII, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits our rights of termination hereunder or requires longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6 Extended Cure Period.

Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3(c) hereof, in those circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our sole discretion, to grant to you in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder.

13.7 Our Right to Cure Your Defaults.

In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may, at our election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorney's fees incurred by us on account thereof are due and payable by you to us on demand.

13.8 Waiver and Delay.

No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect of ours either to exercise any right, power or option given to us hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Royalty.

If this Agreement is terminated because of your material breach, based on the estimated time it takes for a replacement franchise outlet to achieve a similar revenue stream, we are entitled to recover liquidated damages equal to the amount of the Royalty paid by you during the three years prior to the date this Agreement was terminated.

13.10 Collection Costs.

We are entitled to reimbursement from you upon our demand of all costs we have incurred (including reasonable attorneys fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations.

Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Mediation.

(a) We and you have entered into a long term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between us are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet at our principal executive office and conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement.

(b) If we are unable to settle the Dispute at this settlement conference, within 10 days after that conference we will submit the dispute to mediation conducted before a mediator referred by Franchise Arbitration and Mediation Services ("FAM") in accordance with FAM's Mediation Guidelines, which are available at FAM's website (www.franarb.com), unless the parties agree on a different mediator within 15 days after either party first gives notice of mediation. Mediation will be conducted in Orange County, California and should be conducted and completed within 45 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation.

14.2 Arbitration.

(a) Any Dispute between (i) us and/or our affiliated entities and (ii) you and/or your affiliated entities, that is not resolved through mediation, will be resolved through binding arbitration by one arbitrator from the list of retired judges referred by Judicial Arbitration and Mediation Services ("JAMS") and selected by the parties in accordance with (i) JAMS' Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or (ii) JAMS' Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by FAM in accordance with its Arbitration Guidelines, or by any other mutually agreeable arbitration organization. The arbitrator is authorized to award reasonable legal fees and costs to the prevailing party pursuant to section 14.5 below. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with section 14.1 above and this section 14.2.

(b) Arbitration proceedings will be conducted individually by a single plaintiff, and not as a class or by multiple plaintiffs in one action. All hearings and other proceedings will take place in Orange County, California, or other county where our headquarters is then located, or if we so elect, in the county where your or an applicable Principal Equity Owner's principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. Otherwise, no affidavits, interrogatories, depositions or other discovery is permitted. The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(e) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[BOH's Initials: _____ Your Initials: _____]
[Principal Equity Owners' Initials: _____]

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of posting any bond and without necessity of first complying with sections 14.1 and 14.2 above, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 14.3. You acknowledge that you are one of a number of licensed franchisees using the Marks and that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other Bowl of Heaven businesses and we could seek injunctive relief to protect our Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Business Judgment.

The parties hereto recognize, and any mediator or arbitrator is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the Bowl of Heaven franchise system. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor an arbitrator may substitute his or her judgment for the judgment so exercised by us.

14.5 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.5 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

14.6 Survival.

The terms of this Article 14 survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Your Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of your breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this

Agreement, you must forthwith discontinue the use or display of the Marks in any manner whatsoever, and you may not thereafter operate or do business under the Marks or any other Bowl of Heaven brand or any other name or in any manner that might tend to give the general public the impression that you are in any way associated or affiliated with us, or any of the businesses conducted by us or the owner of the Marks. And, you also must comply with section 15.2 respecting the return to us of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, you must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) Remove at your expense all signs erected or used by you and bearing the Marks, or any word or mark indicating that you are associated or affiliated with BOH;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by you the Marks and all words indicating that you are associated or affiliated with BOH;

(iii) Permanently discontinue all advertising of yours that states or implies that you are associated or affiliated with BOH or the System;

(iv) Refrain from doing anything which would indicate that you are or ever were an authorized franchisee of BOH including, without limitation, indicating, directly or indirectly, that you were licensed to use the Marks or any other distinctive System features or that you at any time operated under any name, word or mark associated or affiliated with BOH;

(v) If you engage in any business thereafter, you must use trade names, service marks or trademarks that are significantly different from those under which you had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that your present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and

(vi) Assign all interest and right to use all telephone numbers and all listings applicable to the Outlet in use at the time of such termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If you fail or omit to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(vi) above, then we will have the right within 15 days after written notice to enter your Outlet or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at your expense, which expenses you agree to pay to us promptly upon demand; and you hereby irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating any and all of your rights in any trade name you have used that contains any of the Marks.

15.2 Our Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of us against you and such termination, cancellation, expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of ours which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) We may direct that all applicable suppliers immediately cease providing you with equipment, accessories and other items comprising or to be used to provide Bowl of Heaven Products.

(c) You are obligated to return, at no expense to us, any and all copies of the Confidential Operations Manual and all other Bowl of Heaven proprietary materials and other of the following items that were supplied by us for your use without additional charge in connection with the operation of the Franchised Business: computer

equipment, video equipment, video tapes, videodiscs, software, software manuals and documentation, and any other communications media and material. You must also permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, we will have the option, but not the obligation, to purchase all or any portion of your food and other inventory, equipment, parts, supplies, fixtures and furnishings owned and used by you in your franchised operation. We will be permitted to deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us. The purchase price for your inventory of apparel containing the Marks will be at your cost for said items. The purchase price for the remaining inventory, equipment, parts, fixtures and furnishings owned by you and used in your business will be the fair market value thereof. In determining the fair market value of such items you and we agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to you will be paid in cash at the closing of any purchase that will occur no less than 30 days from the date we exercise our option, unless you and we are unable to agree on the fair market value of the assets to be purchased. If you and we are unable to reach agreement within a reasonable time as to the fair market value of the items we have agreed to purchase, we will designate an independent appraiser, and the appraiser's determination will be binding. You and we must each pay 50% of the fee charged by the independent appraiser.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement will be in writing and must be actually delivered or sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to us:

BOWL OF HEAVEN FRANCHISE GROUP, LLC
8 OLYMPIC WAY
COTO DE CAZA CA 92679-4839

(ii) If to you:

(b) Notices between you and us will be deemed given the earlier of (i) when actually delivered or (ii) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

16.2 Indemnity.

(a) You and your Principal Equity Owners, jointly and severally, hereby agree to protect, defend and indemnify BOH, and all of our past, present and future owners, affiliates, officers, directors, employees and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or entity or to any property arising out of or in connection with your development, maintenance or operation of the Outlet and the Franchised Business, except if caused by our intentional misfeasance, gross negligence or material default of our obligations under this Agreement.

(b) We hereby agree to protect, defend and indemnify you, your Principal Equity Owners, other owners, affiliates, officers, directors, employees and designees, and each of them, from any liability or damage any of them may incur, including reasonable attorneys fees, as a result of third party claims, demands, costs, or judgments of

any kind or nature, arising out of our intentional misfeasance, gross negligence or material breach of our obligations under this Agreement, except if caused by the intentional misfeasance, gross negligence or material breach by you (or any Principal Equity Owners, or other of your owners, affiliates, officers, directors or employees) of obligations under this Agreement.

(c) Each party entitled to indemnification hereunder will give the indemnifying party prompt written notice of any claim for which the indemnified party demands indemnity (provided that such obligation will not constitute a condition to the indemnifying party's indemnification obligation unless the indemnifying party has been materially harmed by such delay). We will retain the full right and power to direct, manage, control and settle the litigation of any claim. Each indemnified party must submit all of its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

16.3 Your Relationship to Us as Franchisee.

It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer or the Owner of the Marks. All employees or agents hired or engaged by or working for you will be only the employees or agents of yours and will not for any purpose be deemed employees or agents of ours or the Owner of the Marks, nor subject to our control; and in particular, we will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You agree to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by you in a diligent and professional manner and agree to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities. You and we agree to file our own tax, regulatory and payroll reports with respect to our respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

16.4 No Third Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than our or our parent's financing sources to whom we may have granted a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.6 Successors and Assigns.

This Agreement is binding upon (i) us and inures to the benefit of our successors and assigns and (ii) you and inures to the benefit of your successors and assigns, subject to the restrictions on Assignment by You contained herein.

16.7 Joint and Several Liabilities.

If the entity that is the franchisee under this Agreement consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

16.8 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Confidential Operations Manual and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) You and each of the Principal Equity Owners certify that none of you, the Principal Equity Owners, employees, or anyone associated with you is listed in the Annex to Executive Order 13224 (available at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). You covenant not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, the Principal Equity Owners, employees or anyone associated with you being listed in the Annex to Executive Order 13224. You and each of the Principal Equity Owners will comply with and assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you and each of the Principal Equity Owners certify, represent and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations under this section 16.12. Any misrepresentation by you under this section 16.12 or any violation of the Anti-Terrorism Laws by you, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with us or one of our Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither you nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither you nor any Principal Equity Owner nor any employee of either of you is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, and published at www.treas.gov/offices/enforcement/ofac/sdn/. You acknowledge that you are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You and the Principal Equity Owners agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

[Your Initials: _____ Principal Equity Owners' Initials: _____]

16.13 Governing Law.

The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state where the Outlet is located govern this Agreement, without regard to conflicts of

laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

This Agreement and the Confidential Operations Manual contain all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document ("FDD") that was provided to you. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. You represent that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of ours has any authority to make any representation or promise not contained in this Agreement or in any franchise disclosure document for prospective franchisees required by applicable law, and you acknowledge and confirm that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

XVII. SUBMISSION OF AGREEMENT

This Agreement will become effective only upon the execution thereof by you and by us and after we have furnished you with an FDD if required by applicable law. HOWEVER, THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR PRESIDENT.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

You and each of your Principal Equity Owners represent and warrant that the following statements are true and accurate:

(a) You do not seek to obtain the Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(b) You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards.

(c) If you are an entity, you are duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(d) Your execution of this Agreement will not constitute or violate any other agreement or commitment to which you are a party.

(e) Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and, if applicable, all of your partners, if you are a partnership.

(f) You (or if a partnership, corporation or other entity, your partners or principals) have carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, have conducted an independent investigation of the business contemplated by this Agreement, have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, that you understand the nature of this Agreement, and that you intend to comply herewith and be bound thereby. You also recognize that it involves significant risks, making the success of the business largely dependent on your abilities and attention. We expressly disclaim the making of, and you agree that you have not received or relied on, any representation or warranty from us regarding the likelihood of your success in your Franchised Business.

(g) In entering into this Agreement, you have not relied on any representation by us, or any of our officers, directors, partners, shareholders, employees or agents concerning the Franchised Business that is contrary to the

terms of this Agreement, the documents incorporated into this Agreement or attached to it, or the disclosure document that we provided to you.

(h) You agree that complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further agree that we will have no obligation to disclose or offer the same or similar variances to you. You are aware that other Bowl of Heaven franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) You received an FDD, a copy of this Agreement and all related agreements at least 14 calendar days before the signing of this Agreement.

(j) You made no payment to us before you signed this Agreement.

(k) You and each Principal Equity Owner acknowledge that in operating the System, we must take into account the needs of the System as a whole, and the need to protect the Marks, even if our actions are contrary to your individual interests as a franchisee.

(l) You and each Principal Equity Owner acknowledge that the success of the business venture is speculative and depends in large part on your participation in the daily affairs of the Franchised Business.

18.2 Additional Information Respecting You and Your Principal Equity Owners.

(a) Attached as Exhibit 2 is a schedule containing complete information respecting your Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to section 18.1 hereof) where your financial and other records are maintained is:

_____.

(c) The term of this Agreement expires on _____, 20 ____.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date:

YOU:

BOH:

BOWL OF HEAVEN FRANCHISE GROUP, LLC

By: _____

By: _____

Dan McCormick, President and Manager

[PRINTED NAME AND TITLE]

YOUR PRINCIPAL EQUITY OWNERS:

X _____

[PRINTED NAME]

X _____

[PRINTED NAME]

X _____

[PRINTED NAME]

X _____

[PRINTED NAME]

X _____

[PRINTED NAME]

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory and Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

EXHIBIT 1 - TERRITORY AND LOCATION OF OUTLET

The Territory is either (i) a radius of _____ miles around the Outlet or (ii) the geographical area surrounding the outlet as depicted in a map attached to this Exhibit 1.

The Outlet is located at:

(If the address of the Outlet is unknown when this Agreement is signed, as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

The Outlet must be open and operating not later than _____.

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

List below the names, residential addresses and respective percentage equity ownership interests in the franchisee entity of each Principal Equity Owner:

1. _____

_____ %

2. _____

_____ %

3. _____

_____ %

4. _____

_____ %

5. _____

_____ %

BOWL OF HEAVEN

FINANCIAL STATEMENTS

EXHIBIT B

BOWL OF HEAVEN FRANCHISE GROUP LLC

(A Development Stage Company)

FINANCIAL STATEMENT

AND

AUDITOR'S REPORT

* * *

JULY 10, 2012



BOWL OF HEAVEN FRANCHISE GROUP LLC

JULY 10, 2012

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LENNING & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

18377 Beach Blvd., Ste. 211
Huntington Beach, CA 92648
(714) 893-0646
Fax (714) 596-7152

INDEPENDENT AUDITOR'S REPORT

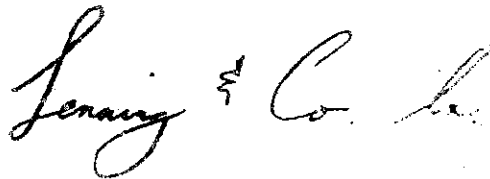
To the Managing Members of
Bowl of Heaven Franchise Group LLC

We have audited the accompanying balance sheet of Bowl of Heaven Franchise Group LLC as of July 10, 2012. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Bowl of Heaven Franchise Group LLC as of July 10, 2012 in conformity with accounting principles generally accepted in the United States of America.

July 17, 2012

A handwritten signature in cursive script that reads "Lenning & Co. Inc." The signature is written in dark ink and is positioned in the lower right quadrant of the page.

BOWL OF HEAVEN FRANCHISE GROUP LLC
(A Development Stage Company)
BALANCE SHEET
JULY 10, 2012

ASSETS

CASH	<u>\$ 75,000</u>
TOTAL ASSETS	<u>\$ 75,000</u>

MEMBERS' EQUITY

MEMBERS' EQUITY	<u>\$ 75,000</u>
TOTAL MEMBERS' EQUITY	<u>\$ 75,000</u>

BOWL OF HEAVEN FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENT
JULY 10, 2012

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Bowl of Heaven Franchise Group LLC is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Organization – Bowl of Heaven Franchise Group LLC was organized in California on May 21, 2012. The Company was organized for the purpose of franchising a delicious and highly nutritious food concept that offers Acai Bowls under the name "Bowl of Heaven".

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – The Company files its income tax returns as a partnership for Federal and State income tax purposes. As such, the Company does not pay income taxes, as any income or loss will be included in the tax returns of the individual members. Accordingly, no provision or liability for federal income taxes has been made in the accompanying financial statements.

NOTE 2 – SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through July 17, 2012, the date of which the financial statements were available to be issued.

LENNING & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

18377 Beach Blvd., Ste. 211
Huntington Beach, CA 92648
(714) 893-0646
Fax (714) 596-7152

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the use in the Franchise Disclosure Document issued by Bowl of Heaven Franchise Group LLC on July 17, 2012, as it may be amended, of our report dated July 17, 2012, relating to the financial statements of Bowl of Heaven Franchise Group LLC for the period ending July 10, 2012.

July 17, 2012

Lenning & Co. Inc.

BOWL OF HEAVEN

LIST OF FRANCHISE OUTLETS

LIST OF FRANCHISE OUTLETS

There were no Outlets franchised by Bowl of Heaven Franchise Group LLC as of the issuance date of this disclosure document (September 11, 2012).

BOWL OF HEAVEN

LIST OF TERMINATED FRANCHISES

LIST OF TERMINATED FRANCHISES

No Bowl of Heaven franchisee has had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during the past 12 months.

No franchisee has failed to communicate with Bowl of Heaven Franchise Group LLC within the 10 weeks ending on the issuance date of this disclosure document (September 11, 2012).

Your contact information may be disclosed if you buy this franchise and then later leave the system.

BOWL OF HEAVEN

MULTI OUTLET AGREEMENT

EXHIBIT E

BOWL OF HEAVEN

MULTI-OUTLET AGREEMENT

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MULTI-OUTLET AGREEMENT

This Multi-Outlet Agreement ("Agreement") is made on _____, 20__ (the "Effective Date") by and between _____ ("You") and Bowl of Heaven Franchise Group LLC, a California limited liability company ("we" or "BOH"), the franchisor of the Bowl of Heaven franchise system.

You or an affiliated company of yours is concurrently entering into a Franchise Agreement with BOH, under the terms of which you are being granted a right to open and operate a fast casual restaurant that BOH has consented to ("Outlet"), providing Acai bowls and smoothies, specified condiments and ingredients and other food products to retail customers and related services and products, under the Bowl of Heaven trademarks and in accordance with BOH's business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, you and BOH hereby agree as follows.

I. GRANT OF RIGHTS TO OPEN ADDITIONAL OUTLETS

1.1 Additional Outlets.

(a) Subject to the terms and conditions contained herein, BOH hereby grants to you the right and you hereby agree to establish and operate a number of additional Outlets in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule").

(b) So long as your obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, we will not ourselves, nor allow any other Bowl of Heaven licensee or franchisee to, operate an Outlet within the geographical area (the "Development Area") indicated in the Development Schedule.

(c) Your rights to open and operate Outlets do not extend to non-traditional venues (including institutional settings, toll roads, hotels and motels, casinos, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office facilities, and any site for which the lessor, owner or operator thereof has indicated its intent to prefer or limit the operation of its facilities to a master concessionaire or contract service provider) anywhere, including within your Development Area.

1.2 Franchise Agreements.

(a) When you open an additional Outlets under the Development Schedule, you must enter into BOH's then current form of Franchise Agreement for each additional Outlet (provided that the economic terms, specifically royalty and advertising fees, of such Franchise Agreements for additional Outlets will not change from the economic terms of this Agreement). So long as you are in good standing under this Agreement, you will continue to have the exclusive right to open and operate Outlets in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that BOH and our affiliates may not open or operate, or franchise or license the operation of, any Outlet within the protected territory surrounding the Outlet opened by you pursuant to such Franchise Agreement.

1.3 Term.

The term of this Agreement commences on the Effective Date and, unless sooner terminated by your material breach hereof, will continue until you have opened all Outlets to be developed in accordance with the Development Schedule, at which time this Agreement will terminate. There will be no extensions or renewal periods relating to the Development Schedule unless done so in writing. Notwithstanding the above, you may terminate this Agreement upon 30 days written notice to BOH. Upon termination of this Agreement, you will no longer have the right to open future Outlets under the Development Schedule.

1.4 Effect of Expiration.

Unless an additional development right has been agreed to pursuant to section 2.4 hereof and a restated or revised Development Schedule has been initialed by BOH and you, upon the expiration or termination of this

Agreement, you will have no further exclusive right to construct, equip, own, open or operate additional Outlets in the geographical area indicated in the Development Schedule that are not, at the time of such termination or expiration, the subject of an existing Franchise Agreement between you (or an affiliate of yours) and BOH which is then in full force and effect.

1.5 No Subfranchising Rights.

You do not have the right under this Agreement to enter into subfranchise or sublicense agreements with anyone.

II. DEVELOPMENT OBLIGATIONS

2.1 Development Obligations.

(a) You must construct, equip and open each additional Outlet not later than the date specified in Exhibit 1 applicable to the Outlet, and thereafter continue to operate the Outlet.

(b) Any Outlet developed hereunder that is open and operating and which has been assigned to an affiliate of yours with BOH's consent will continue to be considered as partial satisfaction of your obligations under the Development Schedule for so long as the applicable affiliate remains in good standing under the Franchise Agreement relating to that Outlet.

2.2 Timing of Execution of Leases and Franchise Agreements.

(a) Notwithstanding anything to the contrary contained herein, on or before the date that is 90 days before the date an Outlet is required to be opened, you must have executed a lease and Franchise Agreement, and paid the balance of the required Initial Franchise Fee, for that Outlet.

(b) With respect to the location, equipping, opening and operation of an additional Outlet you are opening under the Development Schedule, you must comply with the Franchise Agreement that is applicable to that Outlet.

2.3 Force Majeure.

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person will be an event of *Force Majeure*, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act that is otherwise an event of *Force Majeure*. To avoid any potential misunderstanding, your financial inability to perform or your insolvency will not be an event of *Force Majeure* hereunder.

(b) Subject to your continuing compliance with section 2.3(c) below, should you be unable to meet your development obligation for a scheduled additional Outlet solely as the result of an event of *Force Majeure* or any legal disability of BOH to deliver a Franchise Disclosure Document ("FDD") 14 calendar days before you sign a Franchise Agreement relating to the Outlet, which results in your inability to construct or operate the Outlets pursuant to the terms of this Agreement, the date on which the scheduled additional Outlet is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* (or other legal disability to deliver an FDD) exists.

(c) In the event of the occurrence of an event of *Force Majeure*, you must notify BOH in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted your performance hereunder. You must continue to provide BOH with updates and all information as may be requested by BOH, including your progress and diligence in responding to and overcoming the event of *Force Majeure*.

(d) BOH will not be liable to you for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by you by reason of any delay in the delivery of BOH's FDD caused by legal incapacity during the term hereof, or other conduct not due to BOH's gross negligence or intentional misfeasance.

2.4 Limited Additional Development Right.

(a) If you desire to engage in further development of additional Outlets in excess of the obligations committed to under the Development Schedule, you must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Outlet required to meet the Development Schedule is issued, notify us in writing of your desire to develop additional Outlets and present your plan for such development over a new term, setting forth the number of proposed Outlets and the deadlines for the development of each of them within such proposed term. We have the sole discretion to determine whether such additional development in the geographical area indicated in the Development Schedule is desirable, and if we agree to allow you to develop additional Outlets, such additional development will be subject to the conditions set forth in section 2.5 below. Otherwise, the development rights granted under this Agreement may not be extended.

(b) Your rights to additional development described in this section 2.4 are subject to your fulfillment of the following conditions:

(i) You (and each of your affiliates that have developed or operate Outlets) must have fully performed all of your obligations under this Agreement and all other agreements between you and BOH.

(ii) You must have demonstrated to BOH your financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if you is financially capable, BOH will apply the same criteria to you as BOH apply to prospective Bowl of Heaven multi-outlet developers at that time.

(iii) You and BOH must agree to, and initial, a restated or revised Development Schedule.

III. DEVELOPMENT FEE

3.1 Development Fee.

When you sign this Agreement, you must pay BOH the sum of \$_____, as a "Development Fee" for BOH granting you the exclusive right to open up to ___ additional Outlets pursuant to the Development Schedule. If you do not successfully complete initial franchise training for the first Bowl of Heaven Franchise Agreement you enter into, BOH will refund your Development Fee, less any expenses BOH has incurred relating to BOH's activities on your behalf. **Otherwise, the Development Fee is not refundable.**

3.2 Initial Franchise Fees for Additional Outlets.

For each additional Outlet to be opened pursuant hereto, immediately upon execution by you of each Franchise Agreement respecting an additional Outlet that is entered into pursuant to this Agreement, BOH will credit \$12,500 toward the Initial Franchise Fee required under the Franchise Agreement for that Outlet, and you must pay BOH the balance of the Initial Franchise Fee.

IV. TRANSFER OR ASSIGNMENT

4.1 Assignability.

(a) This Agreement has been entered into by BOH in reliance upon and in consideration of the singular personal qualifications, trust and confidence that we repose in you. Accordingly, you may not assign this Agreement unless you first provide us with 30 days prior written notice of the assignment containing complete details of the assignee and terms of the assignment, and we consent to the assignment, which consent will not be unreasonably withheld. Any assignee of yours must execute an agreement prepared by BOH pursuant to which the assignee assumes and agrees to discharge all of your obligations under this Agreement. If this Agreement and all rights hereunder are assigned by you with BOH's consent, the rights, duties and obligations

hereunder will be binding upon and inure to the benefit of your assigns. In order for BOH to grant consent to an assignment by you:

(i) the assignee must be financially responsible and economically and technically capable of performing your obligations hereunder; and

(ii) the assignee must expressly assume and agree to perform such obligations in writing, delivered to the party hereto not assigning its rights.

(b) We may assign this Agreement in our sole discretion and without your consent, and you acknowledge that we are permitted to do so without liability or obligation to you, and you expressly and specifically waive any claims, demands or damages arising from or related to any such assignment.

4.2 Transfers from You to an Affiliated Entity.

You may at any time without BOH's consent, but upon 30 days prior written notice to BOH, assign and transfer this Agreement to a corporation, limited liability company or other business entity that is (i) organized for the purpose of operating as a developer of additional Outlets and (ii) entirely owned by you. Any assignment and transfer to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to BOH, under the terms of which said business entity expressly assumes all of your obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as you are. A copy of said instrument, executed by both you and said business entity must be delivered to BOH before the effective date of the transfer.

V. NON-COMPETITION

5.1 Restriction on Competitive Activities.

During the term of this Agreement and for one year after it is terminated or expires, you and each of your principal equity owners must comply with the non-competition covenants contained in the last effective Franchise Agreement entered into by you and BOH.

5.2 Website and Unauthorized Advertising.

During the term of this Agreement, neither you nor any of your principal equity owners may establish a website or register an Internet domain name using, or otherwise advertise on the Internet or anywhere else, the trademark "Bowl of Heaven", or marks similar to "Bowl of Heaven", or any combination or derivations thereof, or any other BOH trademark, except as specifically authorized by BOH in writing.

VI. DEFAULT AND TERMINATION

6.1 General.

This Agreement may be terminated by BOH if you (i) fail to substantially comply with any obligation, duty or promise under this Agreement, after being given a notice of default and reasonable opportunity to cure the default (no more than 30 days), or (ii) fail to open an Outlet within the time specified in the Development Schedule, or (iii) is in material breach of any Franchise Agreement entered into with BOH.

6.2 Operation of Opened Outlets after Termination or Expiration.

If BOH terminates this Agreement for the reasons described in section 6.1 above, you will be able to maintain ownership and operation of the Outlets that you have developed so long as you are not in material breach of the applicable Franchise Agreements; however, you will forfeit any rights under the Development Schedule and this Agreement, and you will forfeit the balance of the Development Fee to be applied as credits against the Initial Franchise Fee for Outlets that were not developed.

VII. DISPUTE RESOLUTION

7.1 Dispute Resolution.

Any dispute between BOH or any of our related entities, and you or any of your equity owners or related entities, arising out of or relating to this Agreement or its breach, including without limitation, any claim that this Agreement or any of its parts, or its formation, is invalid, illegal or otherwise voidable or void,

or induced by fraud, and the right of a party to recover legal fees and expenses, will be resolved in accordance with the dispute resolution procedures set forth in the last effective Franchise Agreement entered into by you and BOH.

[BOH's Initials: _____ your Initials: _____]

VIII. NOTICES

8.1 Notices.

(a) All notices that the parties hereto may be required or may desire to give under or in connection with this Agreement must be in writing and must either be delivered in person or sent by a reliable courier service, marked for delivery on the next business day and addressed as follows:

(i) If to BOH, to:

BOWL OF HEAVEN FRANCHISE GROUP, LLC
8 OLYMPIC WAY
COTO DE CAZA CA 92679-4839

(ii) If to you, to:

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided.

(c) Notices will be deemed given on the earlier of (i) when actually delivered or (ii) the next business day after deposit with such reliable overnight delivery service.

IX. GENERAL TERMS AND PROVISIONS

9.1 Governing Law.

The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state where your principal place of business is located govern this Agreement, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

9.2 Modification.

This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

9.3 Waiver and Delay.

No waiver by BOH of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect by BOH either to exercise any right of BOH hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by BOH of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement,

the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed appropriately modified, and the remaining parts thereof will continue in full force and effect, unless said provision pertains to the payment of fees pursuant hereto, in which case this Agreement will terminate.

9.5 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

9.6 No Third Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than our financing sources to whom we may have granted a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

9.7 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.8 Successors and Assigns.

This Agreement is binding upon (i) BOH and inures to the benefit of our successors and assigns and (ii) you and inures to the benefit of your successors and assigns, subject to the restrictions on any assignment by you contained herein.

9.9 Counterparts.

This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

9.10 Entire Agreement.

This Agreement contains all of the terms and conditions agreed upon by you and BOH with respect to the subject matter hereof, provided however, that nothing in this sentence is intended to disclaim the representations made in any FDD that was provided to you by BOH. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. You acknowledge that you executed this Agreement without reliance upon any unauthorized representation or promise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

YOU:

By: _____

[PRINTED NAME AND TITLE]

BOH:

BOWL OF HEAVEN FRANCHISE GROUP LLC

By: _____

Daniel McCormick, President and Manager

EXHIBIT 1 - DEVELOPMENT SCHEDULE

The initial Outlet (or Outlet 1) is to be opened and operated under the concurrently signed Franchise Agreement. Additional Outlets will be opened at sites that we have reviewed and consented to, all of which will be located in the "Development Area" described (i) in the map immediately following this Exhibit 1 or (ii) as follows:

You must open (and thereafter maintain) Outlets in accordance with the following schedule (if more than five Outlets are committed to be opened, the schedule will be expanded appropriately):

NUMBER OF OUTLET	DATE BY WHICH ADDITIONAL OUTLET MUST BE OPENED
2	_____
3	_____
4	_____
5	_____

BOWL OF HEAVEN

STATE ADMINISTRATORS

EXHIBIT F

California:

DEPARTMENT OF CORPORATIONS
1515 K ST STE 200
SACRAMENTO CA 95814-4052
(916) 445-7205 OR (866) 275-2677

Hawaii:

COMMISSIONER OF SECURITIES,
DEPT. OF COMMERCE AND CONSUMER
AFFAIRS, BUSINESS REGISTRATION DIV.,
SECURITIES COMPLIANCE BRANCH
335 MERCHANT ST RM 203
HONOLULU HI 96813-2921
(808) 586-2722

Illinois:

FRANCHISE DIVISION
OFFICE OF THE ATTORNEY GENERAL
500 S 2ND ST
SPRINGFIELD IL 62701-1771
(217) 782-4465

Indiana:

FRANCHISE SECTION
INDIANA SECURITIES DIVISION
302 W WASHINGTON ST RM E111
INDIANAPOLIS IN 46204-2738
(317) 232-6681

Maryland:

OFFICE OF THE ATTORNEY GENERAL
DIVISION OF SECURITIES
200 SAINT PAUL PL
BALTIMORE MD 21202-2020
(410) 576-6360

Michigan:

CONSUMER PROTECTION DIVISION
MICHIGAN ATTORNEY GENERAL
PO BOX 30213
LANSING MI 48909-7713
(517) 373-7117

Minnesota:

COMMISSIONER OF COMMERCE
85 7TH PL E STE 500
SAINT PAUL MN 55101-3165
(651) 296-4026

New York:

BUREAU OF INVESTOR PROTECTION
NEW YORK ATTORNEY GENERAL
120 BROADWAY
NEW YORK NY 10271-0332
(212) 416-8211

North Dakota:

SECURITIES DEPARTMENT
600 E BOULEVARD AVE 5TH FLR
BISMARCK ND 58505-0510
(701) 328-4712

Oregon:

DEPT. OF CONSUMER & BUSINESS
SERVICES, DIV. OF FINANCE &
CORPORATE SECURITIES
350 WINTER ST NE, RM 410
SALEM OR 97301-3881
(503) 378-4140

Rhode Island:

DEPT. OF BUSINESS REGULATIONS
DIVISION OF SECURITIES
1511 PONTIAC AVE BLDG 69-1
CRANSTON, RI 02920-4407
(401) 462-9527

South Dakota:

DEPT. OF LABOR & REGULATION
DIVISION OF SECURITIES
445 E CAPITOL AVE
PIERRE SD 57501-3185
(605) 773-4823

Virginia:

STATE CORPORATION COMMISSION
DIV. OF SECURITIES & RETAIL FRANCHISING
1300 E MAIN ST 9TH FLR
RICHMOND VA 23219-3630
(804) 371-9051

Washington:

DEPT. OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION
150 ISRAEL RD SW
TUMWATER WA 98501-6456
(360) 902-8760

Wisconsin:

SECURITIES DIVISION
345 W WASHINGTON AVE 4TH FLR
MADISON WI 53703-2701
(608) 266-1064

BOWL OF HEAVEN

APPENDIX FOR CALIFORNIA FRANCHISEES

APPENDIX FOR CALIFORNIA FRANCHISEES

The Commissioner of Corporations requires the following specific disclosures to be made to prospective California franchisees:

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

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

3. The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles County, California with the costs being borne equally by both parties. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside of California.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 *et seq.*)

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

6. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

7. 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.

8. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

9. Our website has not been reviewed or approved by the California Department of Corporations; any complaints concerning the content of this website may be directed to the California Department of Corporations at www.corp.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed 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 these persons from membership in such association or exchange.

BOWL OF HEAVEN

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Bowl of Heaven Franchise Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Bowl of Heaven Franchise Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the Department of Corporations at any of its offices.

We have no franchise brokers. The name, address and telephone number of the franchise sellers for this offering is Dan McCormick, 8 Olympic Way, Coto De Caza, California 92679, telephone (949) 521-4414.

Date of Issuance: September 11, 2012 (effective in California on September 11, 2012).

Bowl of Heaven Franchise Group LLC authorizes the person indentified in Item 1 to receive service of process for it in your state. I received a disclosure document dated September 11, 2012, that included the following Exhibits:

- "A" Franchise Agreement
Exhibits to Franchise Agreement:
Exhibit 1: Territory and Location of Outlet
Exhibit 2: Names and Addresses of Principal Equity Owners
- "B" Financial Statements
- "C" List of Franchise Outlets
- "D" List of Terminated Franchises
- "E" Multi Outlet Agreement
Exhibits to Multi Outlet Agreement:
Exhibit 1: Development Schedule
- "F" State Administrators
- "G" Appendix for California Franchisees
- "H" Receipts

DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

KEEP THIS COPY FOR YOUR RECORDS

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DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

PLEASE SIGN AND DATE THIS PAGE, AND THEN RETURN IT TO BOWL OF HEAVEN FRANCHISE GROUP LLC, 8 OLYMPIC WAY, COTO DE CAZA, CALIFORNIA 92679.